

UNCC AUG Sub-Committee Minutes
Friday 18 February 2022
via teleconference

Attendees

Alan Raper (Chair)	(AR)	Joint Office
Mike Berrisford (Secretary)	(MiB)	Joint Office
Chris Dwyer	(CD)	Xoserve
Dan Fittock	(DF)	Corona Energy
David Speake	(DS)	Engage Consulting (AUGE)
Fiona Cottam	(FC)	Correla on behalf of Xoserve
Gareth Evans	(GE)	Waters Wye Associates
James Doyle	(JD)	Out Fox the Market
John Jones	(JJ)	ScottishPower
Jonathan Kiddle	(JK)	Engage Consulting (AUGE)
Louise Hellyer	(LH)	TotalEnergies Gas & Power
Luke Reeves	(LR)	EDF Energy
Mark Bellman	(MB)	ScottishPower
Mark Field	(MF)	Sembcorp
Mark Jones	(MJ)	SSE
Neil Cole	(NC)	Correla on behalf of Xoserve
Sallyann Blackett	(SB)	E.ON
Sandi Bradshaw	(SBr)	Xoserve
Sophie Dooley	(SD)	Engage Consulting (AUGE)
Steve Mulinganie	(SM)	Gazprom Energy

Copies of all papers are available at: <https://www.gasgovernance.co.uk/aug/180222>

1. Introduction and Status Review

Alan Raper (AR) welcomed everyone to the meeting and explained the main emphasis of the meeting was to consider the (draft) AUG Statement consultation responses.

1.1. Approval of Minutes (30 September 2021)

When AR advised that the previous meeting minutes had been amended to include an additional action (0401), Fiona Cottam (FC) provided a brief explanation for its inclusion.

Thereafter, the minutes from the previous meeting (as amended) were approved.

1.2. Approval of Late Papers

There were no late papers to consider.

1.3. Review of Outstanding Actions

Action 0101: Completed By-Pass Operations - Correla (FC) to provide the 56 known by-pass operations information to individual parties, in particular those that fall into EUC Band 08 as they have the largest proportion of Sites.

Update: In referring to UNC Request 0763R '*Review of Gas Meter By-Pass Arrangements*', FC advised that the number of sites with a known by-pass are now very low, (circa 56), and that she expects to provide refreshed information to those parties involved, in order to assist them to resolve the outstanding sites.

When asked, parties in attendance indicated that they are happy with the work undertaken by Correla towards resolving this matter.

When Jonathan Kiddle (JK) also confirmed that the AUG is receiving the associated summary data for their purposes, it was agreed that the action could now be closed. **Closed**

Action 0201: 050 – LDZ Meter Error - Engage (JK) to consider a forecast to incorporate the large meter error that is currently under investigation.

Update: When JK advised that he is still considering this matter with a view to providing a 'ballpark' figure at a future AUG meeting, it was agreed to carry forward the action. **Carried Forward**

Action 0301: Considered Modifications - Engage (JK) to consider incorporating data from *Modification 0664 - Transfer of Sites with Low Valid Meter Reading Submission Performance from Classes 2 and 3 into Class 4* for which a new report will be required.

Update: When JK advised that this outstanding action would be covered during consideration of agenda item 4. below, it was agreed that the action could now be closed. **Closed**

Action 0401: Correla (FC) to contact all Shippers with sites in EUC08 in Class 3 and ask them to review whether there was AMR fitted at those sites, and update UK Link if necessary.

Update: In pointing out that this matter relates to potential UIG weightings, FC advised that Correla had now extracted the data sets appertaining to circa 55 sites and shared this information with the respective Data Managers, (including pointers on how to submit data going forward).

Neil Cole (NC) went on to advise that as of Thursday 17 February 2022, circa 20% of parties contacted had confirmed, (via file flow updates), that AMR is fitted.

Moving on, FC advised that Correla plan to keep tracking the status, (inc. embedded AMRs), of these sites within the UK-Link system.

Steve Mulinganie (SM) explained that whilst the issue had initially come as a surprise to Gazprom, further internal investigations had revealed that their Meter Asset Managers (MAMs) had inadvertently provided incomplete data, and that new updated RGMA data is now being provided to correct this matter.

When it was pointed out that this matter is related to the AMR Flag, rather than an additional Meter Type, and therefore a re-run will be undertaken in due course to update the information (and results), it was agreed to carry forward the action. **Carried Forward**

2. AUG 2022/2023 Timeline (Recap)

AR provided a very brief onscreen review of the '*Indicative AUG Timeline for Analysis Year 2021/22 (Preparation of Statement and Table for Gas Year 2022/23)*' presentation, during which attention was drawn to the February 2022 steps.

3. AUG Approach and Considerations for 2022/2023

It was agreed by those in attendance that this agenda item had been incorrectly carried over from the previous meeting and could be removed from future agenda.

4. Review of Consultation Responses

In opening the 'AUG Sub-Committee Meeting' presentation consideration, David Speake (DS) provided a brief background to the compilation of the document before handing over to his colleague Jonathan Kiddle (JK) to provide a more detailed appraisal.

The following key items are noted (by exception), as follows:

Question 1 – Methodology – Principles & Bottom-up Approach – slide 9

- JK advised that in respect of the 2nd bullet point, Engage does undertake an internal 'top-down' sense check.

Question 1 – Methodology – Variability of Output Year on Year – slide 10

- Year-on-year smoothing is also being considered as part of the work being undertaken by UNC Request Workgroup 0781R 'Review of the Unidentified Gas process';
 - Whilst the smoothing of data is considered acceptable, smoothing the methodology is not;
- Engage believe that the proposals minimise 'knock on' impacts (subject to the various external drivers involved);
- Whilst the concept is fine, care is needed to avoid potential 'double smoothing', even if the process helps manage market volatility.

Question 1 – Methodology – Small Sample Size and Impact – slide 11

- Isolated Sites contributors are covered in more detail later in the presentation;
 - It was suggested that provision of a clear narrative around these would be beneficial;
 - How any 'outliers' are factored in is an important consideration;
 - Some parties believe it is more about how the industry manages these sites which is important, as the current approach is a concern, especially with the amounts of money involved. It was suggested that this could be as a fault in the rules;
 - It was noted that to fix the larger sites issue, a UNC Modification may be needed;
 - Some parties suggested that perhaps this could relate to application of the rules rather than a fault with the rules – more detail behind the various scenarios would be beneficial;
- One suggestion involved PAC having a more active role in managing these (excessive consumption) cases;
 - Possibly a corrective process would be needed;
 - How any instances are accurately reflected in the weighting factors would be key;
 - A link into PAC to ascertain whether the problem stems from a misuse of the rules, or another 'root cause' investigation may prove beneficial;
 - JK advised he would be happy to present the Engage finding to a future PAC meeting;
 - Potentially the biggest value could relate to development of suitable (PAC) tracking and control mechanisms;
 - FC pointed out that Correla already ensure that the issue is being considered at the PAC meetings, and so far, since writing to the industry a 50% reduction, (in isolated sites contributors), has been observed;

- How any two-way feedback mechanisms between AUG and PAC potentially operate remains a concern, especially when information reaching the PAC may involve timing delays (time-lags);
 - It was noted that any information latency should be reduced to an absolute minimum where feasible;
- The consensus was to look to create a new formal process for AUG Sub-Committee to feed their findings into the PAC and thereafter take into account any PAC recommendations / findings / considerations into account;
 - In short, take the current 'informal' process and make it into a more 'formalised' mechanism;
 - It was requested that this new feature is an AUG driven process and not a CDSP one, in order to maintain transparency;

New Action AUG0201: *Reference Question 1 – Methodology – Small Sample Size and Impact – Correla (FC) & Engage (JK) to look to prepare a draft Strawman for development of a formal communication process between the AUG Sub-Committee and the Performance Assurance Committee.*

Question 1 – Methodology – Data Visibility and Sharing – slide 12

- The Weighting Factor calculation will be published on the secure Xoserve web site in due course, (inc. summaries relating to the AUG Statement);
 - Questions asked as to why the information is deemed to be confidential in this instance, especially as data is (free) flowing from other industry Codes;
 - Responding, JK advised that there is not a large amount of data from other Codes filtering through to Engage, although what site level data there is can be tricky to manage;
 - Noting that (anonymised) site level data had historically been available, a question remains as to why Engage apparently prohibited from sharing their data;
 - It was pointed out that the previous provision of data of this type preceded Project Nexus implementation, although to alleviate concerns, as a first step, Correla / Xoserve could look to provide access to the data spreadsheet on its secure portal;
 - It was pointed out that Engage does not receive all 24 million related data sets and only receive anonymised specific data;
 - Consideration of any additional data requirements would be undertaken in due course;

Question 1 – Methodology – Market Data and Impact of AUGS on Market Incentives – slide 13

- Links into previous concerns discussed above.

Question 1 – Methodology – Allocation to EUC Bands and Complexity and Other Considerations – slide 14

- In respect of bullet point 2, it is noted that this reflects the matrix positions and a potential reduction of volatility in the market.

Question 1 – Methodology – Actions – slide 15

- In respect of action 22/1a, this could be progressed via a proforma-based process which could be considered at the next Committee meeting;

- Conclusion is to continue with actions 22/1a and 22/1c.

New Action AUG0202: *Reference Question 1 – Methodology – Actions 22/1a and 22/1c*
– Engage (JK) to prepare a draft, simplified Business Case for consideration at the next Committee meeting.

Question 2 – Investigations – 010 Theft of Gas – Other Considerations – slide 20

- Referring to bullet point 1, it was noted that REC investigations into the ‘total level of theft’ remain ongoing.

Question 2 – Investigations – 010 Theft of Gas – Further Categorisation and ‘Unbilled Gas’ – slide 21

- Referring to anything that is consumed before first registration bullet point, JK pointed out that this relates to contributor 020 in the AUG report.

Question 2 – Investigations – 010 Theft of Gas – Smart vs Traditional Meters – slide 22

- When asked, JK confirmed that the data demonstrates that the increase in the level of theft observed is / remains proportional to the increasing number of Smart meters being fitted – in short, the rate of theft has not increased / decreased as a result of Smart rollout;
 - Based on the bottom-up analysis approach some parties were struggling to understand why theft is not decreasing as a result of Smart rollout;
 - In explaining that Engage utilise a mix of bottom-up assessment for contribution and top-down for assessment aspects, JK acknowledged that this area requires further consideration and refinement;
 - It was suggested that with the obligation to rollout Smart by 2025/26, this area could become a real concern, and therefore any (additional) information that Engage can provide would be beneficial – JK advised that this is on their radar for next year’s review;
 - In referring to the AMR / Smart rollout initiatives and associated site visits, (i.e. to undertake meter exchanges), concerns were voiced that this has not improved the apparent theft figures, and that perhaps the issue might be related to theft taking place across a smaller segment;
 - Theft needs to be better targeted especially as it involves the biggest element of energy, and if shrinkage is not the reason, there were voiced concerns as to what is causing it;
 - Accepting the points being raised, JK advised that Engage are considering the matter and confirmed that since Project Nexus, levels have been steady – again an area for further consideration in next year’s report (inc. root cause analysis for inclusion in the initial assessment for next year);
 - Some concerns were voiced that this potentially falls outside the AUGE’s remit which raises the question over who would potentially pay for the risk and how best to move forward;
 - JK noted that ‘total theft’ is in scope, although any other potential topic area outside of this would need assessing and an approach agreed;
 - JK confirmed that Engage define and assess theft via TOG and TRAS data sources, and that some sites have more than one occurrence of theft (in the form of either advanced / undetected / detected);

- It was noted that where the majority of theft occurs (i.e. domestic / non domestic) and what triggers (i.e. meter exchange) are involved, remains a concern;

New Action AUG0203: *Reference Question 2 - Investigations – 010 Theft of Gas – Smart vs Traditional Meters - Engage (JK) to prepare a proposed methodology for consideration at a future Committee meeting.*

Question 2 – Investigations – 010 Theft of Gas – Mod 0664 Impacts – slide 23

- JK confirmed that this answers outstanding action 0301 above.

Question 2 – Investigations – 010 Theft of Gas – Increase in Total Theft Despite Removal of AMR Theft – slide 24

- JK confirmed that this would be considered in more detail during consideration of next year's requirements.

Question 2 – Investigations – 010 Theft of Gas – Disincentives to Report Gas Theft – slide 25

- It was noted that the implementation of UNC Modification 0734S '*Reporting Valid Confirmed Theft of Gas into Central Systems and Reporting Suspected Theft to Suppliers*' on 17 February 2022 should help improve the recording of detected theft and reduce concerns.

Question 2 – Investigations – 010 Theft of Gas – Actions – slide 26

- JK confirmed that he would add a new action to investigate the potential impact of AMR / Smart on Theft of Gas and would look to include in next year's initial assessment report;
- Referring to 22/2d, DS advised that he would liaise with JK to review any potential REC impacts and provide more detail in due course.

Question 2 – Investigations – 090 No Read at the Line in the Sand – Read Rejections and Further Analysis of Affected MPRNs – slide 27

- In referring to the PAC top-down assessments, JK advised that he would be happy to present the AUG Assessment at a future PAC meeting.

Question 2 – Investigations – 090 No Read at the Line in the Sand – Consideration – slide 28

- JK confirmed that the bulk of the data relates to SMETS1 sites and, as a consequence, are at least 4 years old;
 - It was also noted that the sites may not have been commissioned in the first instance;
 - When asked, JK pointed out that Engage are not in a position to provide a view on how the information aligns with Parties' licence obligations;
- Consensus amongst those in attendance is that this is perhaps another area which PAC, (with support from the AUG), could consider going forward;
 - Some parties believe that this could be a significant issue;
 - JK acknowledged the concerns but pointed out that the Engage assessment is based on the matrix position that a site may reside in, which is possibly an area of concern PAC are already considering;
- In observing that commercial behaviours around Aqs remain a concern, parties also acknowledge that this has been highlighted in AQ reviews which should hopefully be on a path to resolution.

Question 3 – Other Contributors – 060 IGT Shrinkage – Consideration – slide 31

- In respect of bullet point 1, JK confirmed that the impact is in the region of 18 GWh/day which is relatively small in whole market terms.

Question 4 – Other Relevant Matters – Other Relevant Matters – Reference Levels of UIG – slide 33

- Referencing action 22/4a, it was confirmed that this links to earlier discussions and will be included in next year’s initial assessment report.

Question 4 – Other Relevant Matters – Other Relevant Matters – Unreflective Domestic Pre-Payment Numbers – slide 36

- JK confirmed that the analysis reveals that there are not any fewer pre-payments included in the analysis, it is simply that they are residing within a different matrix position.

Future Considerations 2022 – slide 37

- JK confirmed that any new actions from the meeting would be added in due course.

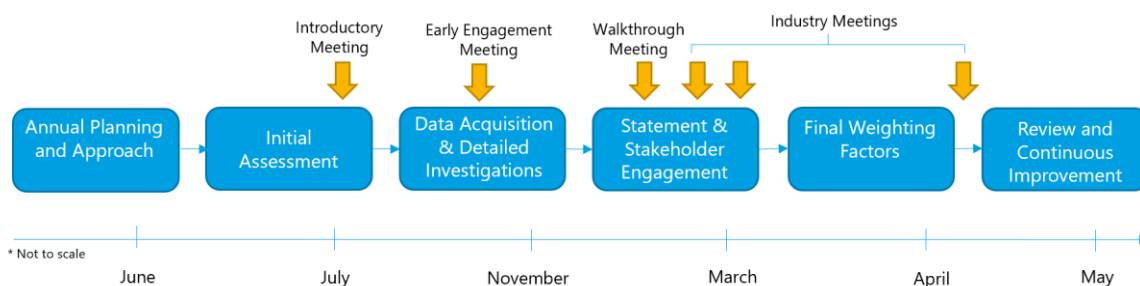
Industry Issues – Industry Issues Log – slide 41

- When it was suggested that ‘relevant energy’ loss / movements should be added to the issues log, JK responded by advising that he would investigate the various ‘contributors’ and provide a view as to whether it should be added in due course;
- Parties suggested that an issue covering the Smart Metering Rollout Programme should be added on the grounds that we now have definitive timings (as specified in new Supplier Licence Condition 33A) – JK agreed to add;
- It was acknowledged that moving forward, more difficult site related issues may come to light and that these may need adding to the log.

5. Next Steps

DS confirmed the timeline going forward:

- Any revision of the draft AUG Statement following consideration of responses received will be provided to the AUG Sub-Committee by 04 March 2022.
- An updated explanation of the Weighting Factors methodology, including sources of data and quantification of any changes to the draft AUG Statement, (if required), will be presented at the AUG Sub-Committee Meeting on 11 March 2022.
- The final AUG Statement will be provided to the AUG Sub-Committee by 31 March 2022 and presented at the 06 April 2022 AUG Sub-Committee Meeting, prior to consideration at the UNCC Meeting on 21 April 2022.
- Engagement with stakeholders will continue throughout the process. The AUGE can also be contacted at auge@engage-consulting.co.uk



6. Any Other Business

6.1 Gemini UIG Job Failure

Fiona Cottam (FC) advised that the UIG allocation run (for Gas Day 16 February 2022) in Gemini had failed to run successfully due to an error in the data file which resulted in the field values showing as zero. A re-run is scheduled to take place on the evening of 18 February 2022.

6.2 Xoserve 2022 Allocation of Unidentified Gas Expert (AUGE) Management (MOD 0782)

While introducing the '2022 Allocation of Unidentified Gas Expert (AUGE) Management (MOD 0782)' Report, Chris Dwyer (CD) introduced himself to parties in attendance and provided a brief background of his career and new role within Xoserve.

In explaining that the document has been created following discussion with various parties (inc. Gareth Evans), CD advised that the aim is to not delay Modification 0782 'Creation of Independent AUGE Assurer (IAA) role' progression. Furthermore, discussions with Engage have been very positive and he is now seeking feedback from today's participants ahead of further consideration at the March Committee meeting.

During a brief review of the document, the several key items were considered (by exception), as follows:

- Challenging AUG Framework restrictions is important;
- As far as the 'Recommendations' on page 2 are concerned, it is about instilling confidence around compliance and other aspects of the process;
- With reference to item 1.7 in the 'Recommendations' table on page 3, CD is now starting to get a better feel for the subject matter following the discussion earlier in the meeting, especially around the concerns around Theft, Smart Metering and improving transparency of delivery of any solutions / corrective measures;
- Moving on to consider 8.3 on page 7, a great deal of debate focused around whether Xoserve can demonstrate any potential benefits of these proposals and that Xoserve are industry concerns seriously;
- In recognition of previous historical shortcomings, CD advised that should industry confidence remain and Modification 0782 is approved, he would look to immediately implement the required measures (i.e. a procurement and appointment exercise);
- CD acknowledged the good work undertaken by Fiona Cottam and Engage personnel which gives him a high-level of confidence in the current processes;
- As Proposer of Modification 0782, Dan Fittock (DF) thanked CD for the progress made on the document, but also took the opportunity to voice his disappointment that it did not fully address the concerns being considered within the 0782 Workgroup;
 - Responding, CD acknowledged the sentiment whilst pointing out that the document is currently a draft only and that any feedback, (positive or negative), would be of value in looking to improve performance and build confidence;
 - DF explained that he would be more than happy to contribute to any bi-lateral discussions with Correla, Xoserve and Engage in order to add value;

- Some parties in attendance believe that it could be beneficial if the report outlined how it would deal with specific issues moving forward;
- CD advised that should the need to appoint an independent assessor become apparent, he would not hesitate to ‘trigger’ the appropriate processes, and furthermore he remains committed to working with specific issue owners to address concerns;
 - Accepting that any IAA mechanism involves a ‘lead time’ element, consensus is that the modification should move forward;
 - Consensus amongst those in attendance is that each element is separate (i.e. report and Modification) and are not dependent upon the other in order to progress;
- Concerns were voiced that in awaiting completion of this report, progression of UNC Modification 0782 is potentially being delayed, to the detriment of the industry as a whole;
 - Concerns were voiced around any procurement exercise timescale impacts upon progression of the Modification – in essence, how long should industry wait before moving forward with the Modification;
 - CD advised that timescales might be difficult to predict as they involve a number of potential respondents, a subsequent approvals process and engagement with Engage;
 - The preference would be to land on a decision on this document sooner, rather than later, and as a consequence he (CD) would be pushing discussions with interested parties;
 - Parties remained of the view that the industry need to push forward with both the report and the Modification, as speed is of the essence – in short, in the absence of a deployment date from CD means progressing with the Modification concurrently:
 - CD reiterated that Xoserve are not seeking to delay progression of the Modification and accepts that progress needs to be made quickly over the next few weeks;
 - In outlining the rationale behind the Modification, GE suggested that if Xoserve were to provide the correct measures, then potentially the need for the Modification would / could potentially diminish, although he does acknowledge the views of other parties in attendance which may not support this suggestion;
- When asked, CD advised that the report would also be considered at forthcoming Distribution Workgroup meetings (under consideration of 0782), before confirming that the report runs in tandem with the Modification requirements;
 - The next Distribution Workgroup meeting is scheduled for Thursday 24 February 2022.

Concluding the discussions, CD recommended parties thoroughly review the document and provide any comments / recommendations to him directly in order that he might develop and enhance the report further, ahead of providing an update at the March Committee meeting. He also added that regardless of ongoing discussions around the report, improvements will be put into place as soon as possible.

New Action AUG0204: Reference the '2022 Allocation of Unidentified Gas Expert (AUGE) Management (MOD 0782)' Report – Xoserve (CD) to consider the feedback provided and provide a progress update at the March Committee meeting.

7. Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Time/Date	Venue	AUG Sub-Committee Agenda
Friday 11 March 2022	TBC	Std Agenda and Consideration of Revised AUG Statement
Friday 08 April 2022	TBC	Agenda to be confirmed

Action Table (as at 18 February 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0101	14/01/22	2.0	Completed By-Pass Operations - Correla (FC) to provide the 56 known by-pass operations information to individual parties, in particular those that fall into EUC Band 08 as they have the largest proportion of Sites.	Correla (FC)	Update provided. Closed
0201	14/01/22	2.0	050 – LDZ Meter Error - Engage (JK) to consider a forecast to incorporate the large meter error that is currently under investigation.	Engage (JK)	Carried Forward Update due 11/03/22
0301	14/01/22	2.0	Considered Modifications - Engage (JK) to consider incorporating data from <i>Modification 0664 - Transfer of Sites with Low Valid Meter Reading Submission Performance from Classes 2 and 3 into Class 4</i> for which a new report will be required.	Engage (JK)	Update provided. Closed
0401	14/01/22	2.0	Correla (FC) to contact all Shippers with sites in EUC08 in Class 3 and ask them to review whether there was AMR fitted at those sites, and update UK Link if necessary.	Correla (FC)	Carried Forward Update due 11/03/22
AUG 0201	18/02/22	4.	<i>Reference Question 1 – Methodology – Small Sample Size and Impact</i> – Correla (FC) & Engage (JK) to look to prepare a draft Strawman for development of a formal communication process between the AUG Sub-Committee and the Performance Assurance Committee.	Correla (FC) & Engage (JK)	Pending Update due 11/03/22
AUG 0202	18/02/22	4.	<i>Reference Question 1 – Methodology – Actions 22/1a and 22/1c</i> – Engage (JK) to prepare a draft, simplified Business Case for consideration at the next Committee meeting.	Engage (JK)	Pending Update due 11/03/22

AUG 0203	18/02/22	4.	<i>Reference Question 2 - Investigations – 010 Theft of Gas – Smart vs Traditional Meters - Engage (JK) to prepare a proposed methodology for consideration at a future Committee meeting.</i>	Engage (JK)	Pending Update due 11/03/22
AUG 0204	18/02/22	6.2	<i>Reference the ‘2022 Allocation of Unidentified Gas Expert (AUGE) Management (MOD 0782)’ Report – Xoserve (CD) to consider the feedback provided and provide a progress update at the March Committee meeting.</i>	Xoserve (CD)	Pending Update due 11/03/22