

UNCC AUG Sub-Committee Minutes
Friday 23 June 2023
via Microsoft Teams

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Vera Li (Secretary)	(VL)	Joint Office
David Morley	(DM)	OVO Energy
David Speake	(DSp)	Engage Consulting (AUGE)
Deborah Sherlock	(DSH)	CDSP
Fiona Cottam	(FC)	CDSP
James Hill	(JH)	Engage Consulting (AUGE)
Louise Hellyer	(LH)	TotalEnergies Gas & Power
Mark Jones	(MJ)	SSE
Neil Cole	(NC)	CDSP
Sophie Dooley	(SD)	Engage Consulting (AUGE)

Please note these minutes do not replicate detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of papers are available at: <https://www.gasgovernance.co.uk/AUG/230623>

1. Introduction and Status Review

Bob Fletcher (BF) welcomed everyone to the meeting.

1.1. Approval of Minutes (14 April 2023)

BF noted there is a minor mistake on one of the attendee's Organisation from previous minutes. The minutes from the previous meeting were approved.

1.2. Approval of Late Papers

There were no late papers to consider.

1.3. Review of Outstanding Actions

No Outstanding Actions from the previous meeting.

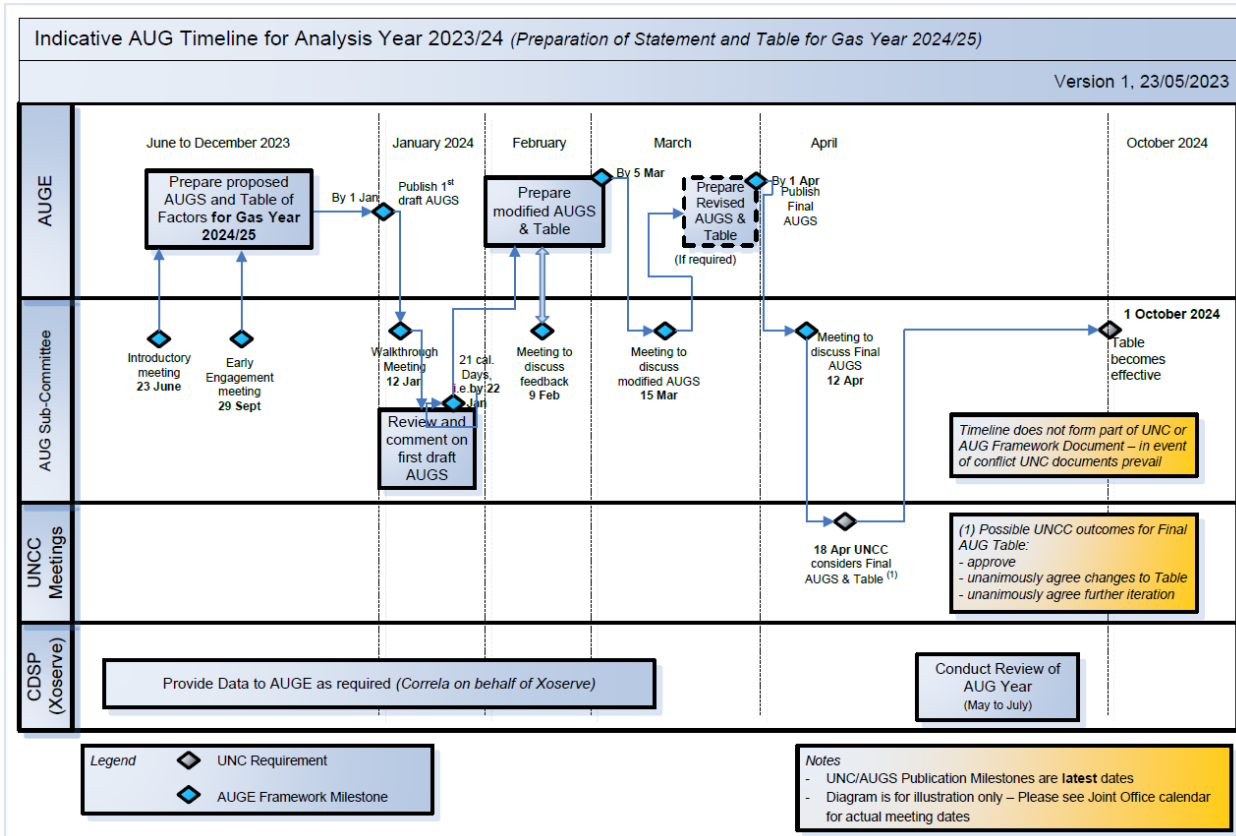
2. 2024-25 AUG Statement Development

2.1. Indicative Timeline

Fiona Cottam (FC) provided an overview of the Indicative Timeline for AUG Year 24/25.

The Indicative Timeline highlighted the dates which are set for the process and interactions this sub-Committee is planning to have with the AUGE for this year.

The Introductory meeting today started with the process of developing the AUG Tables for Gas Year 2024/25. The final AUG Statements and Table 2024/25 will be presented to the UNCC for approval on 18 April 2024.



The Timeline table is published here <https://www.gasgovernance.co.uk/AUGStatement2425>

2.2. Introduction: Approach and Methodology

David Speake (DS) advised this Introductory meeting was to provide an overview of the proposed approach and methodology for the Gas Year 2024/25; to present to this Committee, the AUGEs initial assessment of UIG contributors; recommendation on introducing potential new contributors; and view of the proposed focus areas and Next Steps.

DS re-introduced the AUG E Team to the Committee and advised that all parties are welcome to contact the team with any ideas and suggestions related to the AUG process.

The presentation covered the following main topics and full detail of the presentation can be found at <https://www.gasgovernance.co.uk/aug/230623>

Approach

James Hill (JH) provided an overview of the proposed approach and clarified that it is intended to be open, transparent, collaborative and to be impartial and balanced in judgement.

Methodology Principles – Slide 6

JH explained there are three methodology principles which are the same as the previous year:

- *Polluter Pays* – “fair and equitable” and that UIG should be allocated in the same proportions;
- *Line in the Sand* – only UIG that will exist at Line in the Sand will be considered;
- *Bottom-up Determination* – quantify UIG for each identified contributor and add them together, rather than estimating overall UIG.

UIG Contributor Model - Slide 7

The existing model will continue to be used.

Consumption Forecast - Slide 8

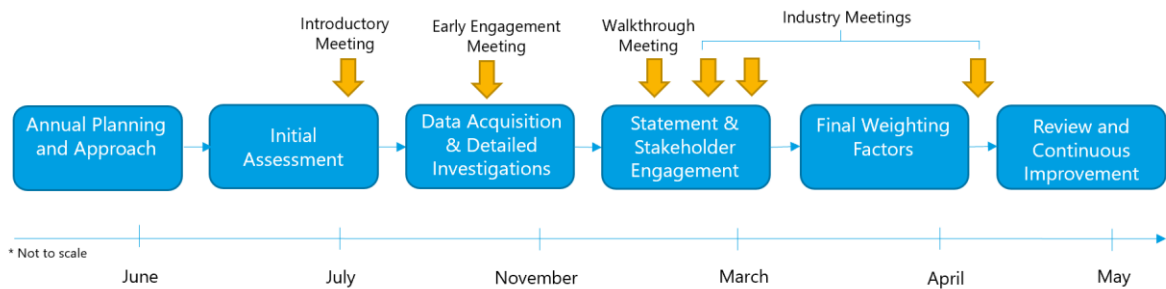
JH advised there is no change from the previous year.

The consumption forecast is an important part of the model. AUGE will calculate a national forecast for the Target Year based on historical AQ values for each Matrix Position and then split it into individual LDZ forecasts.

JH noted that since Project Nexus go-live 6 years ago, there will be a full review planned for this year on what history for each matrix position is appropriate to use to help to shape the future forecast.

Delivery Timeline – slide 9

JH summarised the engagement process as shown below:



Initial Assessment

Sophie Dooley (SD) provided an overview of the Initial Assessment process.

Initial Assessment Process – Slide 11

SD explained the assessment process is the same steps as in the past few years.

The purpose of the initial assessment is to come up with a set of contributors to focus on the analysis for the current Gas Year. These could be completely new contributors that will need to create a new methodology or could be just refinement to the contributors from previous years.

The list of contributors will then go into a scoring process, and each being assigned a score. The top scoring contributors will not be necessarily taken forward to the investigation stage but would start the high-level thinking.

Assessment Process: scoring – Slide 12

SD provided an overview of the assessment process and how the scoring is allocated. SD explained once the assessment process has been completed, this then produces a list of contributors which is shown on Slide 13.

Initial Assessment Results – Slide 14

SD explained that the four contributors with the highest score are the ones that will be taken forward for further investigation, which are:

Contributor ID	Contributor	Score
010	Theft of Gas (Total theft)	45
090	No meter read at the line in the Sand	40
131	Consumption Adjustments (incomplete)	36
180	Unfound Unidentified Gas Contributors	35

SD advised that contributors that have existing methodologies will be refreshed and recalculated again for the new Gas Year.

Focus Areas

DS advised the 2024/25 recommended focus areas as follows and will be further explained in Slides 17 – 20:

New Investigation:

180 – Unfound UIG contributor

Refinement investigations:

010 – Theft of Gas (Total)

090 – No Read at the line in the Sand – improvement in methodology

Theft – early consideration – Slide 17

DS provided background information and explained that there is a requirement to further investigate the proportion of UIG allocated to Theft.

The proportion allocated to Theft has been growing in the past 3 years, and the share attributed to others has been shrinking. Also, the new annual Theft amount from RECCo's Theft Estimation Methodology is much lower prompting further analysis.

The AUGÉ is communicating with RECCo to get some insights into their Estimation Methodology and to review the current methodology.

DS noted if there is any interlink between Theft and Unfound and it is something that should be investigated.

DS asked Committee for suggestions and thoughts on how to improve the existing methodology.

Unfound – early consideration – Slide 18

DS explained the background for this new investigation is the difference between the calculated (forecast) UIG and actual (historical) UIG which has grown recently and asked if it is justifiable to create a new contributor for the Unfound (Delta) for a fairer and equitable allocation of this UIG. The aim is to undertake additional analysis to study the components and if there is any cross-over with existing contributors such as theft.

It was noted that the AUGÉ Terms of Reference had been clarified so that the AUGÉ could consider the impacts of Shrinkage as a contributor to UIG.

090 – No Read at Line in the Sand – Slide 19

DS explained that the No Read contributor has become overly complex after a few iterations.

It is suggested the new approach is to return to basic, refresh and rebuild from the bottom and concentrate on tidying up and providing clarity, and that the focus be an annual calculation of the UIG created from the most recent change in the Line of the Sand (April 23) and applying that to the target year's AQs.

Next steps – Slides 20 - 23

JH confirmed that the prioritised data request will be submitted to the CDSP and requests to other industry related parties (e.g. DESNZ, RECCo) will be sent when appropriate. There are 44 datasets in total.

- The AUGÉ will continue to
 - Consider the practicalities of a further level of top-down validation of outputs
 - Investigate additional ways to validate the isolated Sites data for inclusion in future AUG Statements
 - Assess whether additional data is available to improve the accuracy of AQ assumptions for isolated sites; and

- Assess the scaling up of the UIG estimate under Contributor 180 after discussion with interested Shippers.
- Initial analysis from the AUGE investigations will be shared with the industry at the Early Engagement meeting on 29 September 2023.

JH noted that engagement with stakeholders will continue throughout and that the AUGE representatives can be contacted at auge@engage-consulting.co.uk

2.3. Review of Advisory and Innovation Services

JH provided an overview of the Advisory Services the AUGE provided. For details please refer to slides 24 – 26 in the presentation pack.

JH also introduced the Innovation Services provided but explained that it falls outside the existing AUGE Terms of Reference. For details of the current Identified Innovations, please refer to slides 27 – 31 in the presentation pack.

3. Any Other Business

3.1. AUG Year Review 2023

FC provided an update on the Annual Review of the AUGE year. Invitation for feedback was sent on 19 May and the closing date was 12 June.

Only one response was received, and she will be reporting to the July UNCC meeting and the next AUG Sub-Committee meeting in September.

3.2. AUG Statements

David Morley asked for access to the 2012/13 AUG Statement.

Post-meeting Note: All post-2017 AUG Statements could be found here: <https://www.gasgovernance.co.uk/auge/state>

4. Diary Planning

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

Time/Date	Paper Publication Deadline	Venue	AUG Sub-Committee Agenda
10:00 Friday 29 September 2023	5pm Wednesday 20 September 2023	Microsoft Team	Early Engagement Meeting
10:00 Friday 12 January 2024	5pm Wednesday 03 January 2024	Microsoft Team	Walkthrough Meeting
10:00 Friday 09 February 2024	5pm Wednesday 31 January 2024	Microsoft Team	Review Feedback Meeting
10:00 Friday 15 March 2024	5pm Wednesday 06 March 2024	Microsoft Team	Review Modified AUGS Meeting
10:00 Friday 12 April 2024	5pm Wednesday 03 April 2024	Microsoft Team	Final AUGS Meeting