



Allocation of Unidentified Gas (AUG) Process for Gas Year 2023-2024 Request for Feedback

Prepared for: Xoserve	Date: 21 st June 2023
	Version: 1.0
	Status: Issued

Dear Fiona

As the currently appointed AUGER, Engage Consulting welcomes the opportunity for industry to appraise the effectiveness of the AUG framework, the AUGER's interaction with industry, and the industry's participation in the AUG processes.

Process and outcomes

In the AUG year just finished, we have identified and quantified an additional source of UIG (Dead Sites). We have considered the impact of smart meters on gas theft, and whether it is possible to quantify UIG attributed to meter bypass arrangements. In these latter cases, although our investigations achieved some further insight, the available data proved inadequate to justify moving away from or expanding our existing UIG methodology.

This year the majority share of total UIG quantified was again attributed to gas theft, and it has been suggested in our discussions with gas shippers that a pragmatic focus of our work going forward should be the refinement of the methodology for theft, and high-level consideration of any other large-scale contributors and high-impact assumptions.

Centrica's modification to equalise Weighting Factors across prepayment and credit meter populations brought into focus the impact that the AUGER's methodology has on certain customer groups, and we were pleased to be able to react quickly to the outcome of the modification process to meet the timetable for AUG statement publication. Even though some outputs are now to be equalised in producing the table of weighting factors, we remain interested in the variation in inputs between customer groups and will continue to provide relevant insight to industry as we repeat our analysis in the coming year.

Engagement

We thank industry stakeholders for their engagement and feedback provided throughout the annual process. We are grateful for a pragmatic discussion of the methodology despite the ongoing industry developments in changing the AUGER framework. We have maintained an open and productive dialogue with Correla and have supported discussions around the contractual implications of a potential short-notice termination of the requirement for the AUGER, whilst planning for continuous service provision in the case it is needed.

We are also continuing to offer insights in our advisory capacity, supporting PAC discussions on a periodic basis with observations and trends in potential performance assurance matters.

Although we monitor relevant industry change with interest, we generally remain impartial to discussions unless invited to contribute our expertise. Recent changes brought forward by a shipper to the AUG Framework Document have highlighted the relative ease with which such changes to the Terms of Reference that govern our activities can be given effect, and we thank Correla for maintaining a dialogue with us on potential methodology or commercial impacts. It will be particularly important to maintain an open dialogue and level of flexibility as we look forward to the coming year of constructive collaboration with industry.

David Speake, Service Delivery Lead, AUGER





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