

## UNCC AUG Sub-Committee

Friday 10 January 2020

at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

### Attendees

Rebecca Hailes (Chair)	(RH)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Andy Gordon	(AG)	DNV-GL
Chandima Dutton	(CD)	Waters Wye Associates
Clive Whitehand	(CW)	DNV-GL
Fiona Cottam	(FC)	Xoserve
Louise Hellyer	(LH)	Total Gas & Power
Luke Reeves*	(LR)	EDF Energy
Mark Jones*	(MB)	Scottish Power
Mark Palmer*	(MP)	Orsted
Neil Cole	(NC)	Xoserve
Rhys Kealley	(RK)	British Gas
Tony Perchard	(TP)	DNV-GL
Sallyann Blackett*	(SB)	E.ON
Steve Mulinganie	(SM)	Gazprom

\* via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/aug/100120>

### 1.0 Introduction

Rebecca Hailes (RH) welcomed everyone to the meeting.

#### 1.1. Approval of Minutes (30 September 2019 and 16 December 2019)

The minutes from both meetings were approved.

### 2.0 Review of Outstanding Actions

**Action 0901:** Xoserve (FC) to chase Electralink for gas theft data.

**Update:** FC provided an update and advised the AUGGE have been providing updates on their leads, an update will follow later in the agenda. **Closed**

**Action 0902:** Xoserve (FC) to provide a copy of the domestic temperature study to AUGGE.

**Update:** FC advised permission has been granted for AUGGE to have access to the study and that some of the content of the report will be made available. It was mentioned that Workgroup 0693R – Treatment of kWh error arising from statutory volume-energy conversion, would find this information interesting, DNV-GL advised they would be happy to support any discussions at Workgroup 0693R. **Closed**

**Action 0903:** Gazprom (SM) to facilitate conversation between AUGGE and MAMs regarding meter maintenance and site-specific conversion factors

**Update:** SM will provide an update on the status of this action post meeting. **Carried Forward**

**Action 0904:** The AUGGE (CW) and Xoserve (FC) to look at producing a workplan for the AUGGE to identify process improvements and a cost benefit analysis for publishing a draft paper on LDZ specific factors.

**Update:** This action was completed as part of the teleconference on 16 December 2019. **Closed**

**Action 1201:** DNV-GL (AG) to update the Impact Assessment of LDZ Level UIG Factors paper with the theft data analysis and circulate to industry. The paper to also include a brief description of the high-level methodology used to undertake the analysis and the timescales.

**Update:** This was published 24 December 2019 and can be found here:

[www.gasgovernance.co.uk/augenex/2021](http://www.gasgovernance.co.uk/augenex/2021). **Closed**

### 3.0 AUG 2020/2021 Timeline

Tony Perchard (TP) provided a walkthrough of the presentation entitled Proposed AUGS Walkthrough (DNV-GL) and outlined the areas the presentation would cover during the meeting:

- Overall project status
- Findings from analysis work during 2019/20 AUG year
- Updates to methodology
- Latest view of UIG Factors
- Prepare AUG Sub-Committee for consultation period

TP reminded Committee members that the obligation for the consultation on the proposed AUG Statement is set out in Step 7 – Creation of the AUG Statement Document, of the AUG Framework (this document can be found here: [www.gasgovernance.co.uk/augenex/2021](http://www.gasgovernance.co.uk/augenex/2021))

TP further noted that the consultation on the proposed AUG Statement runs from 01 January 2020 until 22 January 2020. Responses should be sent to the CDSP at: [analytical.services@xoserve.com](mailto:analytical.services@xoserve.com) or the AUGE: [auge.software@dnvgl.com](mailto:auge.software@dnvgl.com)

#### **Project Overview**

TP advised that that the project worked to the timeline set out in the Review 0639R – *Review of AUGE Framework and Arrangements*, last year. This will be followed again this year.

The meeting that will be held on 14 February 2020 will be used to discuss feedback received from the consultation and the AUG Statement will be updated by 05 March 2020.

#### **Project Status**

TP advised the overall project status is on target and gave an overview of the data that has been updated.

Neil Cole (NC) advised he has been requested to provide the AUGE with overall energy values, split by periods (apportioned) and that this is currently work in progress.

TP went on to explain that rejected CSEPs are no longer available from Xoserve post Nexus. It has been identified that IGTs can provide this data directly and he reported that this has been requested from the IGTs, the deadline for this data submission is the end of January 2020. He added that trends in rejected CSEPs data are quite stable, AUGE do hold monthly data from 2014 to 2017, if there is no response from IGTs, AUGE will use the data they hold.

When asked, TP clarified that the changes yet to be made to the current AUG Table are:

- Population update – The current snapshot of asset data is from November 2019, this will be updated in March 2020.
- Pattern of the factors will remain close to what they are now, though there may be a little fine tuning.

The Committee considered that inclusion of new EUC bands into the AUG Table (proposed in Modification 0711S - *Update of AUG Table to reflect new EUC bands*), may need UNCC approval. Concerns were raised regarding the EUC level factors; the timescales of approval of the Modification. The AUGE advised the following steps will be required:

- Receive approval to make the change
- AUGE to generate the new figures
- Prepare the new table for review.

TP went on to advise the Committee that new Topics have been identified and assessed and that analysis has been completed on all Topics apart from:

- Topic 35 - UIG from Meter Exchange;
- Topic 55 - Creation of new EUCs;
- Topic 65 - Impact of changes to CWV/SNCWV definition
- Topic 66 - Assessment of TRAS Leads data

### **Topic 55 - Creation of new EUCs.**

There followed a lengthy discussion regarding Topic 55 - Creation of new EUCs.

Steve Mulinganie (SM) suggested there are two issues relating to this topic:

1. UNC Modification Panel Approval and subsequent implementation for Modification 0711S is needed
2. System changes are required (he noted these are not achievable for the AUGS Table which comes into effect on 01 October 2020).

It was confirmed that the June 2020 System Release is now locked down, therefore Xoserve are unable to accommodate the significant change in order for it to be implemented for October 2020.

SM asked if the change is significant enough to warrant a form of escalation in the planned Xoserve releases to be able to achieve the implementation for the AUGS table which applies from October 2020.

The Committee agreed it may not be reasonable to achieve implementation for the AUGS table which applies from October 2020, bearing in mind that Industry parties will need to change their own systems to incorporate the change, therefore, parties may have to work towards implementation for the AUGS table which applies from October 2021.

**New Action 0101: *Implementation Timescales:*** Any parties that feel the new EUC splits for EUC Bands 1&2 should be included in the AUG Statement (Table) which will apply from October 2020 - contact Joint Office as soon as possible and provide the reasoning as to their preference for 2020 over 2021.

### **LDZ level UIG factors assessment**

TP went on to advise that UIG Factors specific to an LDZ level, would need a Modification and would include potential Xoserve system changes. The Committee discussed this and suggested it may be more appropriate to create a Review Group to explore the topic. The AUGE would prepare the calculation and then the Review Group would be able to review it ahead of implementation. This will now be progressed next year.

TP explained that, with the Ofgem Minded to decision on Modification 0678 – *Amendments to Gas Transmission Charging Regime*, expressing a preference for 0678A which uses a Postage Stamp Reference Price Methodology rather than a method with more locational signals, it seems logical to investigate to the next stage, which would be a cost to Shippers. AUGE would raise a change request with Xoserve which would then be discussed via the DSC Committees. Fiona Cottam (FC) will discuss internally within Xoserve and will possibly raise this at DSC Contract Management.

Going forward, once implemented, the data available could be contributing factors by LDZ which could create best performance LDZs and sharing of best practice.

The Committee agreed this is a DSC Contract Management Committee issue which will require approval for funding (this is expected to be circa £30k).

**New Action 0102:** LDZ Level Factors change Control: DNV-GL to raise a change control to carry out the work required to calculate factors at LDZ level (to feed into the Review Group for review ahead of any potential implementation)

When asked, it was confirmed that putting pressure on prices for the end consumers with implementation of Modification 0711S will not change the amount of UIG in an LDZ, the UIG is already included in specific allocations.

### **Theft Analysis (Topic 8)**

Andy Gordon (AG) provided an update to the Theft Analysis (Topic 8) and advised that the analysis is complete based on the updated Outcome file data. The Methodology has been updated to include a new method for estimating the level of fiscal theft; 78% of fiscal theft comes from Electronic Token Meters, of which 73% is due to valve tampers, meaning that over 55% of all thefts are potentially fiscal.

AG advised that the Theft Issues Group (TIG) are concerned that the data will not be sufficiently accurate. They have instead recommended that the data should be used for an initial fitness-for-purpose study only at this stage, and this had been accepted by the AUGE.

The AUGE have therefore been asked to submit a new data request, this would be supplied for assessment for suitability rather than general use. Then analysis would be carried out and a recommendation would be put forward. This could then possibly be used in next year's process and used as a basis for justification of obtaining a full data set.

When asked, AG confirmed there is no sample of data available as yet.

AUGE confirmed that they will share the results, within weeks of receiving the data, with Industry. AUGE will submit the data request to be considered.

AG clarified that each record within the set of data will be anonymised. When asked, he advised that there are roughly five suppliers who account for the vast majority of all theft and that some suppliers have not had any confirmed thefts.

AG confirmed that the aim as far as the AUGE is concerned is to remove all data associated with supplier theft detection activities to remove bias.

### **Use of Static Correction Factors (Topic 25)**

TP advised that no feedback has been received so far as to the proposed approach document. This is published here on the Joint Office website:

[www.gasgovernance.co.uk/augenex/2021](http://www.gasgovernance.co.uk/augenex/2021)

The analysis is complete and is documented in the proposed AUG Statement. This now includes an amount of UIG related to a temperature 12.2°C. This is now being reviewed at LDZ level with a view to moving towards LDZ level factors.

TP went on to explain that the Domestic Meter Temperature Survey (DMTS) submitted two summary reports in 1999 and 2000, the results of which determined a common set of suggested best temperatures measured over a 13-month period.

The I&C Temperature Study (ICTS) produced a summary report in 2000 which showed the analysis of circa 7,500 daily read meters.

TP confirmed that DMTS measured temperature and ICTS measured an inferred temperature.

He went on to provide an overview of the chart shown on slide 11 which shows in orange those meters located externally and in blue, those located internally.

The information on slide 12 shows the average internal and external meters for each LDZ whereas the information on slide 13, for I&C does not show a meter location split as it is suspected, for Industrial and Commercial sites, the meters would predominantly be external.

TP highlighted the small differences that can be seen on the table on slide 15 between the 5; 10 and 20 year Average and the DMTS year 1; 2 and overall.

**New Action 0102:** *Use of Static Correction Factors (Topic 25)* (Analysis Summary – Gas Temperature (slide 15)) DNV-GL (TP) to confirm if the table on slide 15 is using flow weighted average temp.

**Post meeting update:** *All of the temperatures shown in the table on slide 15 are simple averages i.e. not flow weighted. Flow weighted temperatures are appropriate when referring to or comparing to metered gas temperatures as these will be flow weighted as a consequence of the way they are measured. The purpose of the table in slide 15 is to compare the average air temperatures between years to determine how close to Seasonal Normal the years used in the DMTS and ICTS studies were. It is therefore appropriate to use non-flow weighted temperatures for this.*

On slide 16 AG explained that for EUC Band 02-03 there are a significant number of internal meters in this class and reconfirmed that it is assumed that the I&C meters are predominantly external meters. This is indicated on the table shown on this slide by the temperatures portrayed for EUC 02-03. The higher temperatures (above 12.2°C) are shown in blue.

AG talked through a further graphical image (slide 17) which shows 8 weather stations Atmospheric Pressure and explained that it is expected that pressure decreases as one moves further north.

### **Standard Correction Factors (Topic 27)**

TP explained 44% of sites have had data updated.

The implementation of Modification 0681 - *Improvements to the quality of the Conversion Factor values held on the Supply Point Register*, may cause a number sites to change.

### **Level of Permanent (Final) UIG Post-Nexus (Topic 33)**

AG explained the table on slide 19 shows initial UIG and post-reconciliation UIG going back to 2017.

Looking at the chart on slide 20, AG drew attention to the step change shown and advised this is due to uplift factors and improvements fed in from Modification 0432 - *Project Nexus – Gas Demand Estimation, Allocation, Settlement and Reconciliation reform*.

During the first year, after partial reconciliation, the monthly UIG was reporting at 4.4%, after the ALP/DAF Scaling was introduced, this saw a drop to 1.8%, this is the impact of unreconciled energy. AUGE are estimating UIG (final) is 1.4%.

AG said that the approach to unreconciled sites is important and that AUGE have a dedicated approach for sites where there is no valid consumption.

### **UIG from Meter Exchange (Topic 35)**

Clive Whitehand (CW) talked through the slide (21) provided and advised that there is nothing in the AUG Statement to quantify this, the evidence is not clear enough but work is ongoing and AUGE are working with CDSP to understand the issues. This is not included in the AUGS which will apply from October 2020.

### **Accuracy of NDM Algorithm (Topic 39)**

TP explained that this topic has been on the log for quite some time and that AUGE are looking to close it. He said that when there is something specific about the NDM algorithm, it will be raised as a specific issue.

### **Creation of New EUCs (Topic 55)**

This topic was covered earlier in the agenda.

### **More detailed analysis of Meter Locations (Topic 58)**

TP advised that EUCs with the most unknown meter locations are the higher banded EUCs and that the current methodology only uses meter location for EUC Bands 01-03 (slide 24).

### **Review of CSEP Methodology (Topic 59)**

TP advised that a consumption has been successfully calculated for 76% of CSEP meters. Given the high % of calculated CSEP meters now, with more meter reads it is envisaged that next year AUGÉ will be able to calculate CSEP consumption at meter point level.

#### **Use of temperature data from volume converters (Topic 60)**

AUGÉ believe there is no further action required for this topic.

#### **Use of corrected vs uncorrected meter reads (Topic 61)**

TP advised that the analysis, based on Xoserve NDM sites, was too infrequent and therefore there was not enough information to be truly useful.

He added it would be useful to get Daily Read sites going forward.

TP advised that in relation to VLDMC/DM Meter Maintenance (Topic 63) and Use of Volume Convertors without Z Conversion (Topic 64), the AUGÉ issued an Industry data request but has received no response as yet.

There are two topics that are on hold awaiting data which are:

- Impact of changes to CWV/SNCWV definition (Topic 65) and
- Assessment of TRAS Leads data (Topic 66)

AG provided a summary of Methodology changes (slide 29) which included:

- New method for estimation of fiscal theft levels
- Volume Conversion Errors
- Product Class Population/AQ – extrapolation method
- Update of Consumption Methodology
- Evolving methodology.

The Committee were informed that the forecast for SMART Meter Population will be over 9 million by the end of March 2021.

AG went on to explain the graphical information shown on Slide 48 – Volume conversion Errors, and advised that this shows, for each historical year, the amount of Temperature and Pressure UIG feeding into the methodology.

FC advised that the specification for a Temperature Lab Study has had a Change Proposal approved in principle by the DSC Change Management Committee. The procurement route suggested is that Xoserve would go to DSG, this is currently parked pending DNV-GL deciding if they still need it in light of new information.

CW confirmed that DNV-GL are currently deciding if there will be enough benefit to gather the extra data that the Temperature Lab Study will provide and added that, whereas this won't save the Industry any gas, it may help to place the target area.

The AUGÉ Committee agreed to reinvigorate the Change Proposal and process through the DSC Change Management Committee.

AG provided an explanation of the graph shown on Slide 52 – Total Unidentified Gas (Consumption Calcs) and said that this indicates the year on year levels of UIG calculated. The blue data shows the previous analysis and the orange data shows the new analysis and includes corrected meter reads. He added that the consistency of the calculations is, so far, showing very positive.

#### **Draft Unidentified Gas Factors**

On slide 54 – Unidentified Gas Factors, AG explained this table shows:

- Product Class 3/EUC Band 1 - 50.76 – this has gone down
- Product Class 4/EUC Band 1 - 122.53 – This factor has reduced

- Product Class 4/EUC Band 2 - 133.14 - this factor has gone up slightly

There are two key factors for this:

1. Mass migration from Product Class 3 to 4
2. Volume Conversion which amounts to roughly 640 GWh, this used to be in the balancing factor; Volume Conversion UIG is not targeted so much and is distributed in the three EUC Bands.

When asked, AG clarified there is no theft data from UK Link in the methodology as yet and that this has not yet been asked for. Due to the differing levels of theft, the data should be split into traditional and SMART, AG further added that DNV-GL want to be transparent and will upload to UKLink Secure Documentation. This can be found here:

<https://www.xoserve.com/systems/extranet-secured-sites>).

Louise Hellyer (LH) offered that, if a party is submitting daily reads in Product Class 3 as they should be, the assumption would be that the data is more visible and therefore theft would be less likely.

AG confirmed that, for Product Class 2, EUC Band 8 he would expect to see a factor of 0.20 or more (between Band 7 and 9) and that 0.12 seems low. He went on to explain that smoothing can mean a gradual increase/decrease. Theoretically, the Factors should be going from high in the top-right hand corner of the table on slide 54, to low in the bottom left-hand corner. He confirmed the data is correct and that this will end up as showing 0.20. A similar debate was had for EUC Band 9 last year.

The information given on slides 56-58 was produced as a result of a request from Mark Bellman and were not covered during this meeting as Mark Bellman was not present.

TP talked to the Committee regarding the Innovation area entitled Different UIG Factors for Allocation & Reconciliation. He explained that two different sets of factors would enable better allocation at the time other than line-in-the-sand as shown on the graph on slide 63. Initial UIG contains Permanent and Temporary elements and Reconciliation removes Temporary UIG only.

SM agreed this is an area that could prove to be beneficial.

**New Action 0103:** *Unidentified Gas Factors:* DNV-GL to develop a paper and put forward a recommendation for Better/ Dynamic Unidentified Gas factors.

#### 4.0 AUGÉ Approach and Considerations for 2020/2021

##### 4.1. Latest view of data sources and availability of data

This was covered as part of Agenda item 3.

##### 4.2. Update on development of the AUGS and Table for the coming year

This was covered as part of Agenda item 3.

##### 4.3. Overview of industry data request – within-pipe gas temperatures

This was covered as part of Agenda item 3.

#### 5.0 Any Other Business

TP advised that the location of the Monthly Reports on the Joint Office Website are slightly misleading and suggested the following amendments to the location titles:

- Change labels to read 'for Gas Year 2020/21'
- AUG progress updates - take out the years and update the link to point to 2020/21

**New Action 0104:** Joint Office to make the suggested amendments to the Joint Office Website in terms of the titles for the Monthly Reports and the AUG Progress Updates.

*Post Meeting Update: Action 0104 has been completed.*

## 6.0 Next Steps

RH summarised the next steps:

- The Consultation period closes 22 January 2020
- AUGE to prepare Key Messages for this meeting
- Next AUG Sub-Committee meeting will be on 14 February 2020 and will discuss the consultation responses
- AUGE to prepare Modified AUGS and Table by 05 March 2020.

## 7.0 Diary Planning

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

Workgroup meetings will take place as follows:

Time/Date	Venue	AUG Sub-Committee Agenda
10:30 Friday 14 February 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Agenda items to be agreed.
10:30 Friday 13 March 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Agenda items to be agreed.
10:30 Tuesday 7 April 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Agenda items to be agreed.

### Action Table (as at 10 January 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0901	30/09/19	3.0	Xoserve (FC) to chase Electralink for gas theft data.	Xoserve (FC)	<b>Closed</b>
0902	30/09/19	3.0	Xoserve (FC) to provide a copy of the domestic temperature study to AUGE.	Xoserve (FC)	<b>Closed</b>
0903	30/09/19	3.0	Gazprom (SM) to facilitate conversation between AUGE and MAMs regarding meter maintenance and site-specific conversion factors.	Gazprom (SM)	<b>Carried Forward</b>
0904	30/09/19	3.0	The AUGE (CW) and Xoserve (FC) to look at producing a workplan for the AUGE to identify process improvements and a cost benefit analysis for publishing a draft paper on LDZ specific factors.	Xoserve (FC) DNV-GL (CW)	<b>Closed</b>
1201	16/12/19		DNV-GL (AG) to update the Impact Assessment of LDZ Level UIG Factors paper with the theft data analysis and circulate to industry. The paper to also include a brief description of the high-level methodology used to undertake the	DNV-GL (AG)	<b>Closed</b>

**Action Table (as at 10 January 2020)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			analysis and the timescales.		
0101	10/01/20	3.0	<i>Implementation Timescales:</i> Any parties that feel the new EUC splits for EUC Bands 1&2 should be included in the AUG Statement (Table) which will apply from October 2020 - contact Joint Office as soon as possible and provide the reasoning as to their preference for 2020 over 2021	All	<b>Pending</b>
0102	10/01/20	3.0	<i>Use of Static Correction Factors – Topic 25</i> (Analysis Summary – Gas Temperature (slide 15)) DNV-GL (TP) to confirm if the table on slide 15 is using flow weighted average temp.	DNV-GL (TP)	<b>Closed</b>
0103	10/01/20	3.0	<i>Unidentified Gas Factors:</i> DNV-GL to develop a paper and put forward a recommendation for Better/Dynamic Unidentified Gas factors.	DNV-GL (AG; TP; CW)	<b>Pending</b>
0104	10/01/20	5.0	Joint Office to make the suggested amendments to the Joint Office Website in terms of the titles for the Monthly Reports and the AUG Progress Updates.	Joint Office (HB)	<b>Closed</b>