

Fiona Cottam,  
Business Process Manager,  
Xoserve

12 June 2020

**Re: Allocation of Unidentified Gas (AUG) Process – Request for Feedback**

Dear Fiona,

Please find below responses to your request for feedback from the AUG Expert for 2019/20. These have been grouped under the areas you suggested. We are happy that our feedback is made public.

Yours Faithfully

**Tony Perchard**  
**Principal Consultant**  
**Business Analytics & Advisory**  
**DNV GL – Digital Solutions**

**1. The AUG Framework document**

- There have been concerns regarding changes to the factors in the AUG table between the proposed statement published in January, the modified statement in March and the final statement in April. The AUG Framework indicates latest data should be used where possible and this is determined by the AUG.

There is a balance to be struck between always having the latest data or corrections to the methodology vs being aware of them but not implementing even when there is time to do so to avoid changing the factors. This was less of a problem during the initial AUG Framework from 2011-2015 where the methodology was developed and approved before the table was published.

We suggest that there are some agreed cut-offs introduced for both changes to the methodology (other than changes requested by UNCC following consultation) and the use of latest data so that the industry have a clear understanding of when the AUG table will be finalised for a given AUG year.

- The AUG Framework (and the contract) are very focused on delivery of the factors and the extensive review process is quite time consuming. This can restrict innovation and progress of improvements to the methodology.
- There have been occasions where changes to the methodology, updates to data and new network code modifications have resulted in a set of factors that trigger different behaviours by suppliers in order to reduce their financial UIG exposure. There is currently no requirement within the AUG Framework for the AUG to consider the impact of such changes on the industry and this has led to some unintended consequences (e.g. the sudden shift of millions of consumers from product class 4 to product class 3). There is a risk that consideration of the impacts could influence the independence of the AUG, although there may be some benefits in making the industry aware of potential knock-on effects. In the case of the move to product class 3, this had a significant impact on Xoserve's ability to handle the large numbers of associated meter reads.

## 2. The AUGE

- The AUGE Statement was delivered and approved with relatively minimal consultation feedback.
- Whilst the impact of the effects of the AUGE table (noted above) was not within our remit to consider, it may have been helpful to highlight whether changes to the AUGE table could impact the industry even if quantifying it may not have been possible (given we do not have nor should have details of suppliers business models).
- All deliverables were provided on or ahead of schedule.

## 3. The Industry

- There were further issues obtaining the theft data that prevented the proposed full analysis being completed. Obtaining access to this data has been particularly lengthy and challenging, although the AUGE appreciates the support from Xoserve and Supplier representatives that have facilitated the data request process.
- The decision to support the AUGE's attendance of the Joint Theft Reporting Review Group was very beneficial. This allowed us to provide input to the group, which supported some important industry developments – particularly the fiscal theft tamper code and the proposals for ensuring consistency between theft records in TRAS and CMS.
- The sharing of information between industry parties could be improved. Information regarding TRAS theft matching rates for domestic and non-domestic sites would have been valuable data to feed into the theft calculations, but this was not supplied to us despite the source being known (Theft Risk Assessment Service: TEG MI Pack - February 2019) and the information being requested by British Gas for our use.
- There was improved communication and engagement with the industry, with the AUGE supporting the Joint Theft Reporting Review Group and Mod693R.
- A number of industry data requests were published on the JoT website but very little response was received.

## 4. Xoserve

- There were several data provision issues this year. Some processes have improved and certain data sets were provided with minimal issues. However, there were occasions where the AUGE needed to re-request data from Xoserve because large amounts were missing or changes had occurred without warning (e.g. uncorrected meter reads provided instead of corrected). Going forward we'd suggest closer access to the specific data owners within Xoserve and /or being included in any system change/data management updates that could impact the data being provided (particularly from one year to the next). The new AUGE will need to be wary of this when obtaining data going forward.

- The AUGE procurement process did take rather a long time. Whilst this did not have an impact on the delivery of the methodology and AUG statement, it did result in delays and uncertainty around some of the analyses supporting future AUG statements – for example, LDZ factors analysis, meter temperature studies and dealing with permanent/temporary UG over time. This is understandable as the new AUGE may wish to take a different approach and it was agreed with Xoserve that some activities should be on hold until the procurement process had completed. We appreciate that the outbreak of Covid-19 may have also contributed to the delay in the procurement process.
- Some questions/issues raised by the AUGE were not addressed in a timely manner compared to previous years e.g. meter exchange data queries and requests for information on the presence of NDM sites with daily loggers (which could have been used in the volume conversion analysis work). It would be helpful to have access to alternative subject matter experts within Xoserve when dealing with some issues to ensure a quicker turnaround time for certain topics.
- Overall there were good working processes between the AUGE and Xoserve, including well defined data provision processes, weekly calls particularly helped to keep on top of data issues and a collaborative TEAMS site enabled sharing of information and easier review of documents. The more recent introduction of Microsoft TEAMS also improved the teleconferences.