

AUG Year Review Report for 2019/20

Purpose of the Document

This document is a report to the UNCC, in accordance with section 7.4 of the Framework for the Appointment of an Allocation of Unidentified Gas Expert (the “Framework”), which summarises the outcome of the Review of the AUG Expert Year 2019/20, in other words the preparation of the AUG Statement and Table of Weighting Factors to apply for the Gas Year 2020/21.

Executive Summary

Xoserve published a request for feedback on the AUG (Allocation of Unidentified Gas) Year 2019/20 process on 7 May 2020, and asked for responses by 12 June 2020. Feedback was received from two parties: the I&C Only Shippers and Suppliers trade body (ICoSS) and the AUG Expert. The ICoSS feedback was positive and complementary of the operation and outcomes of the process for the year. The AUG Expert noted that it was able to meet all the process deadlines this year and that there was relatively minimal feedback during the consultation windows. Whilst the AUG Expert commented on a number of improvements since the last process year, it also mentioned ongoing issues with obtaining data from Xoserve and from other parties. Xoserve takes all feedback seriously and will put in place further steps and validations to ensure that data is delivered or obtained for the AUG Expert on time and right first time.

Introduction

At the end of each AUG Year the CDSP is required to conduct a review of the activities and performance of the AUGE and relevant industry parties, for the creation of the AUG Statement and table. This report details the approach to the review for the AUG Year 2019/20 (in other words the preparation of the AUG Statement and Table of Weighting Factors to apply for the Gas Year 2020/21), the review feedback and recommendations implemented or with the potential to be implemented for the current and forthcoming AUG years.

Terminology used in this Document

AUG	Allocation of Unidentified Gas
AUGE	Allocation of Unidentified Gas Expert
AUGS	Allocation of Unidentified Gas Statement
CDSP	Central Data Services Provider, i.e. Xoserve
CMS	Xoserve's Contact Management System
DNV GL	The provider of the AUGE service to the gas industry during the year of the review
The Framework	The Framework for the Appointment of an Allocation of Unidentified Gas Expert (UNC Related Document)
ICoSS	The I&C Only Shippers and Suppliers Group
LDZ	Local Distribution Zone
NDM	Non-Daily Metered
PPM	Prepayment Meter
SPAA	Supply Point Administration Agreement
TRAS	Theft Risk Assessment Service – administered by Electralink
UIG	Unidentified Gas
UNC	Uniform Network Code
UNCC	Uniform Network Code Committee

Approach to the Review

Xoserve requested the Joint Office of the Gas Transporters to circulate an open letter to all UNC parties to request feedback for the AUGE year 2019/20 and any suggestions for improvements. The distribution list for the letter included the AUGE, Gas Shippers, Large Gas Transporters, Ofgem and the Joint Office of Gas Transporters. The letter is reproduced in Appendix 1.

The request was issued on 7 May 2020, and at the request of UNC Committee the end date was extended to Friday 12 June, to allow more time for responses.

Areas to consider for feedback included:

- The AUG Framework document, e.g. timeline, clarity of scope and of responsibilities
- The AUGE for such areas as communication, industry engagement, query responses etc.
- The industry, e.g. for support for the process and timeliness/relevance of responses to consultations
- Xoserve e.g. for the provision of information

Feedback was received from:

- ICoSS on behalf of a number of shippers in the industrial and commercial sector of the market
- the AUGE

Key points raised in the feedback are reproduced in the following section, along with Xoserve's responses.

Summary of Feedback by Topic Area

Organisation	Response	Comments
<i>1. The AUG Framework document, e.g. timeline, clarity of scope and of responsibilities</i>		
ICoSS	Positive	The current development timeline gives sufficient opportunity for industry parties to examine the proposed AUGE methodology and to engage in a meaningful manner. Regular meetings and updates provide additional information for the industry, gives the AUGE and industry the opportunity to test the underlying methodology and incorporate any improvements into the forthcoming statement, rather than waiting until the next AUGE year.

Organisation	Response	Comments
The AUG Expert	Areas for Improvement	<p>(a) 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 AUGE.</p> <p>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 AUGE framework from 2011-2015 where the methodology was developed and approved before the table was published.</p> <p>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.</p> <p>Xoserve Response The requirement to publish the Final AUGS and Table no later than 1 April already sets a cut-off for inclusion of updated data in the calculations. The Framework also suggests that the AUGE should only make changes to the version published on 5 March each year as a result of feedback from the 12 March meeting. Those deadlines could be formalised or amended via a change to the Framework document</p>
The AUG Expert	Areas for Improvement	<p>(b) 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.</p> <p>Xoserve Response The contract with the new AUGE, for the coming service year, includes an innovation service line, as a result of feedback from the AUG Sub-Committee.</p>

Organisation	Response	Comments
The AUG Expert	Areas for Improvement	<p>(c) There have been occasions where changes to the methodology, updates to data and new network code (UNC) 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.</p> <p>Xoserve Response</p> <p>Xoserve's systems were updated during 2019 to be able to handle a greater number of Class changes and Class 3 daily meter readings. We would expect the AUG to have a good awareness of the commercial implications of its outputs on all industry parties (including Shippers, Suppliers, Network Operators, consumers and the CDSP) whilst remaining independent and impartial. The AUG should confirm in the AUGS how it has adhered to its terms of reference, including the obligation to be independent and impartial.</p> <p>Xoserve would be happy to support any discussions about the annual process or timetable and to provide any impact assessments to support those discussions.</p>

Organisation	Response	Comments
2. The AUGE for such areas as communication, industry engagement, query responses etc.		
ICoSS	Positive	<p>Overall, we believe as last year that the AUGE process has worked well this year.</p> <p>In terms of the final AUGE statement, we believe that this year's statement is accurate and robust. We particularly welcome the continuing emphasis on the theft aspect of Unidentified Gas. We also welcome the stated ambition by the AUGE to further refine the statement to take account of the evident difference between PPM and credit meters with regard to energy theft, taking advantage of the new AUGE table.</p> <p>We consider the AUGE process, and the AUGE statement to be based on a wide and comprehensive range of industry data. We believe that the emphasis going forward should be refining the current AUGE statement and its underlying methodology, rather than seeking to radically alter it.</p>
The AUG Expert	Positive	<ul style="list-style-type: none"> • The AUG Statement was delivered and approved with relatively minimal consultation feedback. • All deliverables were provided on or ahead of schedule.
The AUG Expert	Areas for Improvement	<p>Whilst the impact of the effects of the AUG table (noted above) was not within our remit to consider, it may have been helpful to highlight whether changes to the AUG 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).</p> <p>Xoserve Response We will pass on this advice to the new AUGE (Engage Consulting Limited)</p>

Organisation	Response	Comments
3. The industry, e.g. for support for the process and timeliness/relevance of responses to consultations		
The AUG Expert	Positive	<p>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.</p> <p>There was improved communication and engagement with the industry, with the AUGE supporting the Joint Theft Reporting Review Group and Modification 0693R.</p>
The AUG Expert	Areas for Improvement	<p>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.</p> <p>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.</p> <p>A number of industry data requests were published on the JoT [<i>Joint Office of Gas Transporters</i>] website but very little response was received.</p> <p>Xoserve Response The SPAA Theft Issues Group has now approved the release of additional data for the AUGE's use, initially on a trial basis.</p> <p>We share the former AUGE's concern about access to theft data and would welcome more support from the industry to champion future data requests at non-UNC forums such as the Theft Issues Group.</p> <p>We will continue to use multiple channels to try to raise the profile of third party data requests and encourage responses from a large number of external parties.</p>

Organisation	Response	Comments
4. Xoserve, e.g. for the provision of information		
The AUG Expert	Positive	<p>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 [application to Xoserve personnel] also improved the teleconferences.</p>
The AUG Expert	Areas for Improvement	<p>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.</p> <p>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.</p> <p>Xoserve Response We continue to experience issues with our reporting systems, and we realise that this caused considerable frustration and delay for the AUGE. We are working with our Technical Operations team to raise the profile of the key AUGE data deliverables and to improve our validation processes, to make sure that all data requests are delivered on time and right first time. We have noted the AUGE's recommendation about access to a wider pool of experts and data owners within Xoserve and we began to implement this in the later months of this year's data provision.</p>

Organisation	Response	Comments
The AUG Expert	Areas for Improvement	<p>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.</p> <p>Xoserve Response</p> <p>The procurement of the new AUGE was a complex activity with multiple Stakeholders and as a result had to follow a highly regulated process. We also encountered some unexpected delays. We are very grateful to everyone who participated in the procurement process for their support and patience. We will use the experience to improve the efficiency of the forthcoming procurement of a new PAFA (Performance Assurance Framework Administrator).</p>

Useful Links

Joint Office of Gas Transporters website page for the 2020/21 AUG Statement	https://www.gasgovernance.co.uk/augenex/2021
Final AUG Statement for Gas Year 2020/21	https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/book/2020-03/Final%20AUGS%20for%202020_21%20v3.0_0.pdf?ZkeGtzpll5lShfanKKONnNQUSb2HU6o0
Final AUG Table for Gas Year 2020/21	https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/book/2020-04/AUG%20Table%20for%202020_21.pdf?Ofc_a1SXrFiw2eWkJBqWlr_sP598o6pwq=
The Framework for the Appointment of an Allocation of Unidentified Gas Expert	https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/page/2018-08/Framework%20for%20the%20Appointment%20of%20an%20Allocation%20of%20Unidentified%20Gas%20Expert%20v8.1_0.pdf

APPENDIX 1: Text of the Revised Request for Feedback

To: UNC Parties, including Shippers and Large Gas Transporters
The Joint Office of the Gas Transporters
Ofgem
The AUGE

22 May 2020

Dear Colleague

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

2019/20 saw the fourth application of the new Allocation of Unidentified Gas processes, as introduced by UNC Modification 0473. It was the second year of applying the updated version of the “Framework for the Appointment of an Allocation of Unidentified Gas Expert”, which was developed in UNC Review Group 0639 (Review of AUGE Framework and Arrangements) to address many of the industry’s concerns with the previous process. The latest Framework document was approved by UNC Committee in June 2018 and can be found under UNC Related Documents: <https://www.gasgovernance.co.uk/tpddocs>

The outputs of the process for 2019/20, which included seven meetings of the UNC AUG Sub-Committee and which concluded at April’s UNC Committee meeting, can be found on the Joint Office website.

April UNC Committee: <https://www.gasgovernance.co.uk/uncc/160420>

UNC AUG Sub-Committee: <http://www.gasgovernance.co.uk/aug>

Final AUG Statement and Table: <http://www.gasgovernance.co.uk/augenex/2021>

The AUG Framework includes a requirement for the Central Data Services Provider (the “CDSP” – Xoserve) to seek feedback on “the activities and performance of the AUGE and the industry for the creation of the AUGS” and to report to the UNC Committee (section 7.4 of the revised Framework).

I would like to request your feedback on the events of the AUG Expert year 2019/20, i.e. the development of the AUG Statement and Table of UIG Weighting Factors for 2020/21, and any suggestions for improvements.

Areas on which you may consider providing feedback include:

- The AUG Framework document, e.g. timeline, clarity of scope and responsibilities
- The AUGE for such areas as: communication, industry engagement, query responses etc.
- The industry, e.g. for support for the process and timeliness/relevance of responses to consultations
- Xoserve, e.g. for the provision of information

The intention is to produce a short review report on the 2019/20 process for presentation to UNCC, including any recommendations for further improvement. At the request of the May

APPENDIX 1: Text of the Revised Request for Feedback

2020 Uniform Network Code Committee, we have extended the deadline for feedback by two weeks to Friday 12th June 2020.

Please submit your responses to analytical.services@xoserve.com. Please advise whether you are happy for your feedback to be made public (which will probably be as an appendix to the report).

If you have any questions regarding this topic please do not hesitate to contact me via the email address below.

Yours sincerely

Fiona Cottam
Business Process Manager