

ICoSS comments on the Proposed Allocation of Unidentified Gas Statement (AUGS) for 2019/20

22 January 2019

The Industrial and Commercial Shippers and Suppliers (ICoSS) group is the trade body representing non-domestic industrial and commercial (I&C) suppliers in the GB energy market. Members collectively supply three-quarters of the gas needs of the non-domestic sector as well as half of the electricity provided by non-domestic independent suppliers¹.

Please find below our response to the consultation on the Proposed Allocation of Unidentified Gas Statement (AUGS) for 2019 / 2020.

Executive Statement

ICoSS has long been an advocate of the AUGGE regime. We remain to be supportive that the appointment of an independent third party to determine permanent Unidentified Gas (UG) volumes and its sources is of critical significance. We continue to believe that it is the most appropriate process for this task considering the material impact of UG to shippers. We have the following key points to make regarding this proposed statement:

- We urge the AUGGE to incorporate the latest proposals to calculate theft using the methodology dated 21 December 2018 and recently published and discussed on 11 January 2019
- The AUGGE statement remains stable and there has been little change to how it is compiled since the current high-level methodology was developed in 2012, which itself has not changed significantly since 2012.
- **2019_1:** We agree with the proposals not to include information on temperature of gas impacting UG.
- The process for determining the sum of UG present in an LDZ remain appropriate.
- The process for determining the value of directly verifiable sources of UG remain appropriate.
- Our position has consistently been that sites which are daily read and have daily reads submitted do not contribute to undetected theft of gas. We are encouraged by the development of a more robust methodology that includes TRAS reports which (when the data becomes available) should validate the immateriality of theft from these sites.

2019_2:

1. High-level Methodology

The methodology is now well-established and has been used several times in the past by the AUGGE to determine the initial level of UG present in an LDZ. It is our view that it remains to be fit for purpose and continues to be a suitable mechanism to assess historic UG volumes. We are encouraged by the proposals to update the theft calculation in particular, which we cover in more detail below. We also agree that there is not a realistic prospect of calculating accurately the UG if any attributable to differences between assumed and actual temperature at offtakes.

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2. Gas Theft

We have previously responded on numerous occasions to convince the AUGE that gas theft is not uniform across all sectors, EUC bands and metering types. We are most encouraged by the changes that have now been made to the methodology with regards to UG as a result of theft. We agreed with the AUGE's view that profile class 2 sites are far less likely to be the source of theft than other sites and that their scaling factors should be correspondingly lower.

Whilst we are encouraged by improvements to the current calculation process, we strongly urge the AUGE to utilise its new process developed and set out on 21 December 2018. It represents a significant improvement to the current process, using actual industry data to a far greater degree. Considering the time that is remaining for the final factors to be calculated, we believe that the AUGE can obtain the theft data from Experian in order to ensure its inclusion in time for the final Allocation of Unidentified Gas Statement for 2019/20 later this year and encourage the AUGE to take all necessary steps to ensure that the theft data is made available to them.

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3. Smart and AMR Population Estimates

We are pleased that the AUGE has used the latest statistics to determine the level of AMR and Smart Meters currently installed as well as the data on AMR uptake that was not included within the BEIS dataset that has been provided by ICoSS. The current extrapolation rates based on the rollout rates published by BEIS is not likely to be a completely accurate reflection of the rollout levels as it does not include ICoSS members who represent the majority of AMR installations. As we have provided information to the AUGE on previous levels of installations by ICoSS members over more than 1 year we believe it should be possible to amend the Large Supplier rollout by assessing ICoSS rollout rates.

2019_5:

4. Verifiable Sources of Unidentified Gas

We continue to be pleased with the handling of Unidentified Gas sources where Xoserve have provided evidence. We are in general happy with the work currently being carried out to assess the materiality the metering errors. We are largely satisfied that the scale of metering errors is only a small proportion of UG and will diminish in time as Smart and Advanced Meters become more and more abundant.