Shipper1 comments on the Proposed Allocation of Unidentified Gas Statement (AUGS) for 2019/20

18 January 2019

In response to the first draft please find our comments below:

2019_12:
Our first observation is that the language referenced is more in keeping with the codified definition of UIG, however, illustrations throughout the draft have used UG which during the 2018 review was agreed not to be the correct term. Can the terms in the illustrations be aligned to the written text to avoid confusion?

2019_13:
Since Nexus Go-Live there has been a long running issue relating to consumption adjustments for class 1 and 2, the approach taken in this document is that class 1 and 2 are reconciled correctly and no further adjustments are needed. We don't believe this to be correct and instead that some form of consideration is required.

2019_14:
We have been unable to the fully quantify the assumption that all class 1 sites have correctors, to ensure accuracy in the assumption we would like the AUG or the CDSP to confirm this is correct. If it doesn't result in 100% then an amendment to the assumption is required.

2019_15:
On page 25, we assume given class 3 could have smart meters that the fact there are more class 4 with correctors, appears to be a likely situation.

2019_16:
We do not agree with the altitude assumptions made within this draft, there are large regional differences and we believe it is an incorrect assumption to say it nets off across the country. It specifically doesn't net between shippers and it would be incorrect to allow geographically diverse shippers so subsidise shippers with regional portfolios.

2019_17:
Additionally, we are not in agreement with the assumptions around temperature having an effect up to 1.4TWh but no adjustments are being made in the modelling.

2019_18:
Modelling issues with the algorithm have been referenced to be the origin of some issues (larger UIG in the winter and smaller in the summer), however, our view is it is not the algorithm but instead a non-zero impact should be included in the modelling. This is also exacerbated in the AQ calculations and could cause further discrepancies. Our view is it is AUGs responsibility to take such things into consideration as the appointed expert.

2019_19:

We are unsure why some form of modelling relating to meter location hasn't been included, this can be created using historical and future forecasting. We believe the AUG can generate a methodology to reduce the impact that sits at about 1/3, which in our view is significant. This could be done by e.g. assuming 32% of meters are internal, 68% of meters are external. Even using this the impacts could be calculated and more importantly are none zero.

2019_20:

We believe more could have been included for the smaller impacting items, if you add up all the small items then there could be an adjustment which balances and stabilises further. The exclusion of it doesn't help with future modelling evolution. We noted a few mentions of c150GWh, which could equate to 5% of the total, in our view a value worth including.

2019_21:

We do not have the same level of comfort of that assumed by the AUG when it relates to reconciliation, although there is still approx. 3 years of Nexus reconciliation to go we are not of the belief that things will 'right themselves'. The current levels of reconciliation (approx. 70-80%) has only resulted in a reduction of 0.65%, we are not of the belief that the remaining reconciliation will resolve the position as it is unlikely to have UIG go down by approx. 3.2% (to achieve permanent UIG). If temperature had been included more in the modelling it could have influenced by pushing down UIG which could have pushed REC down over the same period. In our view more can and should be done in this area, especially as the data is available and can influence in a positive way.

2019_22:

We don't agree with the assumptions for volume correction, this should be applied at a total level and not just applied to class 4 because they have a larger share. Individual larger sites could proportionally be out more. Our preference is this is applied at LDZ level so that it is more accurate.

2019_23:

We have been unable to validate the assumptions which apply an additional 10% to class 4, we don't believe this is accurate and would suggest a reduction is applied to this year, also the inclusion of this onto next year's plan so it is revisited for the methodology applied next year.

2019_24:

Having the balancing factor at over 96%; we believe that something key (or lots of little things) is clearly missing. We are unsure if this is due to this being the first-year of post Nexus data and could require a total reversal next year. Although we recognise that for the 2019/2020 review only limited activities can be now done in this area due to timings, we however believe for 2020/2021 that this should be an area of focus.