

**UNC Workgroup 0781R Minutes**  
**Review of the Unidentified Gas process**  
**Thursday 13 December 2021**  
**via Microsoft Teams**

<b>Attendees</b>		
Rebecca Hailes (Chair)	(RHa)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Carl Whitehouse	(CW)	Shell Energy
Clare Manning	(CM)	E.ON Energy
Claire Louise Roberts	(CLR)	Scottish Power
Dan Stenson	(DS)	British Gas
David Addison	(DA)	Xoserve
David Mitchell	(DM)	SGN
David Morley	(DMo)	Ovo Energy
David Thomas	(DT)	Elexon
Edward Robinson	(ER)	Centrica
Ellie Rogers	(ER)	Xoserve
Fiona Cottam	(FC)	Correla on behalf of Xoserve
Gareth Evans	(GE)	Waters Wye Associates
George MacGregor	(GMc)	Utilita
Guv Dosanjh	(GD)	Cadent
Heather Ward	(HW)	Energy Assets
Jamie Clark	(JC)	Centrica
Kundai Matiringe	(KM)	BU-UK
Louise Hellyer	(LH)	Totalenergies Gas & Power
Luke Reeves	(LR)	EDF Energy
Mark Jones	(MJ)	SSE
Max Lambert	(ML)	Ofgem
Richard Pomroy	(RP)	Wales & West Utilities
Rhys Kealley	(RK)	British Gas
Sally Hardman	(SH)	SGN
Steve Mulinganie	(SM)	Gazprom Energy
Tracey Saunders	(TS)	Northern Gas Networks

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0781/131221>

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 April 2022.

## **1.0 Introduction and Status Review**

### **1.1. Approval of Minutes (25 November 2021)**

The minutes from 25 November 2021 were approved.

### **1.2. Approval of Late Papers**

RHa confirmed there were no late papers for Workgroup to consider.

### 1.3. Review of Outstanding Actions

No outstanding actions to consider.

## 2.0 Initial Analysis

Gareth Evans (GE) provided a brief update on the status of *Modification 0782 - Creation of Independent AUGE Assurer (IAA) role* and advised he has been in conversation with Xoserve and will be working together on a Contract and looking to see how that would fit in within the UNC process.

GE explained he had invited David Thomas from Elexon to give a presentation to Workgroup to enhance Workgroup's understanding of a relevant process used in Electricity.

David Thomas (DT) from Elexon joined the meeting and provided a presentation on Group Correction Factors (GCFs) in Electricity Settlement. The presentation covered the following main topics. Where there was specific interaction regarding particular slides with the Committee members, this has been captured within the minutes for each section of the presentation, and full details can be found on the published presentation here: <https://www.gasgovernance.co.uk/0781/131221>.

### **Grid Supply Point (GSP) Groups – slide 2**

This slide shows the 14 Distribution Networks (or GSP Groups), that take energy from the Transmission Network.

### **GSP Group Take – top down and bottom up – slide 3**

DT advised that Electricity is settled on a half hourly (HH) basis. He said that all parties' meter readings taken within the GSP should equal the Group Take Energy, however, this does not always happen, when there is a difference, a correction needs to be applied which is the Group Correction Factor (GCF).

When Steve Mulinganie (SM) asked if the Group Take is metered, DT confirmed that each GSP Group has a number of GSP meters to record electricity entering or leaving the GSP region. These metered volumes are added together to calculate the Group Take for each of the 14s GSP Group.

The Group Correction Factor is smeared across all parties according to their market shares within the GSP Group and Settlement Period. DT advised there are different scaling factors depending on consumption class, half hourly, non-half hourly, active import, non-active import etc.

When RHa asked how the scaling factors are set, DT advised they are reviewed by one of the Committees within Elexon which then goes to the appropriate Panel and possibly onto Ofgem.

DT clarified that large Half Hourly do not have anything applied to them. Large Half Hourly sites would, in comparison, be Measurement Class C types of premises, industrial/commercial sites.

When SM asked if the GCF is revisited back to the day, DT advised the GCF is corrected on a Half Hourly basis and revisited subsequent to the reconciliation runs.

David Morley (DMo) asked if there are any other methods other than GCFs that are used to apportion losses? DT advised that Line Loss Factors and Transmission Losses are applied and that in theory, if everything is metered correctly, he would expect GCFs to be very low, however, with difficulties over the last 2 years visiting sites he has seen GCFs more varied than usual.

DMo commented that GCFs are one part of a whole system, which maybe should not be taken out of context.

GE added that the Gas Industry have losses that appear, for example in Shrinkage, Unaccounted for Gas (UAG); there are several different sets in both electricity and gas.

DmO clarified that he is trying to make sure that the Review Group are looking at the whole picture, GE clarified that unfortunately, due to Licence conditions, the Review Group are unable to look at Shrinkage or UAG.

RHa confirmed that the Shrinkage model is available for parties to comment on and respond to, the Shrinkage meetings are poorly attended, and the Shrinkage Forum would welcome anyone attending, particularly Shippers.

### **What are Group Correction Factors (GCFs)? Slide 5**

DT explained that the GCF is the mechanism that allocates the total error in the metered volumes, within each GSP Group, between Suppliers and the GSP GCFs are used to ensure that the total energy allocated to Suppliers in each Settlement Period (for each GSP), matches the energy entering the GSP Groups from the transmission system.

### **GSP Group Correction – slide 6**

DT explained that the blue line on the graph shown on this slide represents the Group Take and that when the HH metered, NHH metered (profile class 1 to 4) and Unmetered volumes are added up, they should equal the Group Take.

In this case, the graph shows the scaling up in the earlier part of the day and the scaling down in the latter part of the day in order to meet the Group Take.

### **GSP Group Correction Factors – slide 7**

This slide shows a graph of the Daily Average Group Correction Factors for GSP F (August to October 2021). DT explained that GSP GCFs of less than one mean energy volumes have been scaled down and GSP GCFs of more than one mean energy volumes have been scaled up.

DT explained that normal tolerance levels are between 0.9 and 1.1, if above or below those tolerance levels, this will instigate an investigation.

### **GSP Group Correction What is it correcting for? - Slide 8**

DT explained there are two main potential sources of error:

**Profiling error:** Caused by NHH profiling not being reflect of actual usage on a particular day/period; these are usually accepted if for bank holidays, where there are changes in consumption patterns.

**Volume error:** Erroneous Estimated Annual Consumption EACs or undetected theft etc.

When asked, DT clarified the profiles are run twice a year; Autumn/Winter and Spring Summer/High Summer. The Team are currently working on Spring Summer/High Summer for 2022. Approval of the profiling is by Committee on behalf of the appropriate Panel.

RHa suggested this is similar to non-daily metered profiling work, NDM sampling which Fiona Cottam (FC) agreed.

DT noted the following links to additional resources available if Workgroup require more information:

Elexon Training Videos and Services: <https://www.elexon.co.uk/about/elexon-training/>

[BSC Guidance note: Grid Supply Point \(GSP\) Group Correction](#)

Supplier Volume Allocation Rules: <https://www.elexon.co.uk/the-bsc/bsc-section-s-annex-s-2-supplier-volume-allocation-rules/>

### **Workgroup Questions**

Rhys Kealley (RK) commented that the tolerance levels are more of an issue for electricity as electricity has more variability particularly when heating is used which contributes to general demand variability.

DT clarified that the differences in levels of allocation, if the GCF stay within the tolerance level range, it is accepted it is not going to impact greatly.

SM commented that in winter, the lights come on earlier which is predictable and asked if there are any comparable types of circumstance? DT clarified, in terms of sunset times, days of the week, time of year it is difficult to predict due to COVID-19 restrictions over the last couple of years it is difficult to know whether to believe in the data and use the forecast.

When GE sought clarification on the tolerance levels, DT confirmed that the uplift volumes by .1 would be 10% missing volume.

GE noted that there have not been many Modifications raised against the Elexon modelling.

SM highlighted, in the gas market, the financial consequence is significant.

RK commented on the timing: GCF scheme has been around since British Electricity Trading and Transmissions Arrangements (BETTA), the Gas Charging Review, 2004, therefore any reactions to it will have been provided.

It was noted that Ofgem like to have a 'visible' lump of gas (UIG) because it gives a target to aim at and that a scaling factor was used pre-nexus which was Reconciliation by Difference (RbD).

FC noted it is reassuring that Electricity and Gas have a similar process and there is not anything radically different between the two processes. She agreed with RK's point that because it is an uplift, it is less visible, which is how it worked pre-nexus.

When SM asked what the main causes of GCFs falling outside of the tolerances, DT advised that is mainly export; generation; wind farm not being metered correctly; miscommunication between National Grid and Metering.

FC sought clarification that export is supply and import is demand, DT confirmed.

DmO asked how much is apportioned to undetected theft, DT advised that undetected theft is not largely impacting GCFs and that unmetered volumes are pretty low.

DT advised that unmetered generation, whether from solar or other micro-generation sources, can be "split" into the electricity system. As these are unmetered, it is difficult to know how much of the "mismatch" we see between metered volumes and Group Take is due to this.

DT advised he did some analysis on the impact of solar, in particular the Eastern region which has a lot of solar, the analysis showed it was having an impact but wasn't the main cause of the GSP.

For any further information please refer to the presentation material published here: <https://www.gasgovernance.co.uk/0781/131221> and the Elexon Training Videos and Services as mentioned above.

Workgroup concluded

### **3.0 Next Steps**

The next Workgroup will consider at a basic level the current end-to-end UIG process, including the market underpinnings, volatility, complexity, and the incentives, this will allow the Workgroup to agree a list of criteria and start ranking the options as provided on 28 October 2021 and the additional options outlined at today's meeting.

### **4.0 Any Other Business**

None.

### **5.0 Diary Planning**

Further details of planned meetings are available at: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

Workgroup meetings will take place as follows:

<b>Time / Date</b>	<b>Paper Publication Deadline</b>	<b>Venue</b>	<b>Programme</b>
Thursday 10:00 27 January 2022	5pm 18 January 2022	Microsoft Teams	Standard Agenda
Thursday 10:00 24 February 2022	5pm 15 February 2022	Microsoft Teams	Standard Agenda
Thursday 10:00 24 March 2022	5pm 15 March 2022	Microsoft Teams	Standard Agenda

**Action Table (as at 13 December 2021)**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
No outstanding actions					