

UNC Workgroup 0781R Minutes
Review of the Unidentified Gas process
Thursday 25 November 2021
via Microsoft Teams

Attendees		
Rebecca Hailes (Chair)	(RHa)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Andy Clasper	(AC)	Cadent
Clare Manning	(CM)	E.ON Energy
Claire Louise Roberts	(CLR)	Scottish Power
Dan Fittock	(DF)	Corona Energy
Dan Wilkinson	(DA)	EDF Energy
David Addison	(DA)	Xoserve
David Mitchell	(DM)	SGN
David Morley	(DMo)	Ovo Energy
Eddie Proffitt	(EP)	Major Energy Users' Council
Ellie Rogers	(ER)	Xoserve
Gareth Evans	(GE)	Waters Wye Associates
Guv Dosanjh	(GD)	Cadent
Kate Lancaster	(KL)	Xoserve
Kundai Matiringe	(KM)	BU-UK
Louise Hellyer	(LH)	Totalenergies Gas & Power
Luke Reeves	(LR)	EDF Energy
Mark Field	(MF)	Sembcorp Energy UK
Mark Jones	(MJ)	SSE
Richard Pomroy	(RP)	Wales & West Utilities
Rhys Kealley	(RK)	British Gas
Robert Johnstone	(RJ)	Utilita
Sally Hardman	(SH)	SGN
Steven Britton	(SB)	Cornwall Insight
Steve Mulinganie	(SM)	Gazprom Energy
Tracey Saunders	(TS)	Northern Gas Networks

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0781/251121>

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 (28 October)

Rebecca Hailes (RHa) advised that Joint Office is in receipt of some amendments to be made to the minutes from 28 October 2021 requested by David Morley (DMo). RHa showed a change marked version of the minutes onscreen for Workgroup to approve.

Workgroup agreed the amendments submitted and agreed to a small number of further minor amendments. A change marked copy of the minutes has been published and can be found here: <https://www.gasgovernance.co.uk/0781/281021>

1.2. Approval of Late Papers

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

1.3. Review of Outstanding Actions

Action 0110: GE to provide for Workgroup how market changes would factor into this group.

Update: The update to this action is captured in section 2.0 of the minutes. **Closed**

2.0 Initial Analysis

Workgroup briefly considered the Ofgem Decision Letter for *Modification 0229 - Mechanism for correct apportionment of unidentified gas* and noted Ofgem's comments regarding the intention for Modification 0229 which was to help to pave the way for appropriate incentives on both Large Supply Point (LSP) and Small Supply Point (SSP) sectors.

Modification 0229 looked to establish a framework for the identification of both the types of unidentified gas and the extent to which differing market sectors contribute to this error, and the allocation of the error to the relevant sectors.

It was highlighted that Industry now have a number of other mechanisms to look at losses, for example the Theft Risk Assessment Service (TRAS), which, as per REC Schedule 7 Energy Theft Reduction Document, this service now sits within the Retail Energy Code, who provide industry input to the development of the Theft Risk Assessment Service process.

The Proposer, Dan Fittock (DF) said that the Ofgem decision letter relating to Modification 0473 - *Project Nexus – Allocation of Unidentified Gas*, could be quite pertinent too as it is this Modification that saw the creation of the Allocation of Unidentified Gas Expert (AUGE).

Rhys Kealley (RK) suggested, in the same way as commentary for Modification 0229 is being considered, it would be useful to have to hand the Ofgem decision Letter for Modification 0473/0473A *Project Nexus – Allocation of Unidentified Gas*.

New Action 0111: Joint Office to publish the Ofgem decision letter for *Modification 0473/0473A - Project Nexus – Allocation of Unidentified Gas* on the Review Modification 0781R page

Post Meeting Update:

The Ofgem Decision Letter from Modification 0473 and 0473A has been published here: <https://www.gasgovernance.co.uk/0781>. Action 0111 Closed

Steve Mulinganie (SM) commented that he did not want to relive old Modifications as he feels this would be irrelevant, the Workgroup should concentrate instead on current process.

Gareth Evans (GE) advised that the unfortunately the Elexon colleagues expected to attend this Workgroup to talk about Group Correction Factors (concept in electricity) had had to be rescheduled to the next meeting on 13 December 2021.

GE provided an update to **Action 0110:** *GE to provide for Workgroup how market changes would factor into this group* and advised that the Market is changing on a daily basis. He has been looking at existing policy where, unlike electricity, there is no drive to mandating daily metering or shorter periods of granularity. He believed there is no impact from the Faster Switching program.

As part of the action update, GE advised the SMART Metering rollout program is looking to complete by 2025, noting that although 100% roll out is the target, reaching that target is not expected in practice. Upon completion of the roll out there is a possibility there could be an impact on the accuracy and speed with which UIG is calculated.

GE advised he is also considering what happens to those meters that were installed prior to the implementation of Modification 0473 - *Project Nexus – Allocation of Unidentified Gas*. These Modifications sought to identify changes to the UNC to enable determination in the proposed energy allocation process to enable an appropriate distribution of Unidentified Gas.

GE confirmed there was currently no regulatory drive to move smart meters to a DM basis.

It was agreed to close Action 0110 as the preference should be to look at what the current process is.

RHa noted that a recent large migration to Profile Class 3 was a result of a change in the AUG Statement.

RHa advised Workgroup that the Performance Assurance Committee (PAC) have worked hard to encourage those Shippers who were required to do so, to submit data for use in the Non-Daily Metered (NDM) sample creation task (with April and October submission windows). This has been successful meaning the data to effect change is being contributed to in the background.

Louise Hellyer (LH) noted that Workgroup need to look at what the major concerns are with the current process. GE suggested that at the next Workgroup he would go through the basic level the end-to-end UIG process, including the market underpinnings, volatility, complexity, and the incentives, this will allow the Workgroup to agree the criteria on which to start ranking the options as provided on 28 October 2021. He confirmed in addition to the options outlined at the last meeting there were two additional ones:

1. Uniform Allocation
2. Static Model
3. Static Model (with regular audit)
4. Utilise existing industry datasets
5. Utilise existing industry datasets (AUGE topup)
6. Balancer of last resort
7. Smoother transition of scaling factor changes
8. UIG Framework responsibility of sub-committee
9. (New) Lengthen the duration of the AUGE term
10. (New) Apply some method of smoothing/mitigation when transitioning from one AUGE regime to the next.

The list of criteria discussed briefly by Workgroup was:

- Fairness in intent
- Feasibility
- Overall volume volatility
- Stability from year to year
- Ease of explanation
- Scaling.

When DMO suggested it could be useful to invite the current AUGE to the Workgroup meeting, GE reiterated that this Review Workgroup is looking at the UIG process not the AUGE process. Workgroup agreed that if the AUGE want to attend they can do as all UNC Workgroups are open.

SM suggested the Workgroup also look to see how much of UIG is model error and how much is permanent UIG.

This concluded the Workgroup discussions.

3.0 Next Steps

RHa confirmed 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

Workgroup meetings will take place as follows:

Time / Date	Paper Publication Deadline	Venue	Programme
10:30 Thursday 13 December 2021	5pm 02 December 2021	Microsoft Teams	<ul style="list-style-type: none"> • Consideration of the current end-to-end UIG process • Ranking of list of options

Action Table (as at 25 November 2021)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0110	28/10/21	2.2	GE to provide for Workgroup how market changes would factor into this group.	Gareth Evans (GE)	Closed
0111	25/11/21	2.0	Joint Office to publish the Ofgem decision letter for <i>Modification 0473/0473A - Project Nexus – Allocation of Unidentified Gas</i> on the Review Modification 0781R page.	Joint Office (HB)	Closed