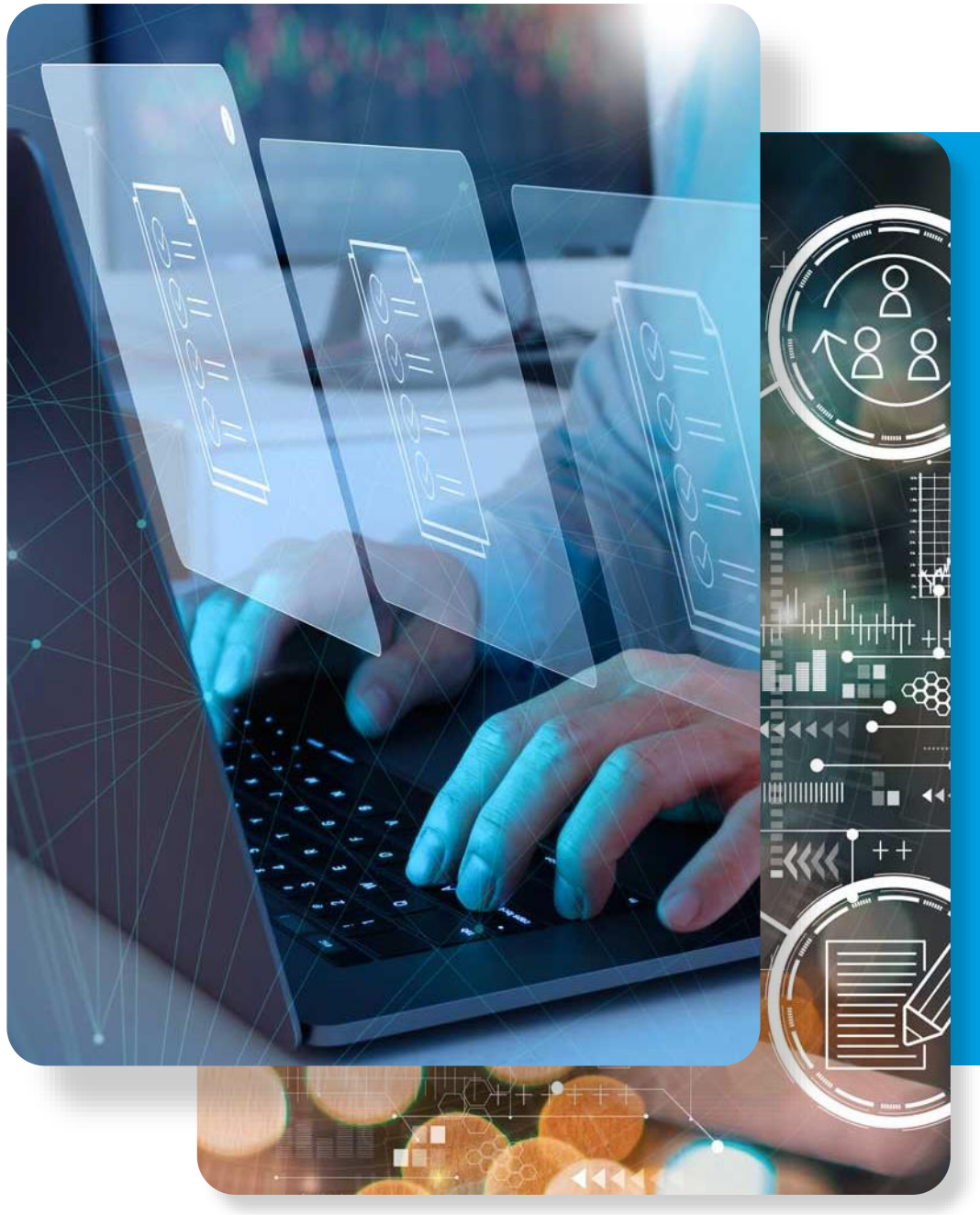

AUG Sub-Committee

2025-2026 Introductory Meeting

28 June 2024

Introductory meeting: Agenda

1. AUGE Team
2. Reminder: High-level approach and timetable
3. Assessment of focus areas
4. Proposed focus areas
5. Next steps
6. Appendix: Advisory Service update

Meet Our Team

David Speake

Service Delivery Lead

James Hill

Methodology Lead

Sophie Dooley

Data and Modelling Lead

Approach to Allocation of Unidentified Gas

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Our Methodology Principles and Ways of Working

Bottom-Up Determination

- We will quantify UIG for each identified contributor and add these together, rather than estimating overall UIG and apportioning it or using it as a means for differencing purposes

Polluter Pays

- We interpret “fair and equitable” to mean that UIG should be allocated (to Matrix Positions) in the same proportions as it is created

Line in the Sand

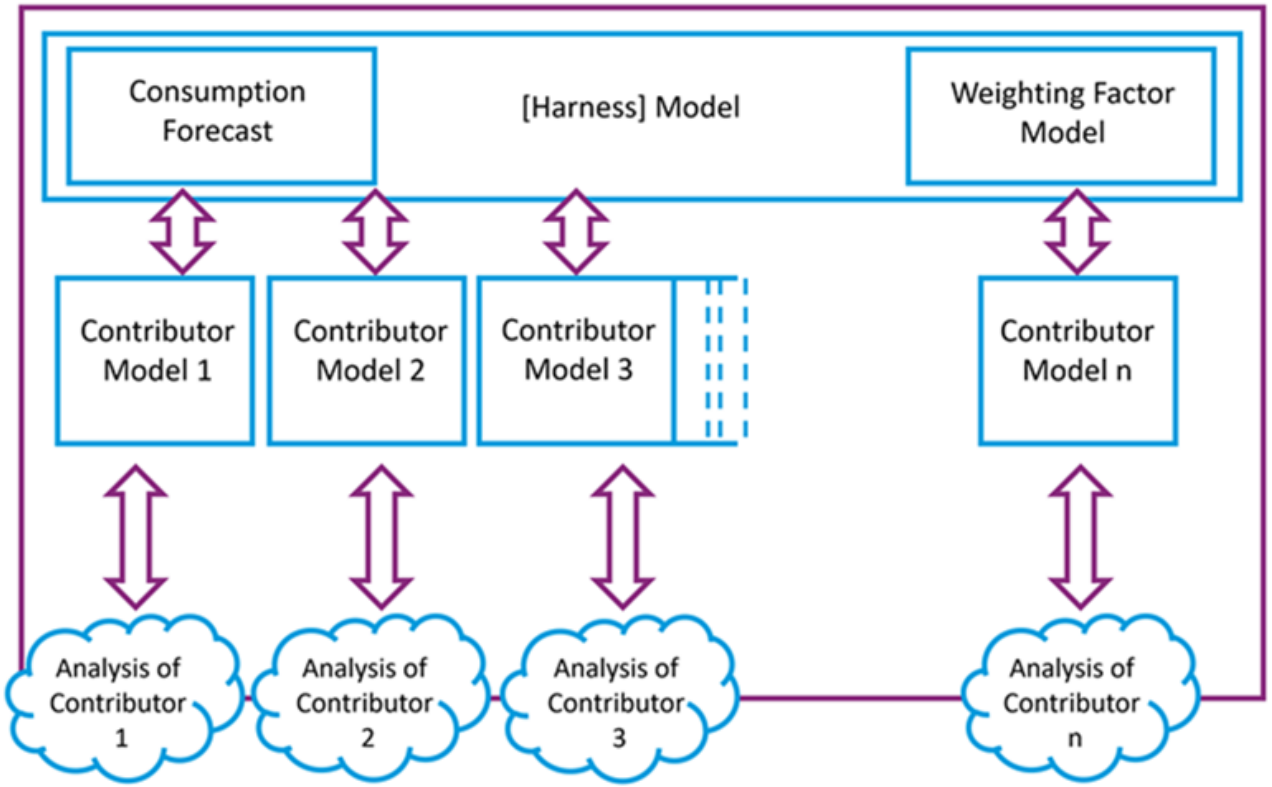
- We will only consider UIG that will exist at the Line in the Sand (the final Settlement position) and not UIG that exists temporarily prior to this

Ways of working

Open	Transparent
Collaborative	Impartial
Balanced	Pragmatic

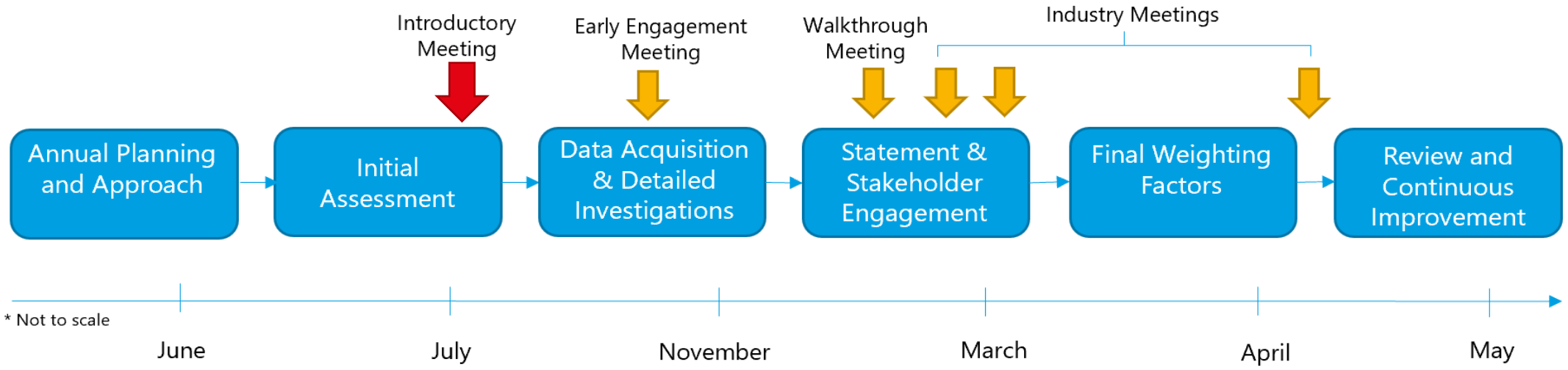
Models and Methodologies

- We use a contributor-based model made up of an overarching harness model, linked to the separate contributor sub-models
- Each contributor model identifies and allocates UIG according to its own bespoke methodology
- The Weighting Factors are calculated within the 'harness model'



Delivery Timeline

We are now entering the data acquisition and analysis phase



Assessment of Focus Areas

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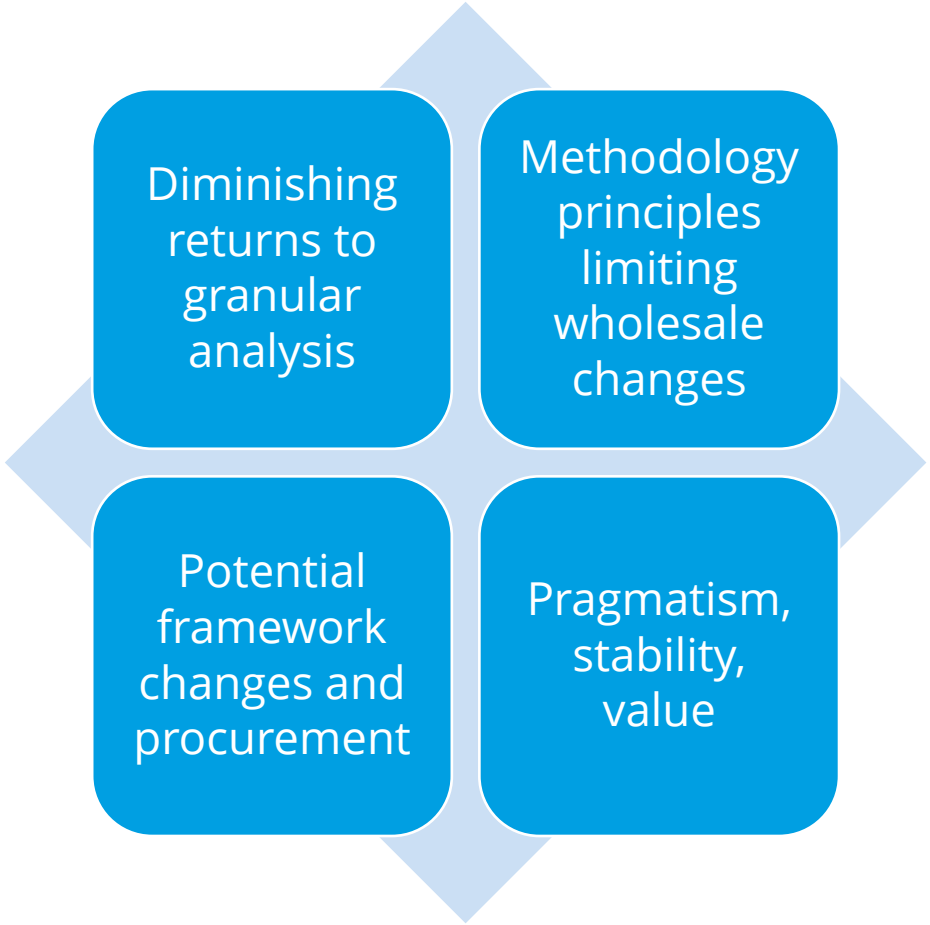
Context for 2025-2026 Gas Year

We have started Year 5 (final year) of contract

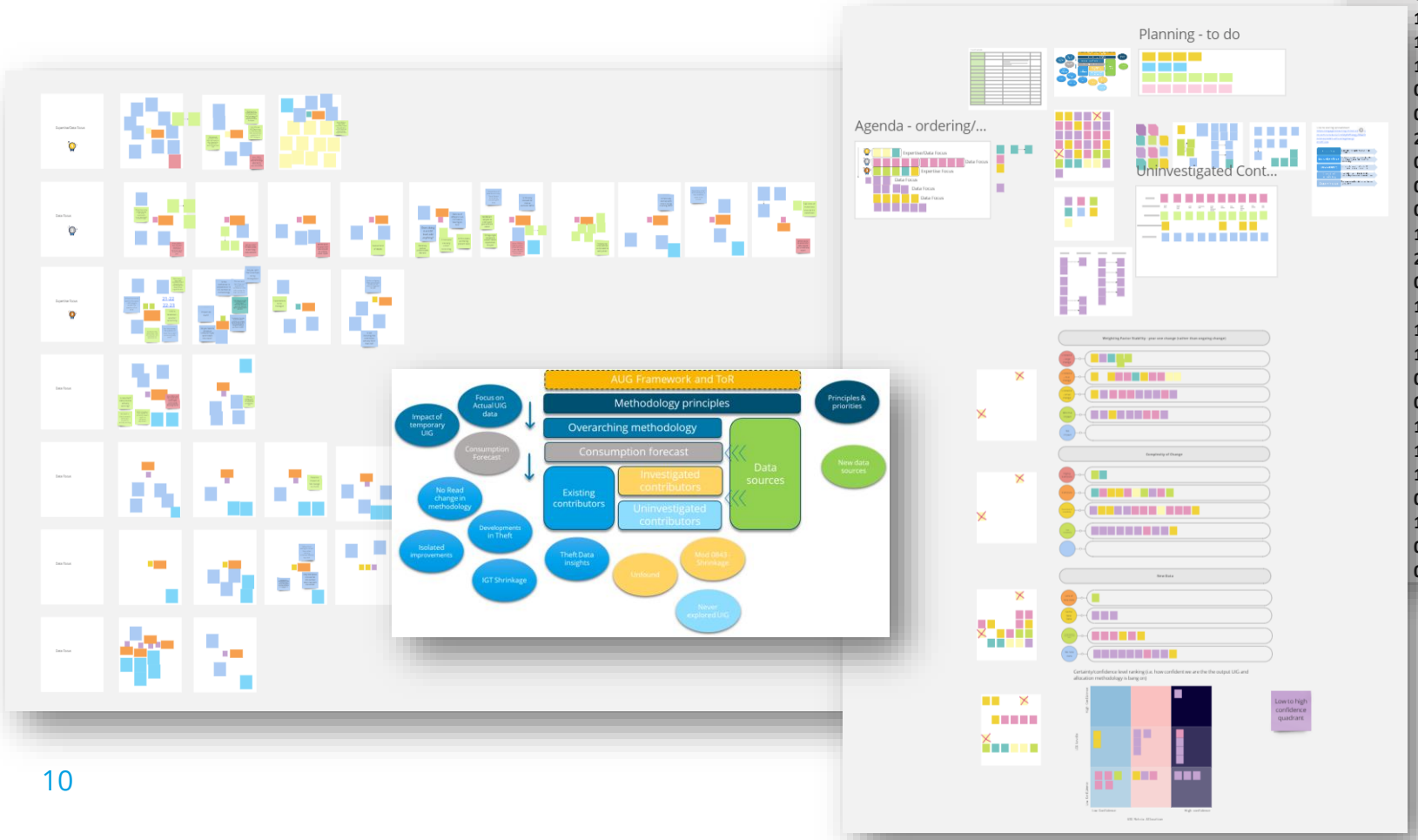
- New UIG contributors are hard to identify
- Minor improvements to methodologies and model are always possible
- Major changes have been investigated and discussed with stakeholders
- Assessment process for focus areas must cover more than existing contributors
- Changes to AUGE delivery framework have been proposed and are being actively developed



An **objective** but **pragmatic** approach is more appropriate than ever

Assessment for 2025-2026 Weighting Factors

We have reviewed all open considerations and gathered additional stakeholder feedback



Contributor ID	Contributor	Score
010	**Theft of Gas (total theft)**	45
090	**No meter read at the line in the sand**	40
131	Consumption Adjustments (incomplete)	36
180	Unfound Unidentified Gas Contributors	35
150	Meterless Sites	22
080	**Average Temperature Assumption**	21
011	Theft of Gas (roll out)	18
210	Shrinkage Error	18
041	Consumption Meter Errors - Faulty Meter	16
042	Consumption Meter Errors - Extremes of Use	16
070	**Average Pressure Assumption**	16
160	**Isolated Sites**	16
200	**Dead Sites**	16
012	Theft Of Gas (last read)	13
120	Meter Exchanges	13
130	Consumption Adjustments (incorrect)	13
170	Incorrect Meter Technical details on UK Link	13
060	**IGT Shrinkage**	12
040	**Consumption Meter Errors - Inherent Bias**	11
110	CV Shrinkage	9
100	**Incorrect Correction Factors**	8
190	Issues with Xoserve system	7
050	Meter Errors at LDZ input	3
140	Meters with Bypass Fitted	3
020	**Unregistered**	3
025	**Shipperless**	3

Bi-lateral Discussions Outcomes

We have discussed approach and focus areas with CDSP and some shippers

Discussion topics

- Previous investigations
- Open considerations
- Consumption forecast
- Existing contributors
- Data quality and sources
- Principles
- Priorities
- Challenges
- Modification(s)

Themes emerging

- RECCo theft work
- Multi-year consumption forecast
- Seasonal Normal weather re-baselining
- AUG table structure
- Certainty/stability
- Temporary UIG
- Consumption trends
- UIG reduction
- Framework changes/future of AUGE

We are happy to arrange further shipper bi-laterals

Assessment of Existing Contributors

Assessment approach means that outcomes may vary over time

- The Initial Assessment is a process for considering which contributors to UIG may warrant:
  - investigation for inclusion in our calculations
  - improvements in existing calculation or allocation methodology
- Potential contributors are identified by the AUGE, by the industry or by any other third party
- We assess ALL existing and potential contributors on the basis that refinements to existing contributors may give more 'bang for buck' than new investigations

There is value in identifying more UIG	**1. Potential scale of the contributor** Higher potential UIG level gives rise to a higher ranking in our assessment.
There is value in investigating the unknown	**2. Level of our prior knowledge** The scoring mechanism prioritises issues where we have more limited prior knowledge (and so greater potential to improve outcomes by investigating) **3. Quality of data previously available** Combined with scope to improve, this prioritises areas where data was previously poor but now may be better.
There is value in improving less robust methodologies	**4. Strength of existing methodology** High confidence in our current methodology suggest our time might be better used elsewhere, ranking the topic down. Areas with low confidence in the methodology, or where no methodology exists will achieve a higher ranking.
There is value in focussing on areas with new insight and data	**5. Scope to improve** To what extent can we envisage a credible way to improve the methodology from its current state? Could it be done in a timely, cost-effective manner with the resources and expertise that we have? The greater the scope to improve our approach, the higher the scoring.

(Potential) Contributors Assessed

- 26 contributors were identified for Initial Assessment
- During this stage, we have considered existing and potential methodology approaches at a high level
- In some cases we have analysed a new cut of available data sourced from CDSP to inform our assessment
- Contributors in **bold** have existing methodologies that impacted last year's output

Contributor ID	Contributor
010	**Theft of Gas (total theft)**
011	Theft of Gas (roll out)
012	Theft Of Gas (last read)
020	**Unregistered**
025	**Shipperless**
040	**Consumption Meter Errors - Inherent Bias**
041	Consumption Meter Errors - Faulty Meter
042	Consumption Meter Errors - Extremes of Use
050	Meter Errors at LDZ input
060	**IGT Shrinkage**
070	**Average Pressure Assumption**
080	**Average Temperature Assumption**
090	**No meter read at the line in the sand**
100	**Incorrect Correction Factors**
110	CV Shrinkage
120	Meter Exchanges
130	Consumption Adjustments (incorrect)
131	Consumption Adjustments (incomplete)
140	Meters with Bypass Fitted
150	Meterless Sites
160	**Isolated Sites**
170	Incorrect Meter Technical details on UK Link
180	Unfound Unidentified Gas Contributors
190	Issues with Xoserve system
200	**Dead Sites**
210	Shrinkage Error

Initial Assessment Results

- The output from this evaluation informs our early thinking on focus areas for the coming AUG year
- Highest scoring does not necessarily lead to investigation focus

Contributor ID	Contributor	Score
180	Unfound Unidentified Gas Contributors	44
010	Theft of Gas (total theft)	40
131	Consumption Adjustments (incomplete)	36
150	Meterless Sites	35
130	Consumption Adjustments (incorrect)	33
041	Consumption Meter Errors - Faulty Meter	24
070	Average Pressure Assumption	21
160	Isolated Sites	20
080	Average Temperature Assumption	19
120	Meter Exchanges	17
060	IGT Shrinkage	16
090	No meter read at the line in the sand	16
110	CV Shrinkage	16

Contributor ID	Contributor	Score
012	Theft Of Gas (last read)	15
42	Consumption Meter Errors - Extremes of Use	15
170	Incorrect Meter Technical details on UK Link	15
140	Meters with Bypass Fitted	14
011	Theft of Gas (roll out)	13
210	Shrinkage Error	13
200	Dead Sites	11
020	Unregistered Sites	9
025	Shipperless Sites	9
040	Consumption Meter Errors - Inherent Bias	9
100	Incorrect Correction Factors	9
050	Meter Errors at LDZ input	3

Proposed Focus Areas

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2025-2026 Proposed Focus Areas

For 2025-2026 Gas Year we propose a focus on two contributor methodologies, our consumption forecast approach, and a continued consideration of theft data inputs and allocation outcomes

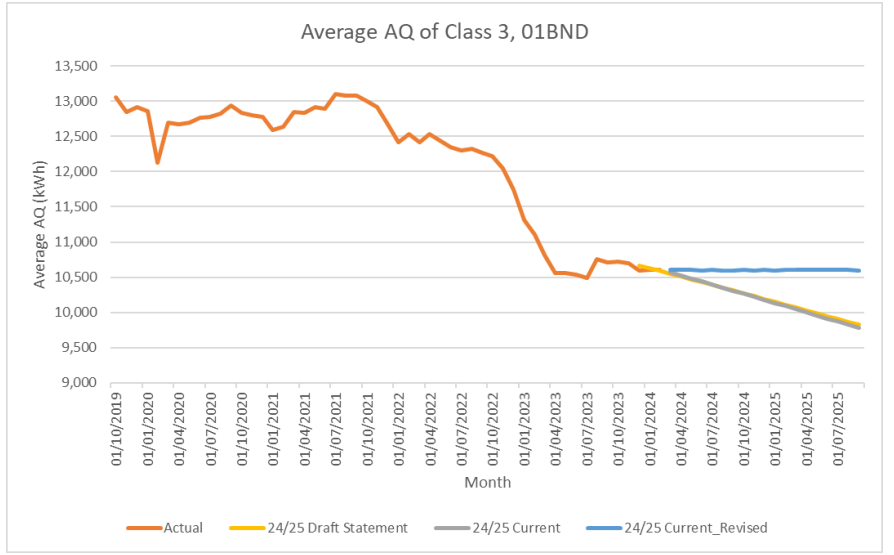
150 – Meterless sites (new)	160 – Isolated Sites (refinement)
Consumption Forecast	Theft

- We are no longer proposing a review of our overarching methodology principles in consideration of potential transition to new approach/framework
- Theft is a strong focus area, but we are not testing a specific new hypothesis this year
- All contributors will be subject to data refresh

Consumption Forecast

Consumption forecast will be a key focus this year

- A consumption forecast is an integral part of our model and is used in the calculation of the majority of our UIG contributors
- We will calculate a national forecast for the Target Year based on historical AQ values for each Matrix Position, but with particular focus on reasons why we might deviate from this approach like we did last year for certain matrix positions
- We will undertake a broader consideration of market factors other data sources and forecasts



- In anticipation of the potential application of Weighting Factors across more than one Gas Year, we intend to extrapolate the forecast beyond the usual timeframe and discuss options and outcomes with stakeholders

Multi-Year Consumption Forecast Considerations (1)

If we know that Weighting Factors are to apply for more than one year, should we do anything differently in anticipation?

- Modifications 0868 and 0873 has prompted consideration of whether there is a potential impact on the outputs required from this year's AUG process
- Latest output from 0868 workgroup suggests the next set of AUG factors may be valid for the next four Gas Years up to 2028-2029
- Options:
  - Do nothing – create the factors for the next Gas Year as normal (25-26)
  - Take a mid-point as the next Gas Year (either just 26-27 or second half of 25-26 & first half of 27-28)
  - Propose with a forecast for each future Gas Year and average it
  - Calculate Weighting Factors for each Gas Year separately and average those

Multi Year Consumption Forecast Considerations (2)

We have started to document questions and considerations

- When looking at a multi year forecast does the current process of forecasting based on history actually work?
- Many elements (such as profile factors) just get rolled forward
- Analysis of past forecasts and actuals show some divergence which when rolled out over multiple years is exacerbated, in the absence of the yearly 're-anchoring'
- There could be issues around forecasts going unrealistically high and low (cap and floor approach needed)
- Significant uncertainty around future of use of gas in Britain as we move through the energy transition
- Are we looking to base the next four years on only four years of immediate history – which includes Covid pandemic and energy crisis (i.e. unusual consumption patterns)
- Consideration of all the inputs into the individual contributor UIG calculations outside of the broader consumption forecast

Meterless Sites

Meterless Sites are a potential source of UIG not currently reflected in our model

- A Meterless Site is a Supply Meter Point that has a Shipper registered to it, does not have a meter held on UK Link. The subset of interest are when there has been an indication of metering activity taking place.
- 14,371 sites on the existing report, with a corresponding AQ of 242GWh
- Of these, 5,796 with meter removal or min confirmation start date before Apr 22, with a corresponding AQ of 93GWh (see table)

CDSP data: Meterless Sites by Matrix Position

		CLASS			
EUC BAND		1	2	3	4
	1BND	-	-	17	5,517
	1BPD	-	-	-	28
	1BNI	-	-	-	174
	1BPI	-	-	-	-
	2BND	-	-	1	17
	2BPD	-	-	-	-
	2BNI	-	-	-	31
	2BPI	-	-	-	-
	3B	-	-	-	5
	4B	-	-	-	5
	5B	-	-	-	-
	6B	-	-	-	1
	7B	-	-	-	-
	8B	-	-	-	-
	9B	-	-	-	-
	Total				5,796

Isolated Sites

Any Supply Meter Point with a status set to “isolated” in the UK Link central industry database is excluded from allocation as part of standard settlement processes

Recap:

- Hypothesis: Some sites which are recorded as Isolated are in fact consuming gas
- Any such consumption will potentially create positive UIG, because allocation does not take place for Isolated sites
- Taking a recent snapshot of Isolated Sites alongside their rejected reads records, we analyse sites with a status update before April 2022
- The Statement for Gas Year 2024-2025 quantified the UIG for this contributor as 21 GWh

Proposal for investigation:

- Consider the *trend in Isolated Sites portfolios* to inform UIG position at the Line in the Sand *rather than using a proxy dataset*

Next Steps

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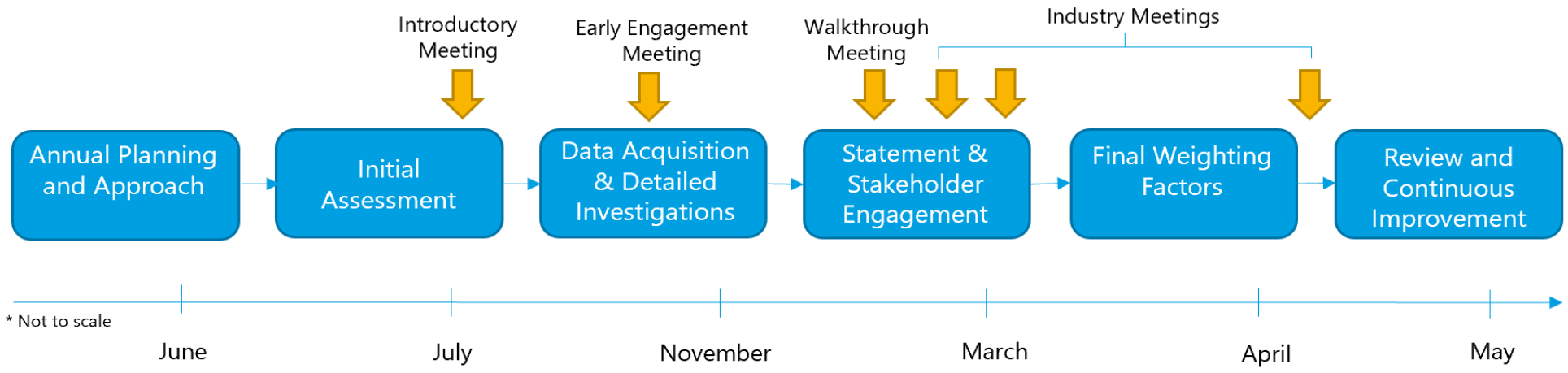
Prioritised Data Request

Contributor	Dataset
Theft	Shipper Theft Data
Theft	TRAS Outcome File Data
Theft	Current AMR Snapshot
Theft	Historical AMR Report
Theft	Telemetered Sites Report
Theft	Smart Meter Data
Theft	Retail Theft Data
Theft	Embedded AMR
Theft	Accepted Reads
Theft	Rejected Reads
Theft	Read Frequency
Unregistered and Shipperless	Snapshot Files (including MPR details)
Shipperless	Gas Safety Regulations visit data
Shipperless	Connection Details for Shipperless Sites
Shipperless	Shipperless AQ report
Unregistered	Connection Details for Orphaned Sites
Unregistered	Unregistered AQ report
Consumption Meter Errors - Inherent Bias	Meter Type and Age report
Consumption Meter Errors - Inherent Bias	Annual in-service Testing
Consumption Meter Errors - Faulty Meter	Faulty Meter Portfolio
Meter Errors at LDZ input	Measurement Error Register
IGT Shrinkage	Main Length
IGT Shrinkage	Leakage Rates
IGT Shrinkage	IGT Sites
Average Pressure Assumption	Sites with Volume Conversion Equipment Fitted
Average Temperature Assumption	Meter Location
No read at the line in the sand	Sites with No Reads after April 2020
No read at the line in the sand	AQ Corrections
No read at the line in the sand	Read Rejections
No read at the line in the sand	Reconciliation
No read at the line in the sand	Additional Reconciliation Information
Incorrect Correction Factors	Site Details
General Industry Information	AQ Change Report
General Industry Information	Throughput
General Industry Information	Daily Allocation Factor
General Industry Information	Offline Adjustments
Meters with a By-Pass Fitted	Meter By-Pass Portfolio
Isolated Sites	Isolated Sites Portfolio
Isolated Sites	Accepted Reads
Isolated Sites	Rejected Reads
Isolated Sites	Connection Details for Isolated Sites
Dead Sites	Dead Sites Portfolio
Dead Sites	Rejected Reads

- The Prioritised Data Request will be submitted to Correla imminently
- 44 datasets in total including a handful for parties other than CDSP
- Correla will deliver in priority order over the coming weeks
- Requests to other industry parties (e.g. DESNZ, RECCo) will be sent when appropriate

Next Steps

- Initial analysis from our investigations will be shared with the industry at the Early Engagement meeting on the 20th September 2024
- Engagement with stakeholders will continue throughout. We can be contacted at auge@engage-consulting.co.uk



Appendix: Advisory Service

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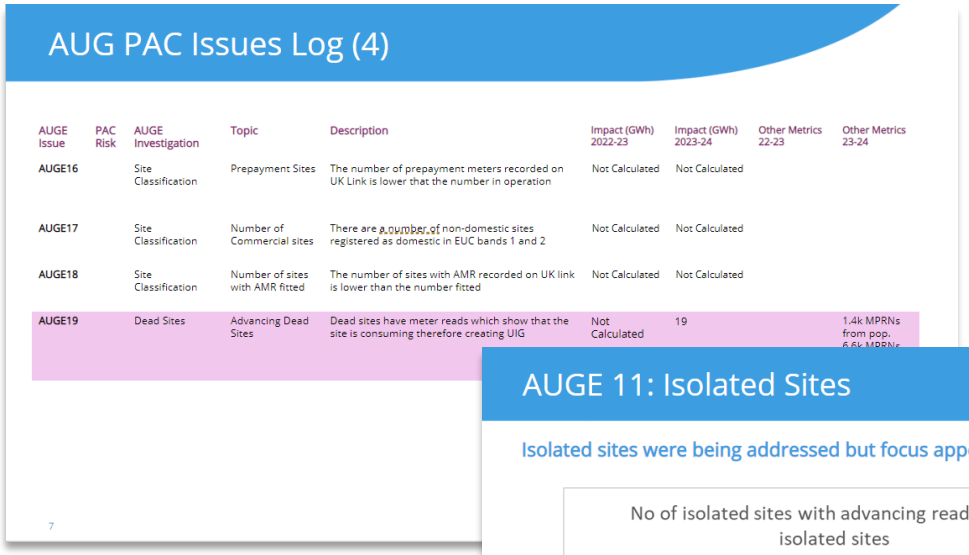
Advisory Service - Scope

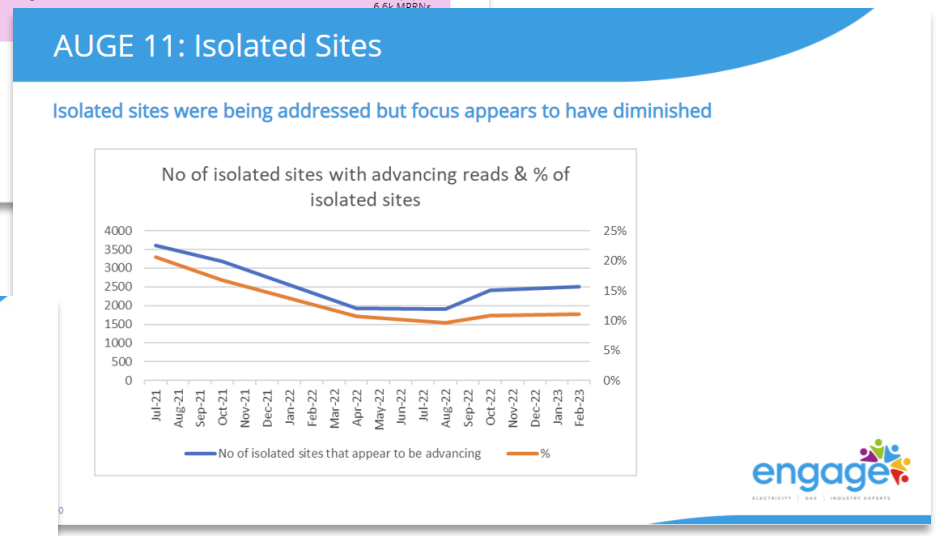
- Our Advisory Service is designed to provide stakeholders, including relevant industry groups, with expert advice from the AUGE
- We can use this service to provide additional analysis of other areas which do not fall under the Core Service or the Innovation Service
- Maximum 18 days per year June to May per contract

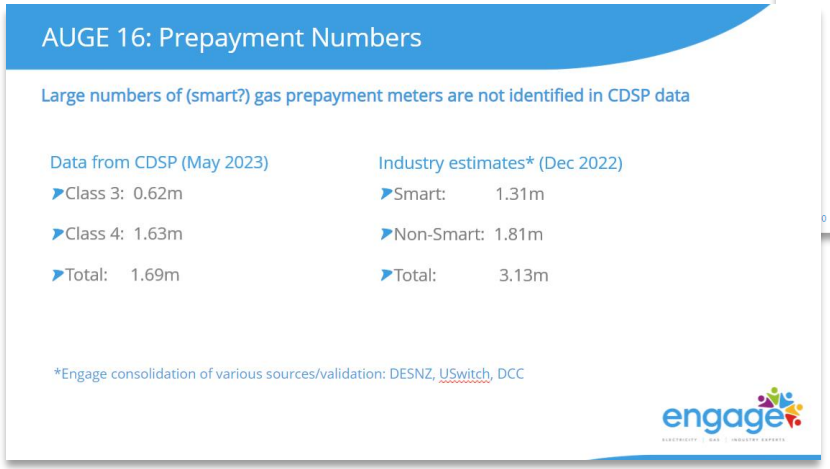
Ongoing Advisory Services (Update)

We continue periodic input to PAC

- Last AUGE year, we continued our regular formal insights exchange to the Performance Assurance Committee.
- We are attending the PAC meetings twice a year as a regular touchpoint, bringing each time an updated view of potential performance assurance issues identified through our work as AUGE.
- **Estimate 3 days' effort per year**







Thank You

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