Uniform Network Code Committee

Minutes of the 105th Meeting held on Wednesday 15 May 2013

at Consort House, Homer Road, Solihull B91 3QQ

Attendees

Voting Members:

Shipper Representatives	Transporter Representatives	Consumer Representative
A Green (AG), Total P Broom* (PB), GDF Suez		

Non-Voting Members:

Chairman	Ofgem Representative
T Davis (TD), Joint Office	

Also in Attendance:

A Gordon* (AG), GL Noble Denton; C Whitehand (CWh), GL Noble Denton; C Baldwin (CB), E.ON UK; E Hunter (EH), RWE npower; F Cottam (FC), Xoserve; G Evans (GE), WatersWye; J Martin (JM), E.ON UK; M Jones (MJ), SSE; M Lingham (ML), GL Noble Denton; M Bagnall (MB), British Gas; N Cole (NC), Xoserve; R Fletcher (RF), Secretary; R Johnson (RJ), WINGAS and T Perchard (TP), GL Noble Denton. * by teleconference

105.1 Note of any alternates attending meeting

105.2 Apologies for Absence

105.3 Matters for the UNCCs Attention

a) Presentation of the Draft Allocation of Unidentified Gas Statement 2014/15

Introduction

CWh introduced the draft AUGS presentation. He explained that the aim is to meet the timelines set out in the guidelines, so that there is no repeat of the previous year.

CWh explained the consultation closes after 42 days on 12th June and that they aim to provide responses around the 01 July, with a meeting around that date for clarification if required. He explained the overall timeline and the consultation periods, as set out in the guidelines, for this year.

Data

CWh explained that they intend to provide data in Oracle and CSV file formats following comments from the previous year that not all participants had been able to access the Oracle database.

MB asked when the data would be available for review by industry participants. CWh explained that it should be available around the date the interim table is published in early November. MB felt this might be too late to raise queries. CWh advised that it would be possible to raise new issues and, if considered material such that it should lead to a potential change in the AUGS, the UNCC would be consulted as to what should be considered or adopted.

RJ questioned if the AUGE is using the correct data as he felt it does not consider reconciliations between Transporters and Shippers – previous assumptions indicated a 20% error. CWh explained that there are a number of metered consumptions that don't calculate, though a 20% failure rate does not mean there is a 20% error in the unallocated value.

RJ wanted to understand if the process includes USRVs and filter failures. CWh explained that different inputs can be used but they were using SSP metered reads as the way forward since it will lead to the most accurate estimate. GE was concerned that the methodology is using a data set to allocate unidentified gas but the industry is using different data for other processes - this may lead to a challenge in the way the values are derived as they won't mirror each other.

FC clarified that USRVs and filter failures are the same thing and are not needed by the AUGE - they are using core consumption values. These will have been updated with the latest set of consumption values including any USRVs. FC clarified that if a consumption adjustment hasn't been submitted it wont be in the consumption data, which may lead to an error. If it has been submitted, the AUGE will have received the adjusted value.

CWh felt that data should be more accurate going forward as Shippers update their consumption values more frequently. GE remained concerned that the data used by the industry and the AUGE is different - it is difficult to reconcile one position against the other and will therefore lead to skews in data and outputs.

CWh confirmed that the fall back position is to use data from 2012 should there be issues obtaining updated data - this is to make sure the timeline is achieved.

Methodology Overview

TP provided an overview of the methodology and the AUGE's approach. He explained that they were going to seasonally/weather adjust the consumptions going forward.

Consumption Calculation

MB wanted to know how a seasonal adjustment could be included against unknown theft calculations – is theft weather sensitive to the same degree as normal consumption? TP felt that even theft would be impacted by weather and that it is likely that the proportion against SSP would be higher than LSP as it is more weather sensitive.

MB was still unsure that basing the seasonal adjustments for theft against normal consumptions is likely to be different, as he would have thought theft profiles would be flatter than normal SSP consumptions.

When considering meter reads as replacements for consumptions for LSPs, CWh confirmed that it is important that meter reads are submitted on a timely basis so that the system updates the consumption values. There is a risk when meter reads are used as replacements for consumption, as they may not be able to identify the period of time or the activities taking place to be able to correctly identify consumption.

T&P Factors

A number of correction factor errors had been identified and parties were to be made aware of these.

Vacant Sites

TP explained the assumptions used for vacant sites and the way they may be able to consider consumptions going forward. MB asked if an AQ of 1 leads to a consumption value, as there is a lag in the AQ process – what assumptions are made regarding gas being used? TP explained that they have noticed that there are a number of sites that stop consuming and others that start consuming – they could monitor the churn and assume a proportion is consuming.

MB asked if it is assumed that the AQ rolls over if there is no meter reading update. TP confirmed that the assumption is no change. However, there is scaling up as it is assumed that consumption is recommencing at some stage. They could look at the potential for vacant sites with no meter read, they consider the values of no consumption against the potential consumption values of all sites consuming. That said, TP confirmed that this issue is to be parked, as the potential consumption value is small.

Balancing Factor Split

TP confirmed that they consider the best way to apply the balancing factor is to base it on throughput for theft. CWh indicated that the more information they receive, the more issues it raises in terms of the quality of data available. Most of the theft reports received identify that the duration is a year at a site, which implies that this is not the most accurate basis for identifying theft consumption.

TP advised that these reports give concern around theft volumes and the periods of time consumption took place. Some reported consumptions would be beyond the offtake capacity of the meter in place. It may mean that the process drives the reports to reduce the period of time for a claim but ensure the overall theft volume is correct, which leads to overstated AQs or consumption for the period of time reported.

TP advised that they intend to consider theft by throughput as the theft reports cannot be relied upon.

GE asked if the theft identified in the temporary unidentified gas is LSP or does it include SSPs? CWh confirmed that theft is a calculated total and then the LSP/SSP split applied.

GE wanted to know if the methodology includes the potential impacts of the license changes being applied from next year, where Suppliers and Transporters will have more obligations to detect theft. There will be a central body providing theft leads for investigation soon, and this should standardise theft reporting. CWh was unsure what would need to be amended in the AUGS for this year if the licence changes apply from next year.

CB suggested that the AUGE contacts Ofgem for a view of the impact of the new license conditions and the potential impact on detected and undetected theft. This may help in setting benchmarks for inclusion in the AUGS regarding the level of theft in the forthcoming year.

GE asked if the AUGE is likely to consider these upcoming process amendments. CWh advised they would consider the implications.

ICoSS Theft Split

TP advised that this is being considered by the AUGE, but they are not aware of any additional uses.

Impacts of Modifications

Modification 0398 - TP felt that reconciliation is likely to take place earlier as the window reduces, which should aid the process. However, the overall impact is small in comparison to the permanent unidentified gas values. They should be able to track the impacts as the reconciliation window reduces and data is corrected earlier.

Modification 0429 - TP confirmed that that they will be considering the impacts should this modification be implemented. GE confirmed that the modification does not move energy but is a financial impact and sits in the neutrality pot. Overall, the impact on energy would be very small.

Other Updates

GE was concerned about the potential mismatch between EUC band and actual consumption. These are mainly LSP and would have a material impact. Can more detail be provided as to why scaling up is suitable and that these are not considered to be a material impact?

CWh advised that they can adjust for the potential EUC errors and it does not need further analysis. It is not that the issue is not material but rather that it can be managed. GE would like to see further discussion and analysis in the AUGS to provide comfort that this is the correct approach.

FC explained the reasons why the EUC band is incorrect - the data provided had not included a number of AQ updates. These have been corrected for future data sets.

GE would prefer if a separate analysis session could be arranged to discuss this issues further. CWh agreed to provide some worked examples to aid parties' considerations and responses.

AG asked if there is a view on the overall pot of unallocated energy for this year. CWh advised that the information will be made available once the methodology is approved and this is likely to be around November.

There was a general discussion around the guidelines and the timelines for publication of values for early indications to aid contract pricing discussions. CWh confirmed that they intend to follow the documented process as set out in the guidelines.

MB asked if the RbD bias methodology could be updated with new theft values for this and past AUGS. CWh confirmed that the theft split could be amended and included in the AUGS going forward – this cannot be done for previous AUGS.

MB asked how undetected LDZ meter errors are to be managed. CWh advised that they assume that all meter errors have been detected for the base period being projected forward.

105.4 Any Other Business

None.

105.5 Next Meetings

To be confirmed.