

Gareth Evans and ICoSS members,
ICoSS,
41 Merton Hall Road
London
SW19 3PR

GL Noble Denton

Holywell Park
Ashby Road
Loughborough
Leicestershire
LE11 3GR

AUGE@gl-group.com
www.gl-group.com

Reference: Query responses

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Dear Gareth

Thank you for your letter dated 27th September submitting a number of queries in response to the 2013 AUGS for 2014/15.

We have considered each of the queries against the criteria set out in the AUGS Guidelines. The responses to the queries are provided within this communication.

Modification 0410A

We believe modification 0410A may have a material impact that might require a change to the Final AUGS. Given that the modification only came into effect from September 1st 2013 and that the outcomes will not become evident until 12 months later, we will have limited evidence of the magnitude of its influence from the data sets we receive from Xoserve. Analysis of this is ongoing and once this has been completed we will conclude whether this change can be implemented in time for the calculation of the final gas volumes and report to the UNCC accordingly. It should be noted that given the small amount of data that will be available prior to the release of the final figures, at best only an estimate of the effect of this Mod will be possible. Sufficient data to allow a full analysis will only be available for the following year's figures.

With regard to the open letter from OFGEM and plans to reduce Unregistered sites over the next 12 months, again there will be very little evidence of the effect of this prior to the release of the final Unidentified Gas figures. We will only receive one new snapshot of Unregistered/Shipperless sites between now and preparation of the final figures, which means that only a simplified approach could be used to quantify any effects, and the calculation of any sort of trend is impossible. Therefore any adjustments will be limited as described above and will represent the combined effect of the open letter and Mod 0410A.

UNC Modification 0431S and SPA MAM 13/002

Modification 0431S is currently a live modification that has not been implemented. The proposed timelines indicate an implementation date of 1st May 2014, 1st October 2014 or 60 days after the date of the decision to implement, as appropriate. A process then follows to compare Shipper/Transporter held supply point information.

At this time we do not have the output of the comparison process and therefore we have no way of estimating what the effect of this process will be. If the modification is implemented in 2014 and becomes effective after the cut-off dates for the data we request from Xoserve, then the benefits of this modification may not even be available for the

2014 AUGS for 2015/16. It is therefore important to ensure that the timing of the process enables the improved data to be available to AUGS prior to the estimation of UG in 2014.

Ultimately, this modification has not been and may not be implemented and therefore we cannot build its effects into the 2013 methodology for 2014/15. Even if it was implemented in the short term, we will not have any data prior to 1st January 2014 with which to carry out an analysis. Given the status of the modification we have classified this as 8.4(a) "Requiring no action".

SPA MAM 13/002 is currently deferred (as of 25/09/2013) and has not been implemented. Therefore the effect of this cannot be taken into account at this time. This issue is also classified as 8.4(a) "Requiring no action".

Mod 424 – re-establishment of Supply Meter Points

Mod 424 came into effect from 25th January 2013. The effects of this modification have been included in the current AUGS. This is covered in Section 4.19 and the resulting method described in Section 6.5 (step 13 for details).

The Interim AUG table therefore includes the effects on Mod 424.

This query is therefore classed under 8.4(a) "Requiring no action".

We note that there is also a live modification, Mod 0425, which we are monitoring the progress of. It is also a live modification which has just been withdrawn and replaced by a revised modification 0425V. Until such time as a decision has been made, the proposed effects of this modification will not be accounted for in the AUGS.

Impact of Industry Data Quality

There was no specific issue raised in this section and no explanation of the impact it would have.

Our only option is to class this as 8.4(a) "Requiring no action". However, if there are specific issues that you believe have not been addressed previously then we will look at them.

During consultation earlier in the year a number of issues were identified with both data quality and the way that we use the data in the methodology. You will have seen through the various publications of the AUGS and consultation responses that the majority of these have been addressed. In addition to the issues raised during consultation we have identified and addressed a number of data quality and method issues with the aim of improving the overall estimate of UG and mitigating the impact of erroneous data. These are all described in detail in the AUGS.

With regard to data, we have received improved meter read and meter asset data (including cosmetic meter change data), improved Unregistered/Shipperless snapshots including more detail on the life cycle of an Unregistered or Shipperless site. We have challenged Xoserve on a number of occasions where data has not been provided correctly or hasn't met our expectations, and these issues have been rectified and improvements introduced by Xoserve to ensure that we get the right data at the first time of asking.

We have addressed issues such as prime/sub meters, gaps/overlaps in meter consumption data, meters with incorrect LDZ assignment, better use of CSEP data and better estimation of AQs for Unregistered/Shipperless sites. These are not so much data quality issues but steps to ensure that we use the data correctly. They are, however, examples of where the data needs to be interpreted and used correctly.

Where we have found issues with consumption calculations for meters with unusual configurations or data combinations we have added to our test database to ensure that what we are calculating is correct and to ensure that

when we change the methodology for a particular situation we do not compromise some other part of the calculation process.

That said, given some of the raw data issues it would be unrealistic to claim that the data and methodology is 100% perfect. For example, we know that there is an issue with an iGT who calculated their CSEP volumes incorrectly and once we have further information on this we aim to adjust the figures as appropriate.

There will undoubtedly be individual meters, or data items associated with Unregistered/Shipperless sites, CSEPS etc that fall through the net as much as we try to minimise such occurrences. As and when these are identified we will consider and address them accordingly. As we have said before, it is also important for the industry to make every effort to ensure raw data provided to Xoserve is as accurate as possible and we welcome the various ongoing initiatives to improve this.

Given the data available at this time, the analyses carried out over the last 18 months and the work by Xoserve to improve the quality of the data, we are confident that the methodology and resulting AUGS table provides a good estimate of UG and its allocation to market sectors. It is certainly an improvement over any previous methodology where some of the issues we have resolved this year might have been hidden. This includes the previous RbD-based methodology and pre-AUGE proposed methods under mod 194, 228 etc.

In summary, until such time as the modifications described in your letter are implemented there is very little we can do to incorporate them into the methodology and it would certainly be incorrect for us to adjust the figures for 2014/15 ahead of their implementation.

The exception to this is Mod 0410A, which we are looking into and will report back in due course. In terms of timescales, if we deem that Mod 0410A can be addressed before the production of the final figures we aim to report to the UNCC at its scheduled November meeting.

Yours sincerely

Clive Whitehand
Senior Consultant
GL Noble Denton