

UNCC AUG Sub-Committee Minutes
Friday 08 April 2022
via teleconference

Attendees

Alan Raper (Chair)	(AR)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Dan Fittock	(DF)	Corona Energy
David Speake	(DS)	Engage Consulting (AUGE)
Fiona Cottam	(FC)	Correla on behalf of Xoserve
Gareth Evans	(GE)	Waters Wye Associates
Jonathan Kiddle	(JK)	Engage Consulting (AUGE)
Mark Bellman	(MB)	ScottishPower
Mark Jones	(MJ)	SSE
Neil Cole	(NC)	Correla on behalf of Xoserve
Rhys Kealley	(RK)	British Gas
Sallyann Blackett	(SB)	E.ON Energy
Sophie Dooley	(SD)	Engage Consulting (AUGE)
Steve Mulinganie	(SM)	Gazprom Energy

Apologies

Louise Hellyer	(LH)	TotalEnergies
----------------	------	---------------

Copies of all papers are available at: <https://www.gasgovernance.co.uk/aug/080422>

1. Introduction and Status Review

Alan Raper (AR) welcomed everyone to the meeting and explained the main emphasis of the meeting was to consider the Final Allocation of Unidentified Gas (AUG) Statement.

1.1. Approval of Minutes (11 March 2022)

The minutes from the previous meeting were approved.

1.2. Approval of Late Papers

There were no late papers to consider.

1.3. Review of Outstanding Actions

Action 0201: 050 – LDZ Meter Error - Engage (JK) to consider a forecast to incorporate the large meter error that is currently under investigation.

Update: Jonathan Kiddle (JK) advised the ratification for this outstanding action will be included in the initial assessment for the next year (2022/23) and will be part of the normal process.

Closed

Action 0203: Reference Question 2 - Investigations – 010 Theft of Gas – Smart vs Traditional Meters - Engage (JK) to prepare a proposed methodology for consideration at a future Committee meeting.

Update: JK advised this has been included as a Refine and Refer investigation for next year (2022/23). **Closed**

Action 0301: Correla (FC) to provide an update on the level of correction to be expected from the information derived from the EUC08 sites in Class 3.

Update: FC provided an update to this outstanding action and advise that CDSP has seen a big improvement in the data for these sites and a refresh has been provided to the AUGE. FC clarified the assumption is that the sites had remote reading capability but that the sites have not been recorded correctly on the CDSP Central System. Therefore, this is more a data inaccuracy issue rather than a non-compliance.

JK noted that if there is in fact remote reading equipment or capability, the systems need to be updated, Shippers need to update the AMR flags, so this position is not repeated next year. He further confirmed that the overriding assumption is that CDSP information is correct (Central Systems).

GE sympathised with the view that the AUGE has to use Central Systems data and added he does not believe there is a licence condition that requires Shippers to update CDSP, it simply requires the installation of AMR equipment at qualifying premises .

Sallyann Blackett (SB) added that the AUGE should use the CDSP data and not make assumptions.

When asked Neil Cole (NC) clarified, for this particular category a total of 26 MPRs in a population of 59 are still not flagged as having AMR capability, but data has improved greatly since the issue was first raised, and this information has been passed on to the AUGE. NC added he is happy to contact appropriate parties to encourage Shippers to ensure correct data is being recorded in Central Systems.

GE advised that Ofgem, 7 years ago, indicated there was an 84% success rate for AMR. if now there is only 50-60% success rate recorded, that indicates a mismatch in the data being processed by the two organisations.

SM suggested there needs to be a mechanism to cleanse the information on an ongoing basis.

SB asked if it is a Performance Assurance Committee (PAC) position to consider if people are setting their data up correctly.

AR will flag to PAC as an AOB for them to consider.

New Action 0104: EUC08 sites in Class 3 (AMR data) - Joint Office (AR) to request AOB item at the next PAC meeting for this issue to be considered.

FC advised that *Modification 0664VVS - Transfer of Sites with Low Valid Meter Reading Submission Performance from Classes 2 and 3 into Class 4* is not yet implemented as solutions are being considered. **Closed**

Action 0302: Engage (DS) to provide more granularity on level of detail required around the proposed market incentive advisory service being proposed as well as next steps.

Update: DS advised this is covered within the presentation provided for the meeting and will be covered in the agenda. **Closed**

Action 0303: All AUG Committee Members to review the draft Xoserve 2022 Allocation of Unidentified Gas Expert (AUGE) Management (MOD 0782) Report and provide comments to Xoserve by close-of-play Friday 18 March 2022, after which Xoserve would produce the final report within the next 10 days to review at the next meeting.

Update: Fiona Cottam (FC) clarified this will be discussed as part of AOB agenda item 5.1. **Closed**

1.4. User Representative Appointment Process

Helen Bennett (HB) provided information that the User Representation Appointment Process for year 2022/23 is about to commence with confirmations being sought of registered Single Point of Contact (SPoC). AR confirmed that the election process did not apply to meetings such as AUG Sub-Committee, which is an open, non-voting forum.

It was suggested that the presentation stipulates the Committees that are included in this process early on in the presentation.

Post Meeting Update: The presentation has been updated as suggested.

Gareth Evans asked for the information to be sent to him and advised he would relay the presentation to the Industrial & Commercial Shippers and Suppliers (ICoSS) Group.

New Action 0104: Joint Office (HB) to forward the presentation for the User Representative Appointment Process to Gareth Evans.

Post Meeting Update: The updated presentation has been sent to Gareth Evans.

2. **AUG 2022/2023 Timeline (Recap)**

As this is the final meeting of the AUG process for Gas Year 2022/23, it was decided a review of the timeline was not necessary here as it included in the Corella's draft UNCC presentation (Item 4).

3. **Consideration of Revised AUG Statement**

JK was invited to provide an update to the Committee and proceeded to walkthrough the presentation provided for the meeting. The presentation covered the following main topics:

- Final Statement
- 2023-2024 Contributors

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/aug/080422>.

JK confirmed there have been no material updates between the proposed Final Statement presented to the March 2022 Committee meeting and the final statement which was published on Joint Office website on 31 March 2022: <https://www.gasgovernance.co.uk/AUGStatement2223>.

2022 – 2023 Statement - Slide 6

Final Weighting Factors - Slide 7

JK provided a view of the Final Weighting Factors which are shown on this slide.

Next Steps - Slide 8

JK confirmed that the final Statement will be considered at the UNCC Meeting on 21 April 2022.

2023 – 2024 Initial Assessment - Slide 10

JK confirmed the 23 contributors that will be assessed as part of the initial assessment for the 2023/24 Statement and advised the two new contributors that will be considered are Issues with CDSP System (Amendment Invoice) (Contributor 190) and Dead Sites (Contributor 200).

There will be an introductory meeting to be planned towards the end of June / beginning of July which will include AUGE scoring and then a selection the contributors will be taken forward to the investigative stage

Future Considerations 2022 - Slide 12

No questions

3.1. Review of AUGE Advisory Service

JK explained the Advisory Service is designed to provide stakeholders, including relevant industry groups, with expert advice from the AUGE. Over the last 2 years the AUGE have identified 17 issues that have been reported to the Performance Assurance Committee (PAC), a view of the 17 issues is shown on Slides 16 & 17.

A detailed presentation will be provided to the May 2022 PAC.

Advisory Service - Slide 18

UIG at Allocation

JK outlined a new service that AUGE may be able to provide and asked for views on potential take-up:

- AUGE has carried out an initial high-level assessment of the methodology for estimating UIG at allocation.
- To carry out the analysis AUGE would use historical UIG allocations, UIG reconciliations, AQ changes and actual weather details to calculate a seasonal normal forecast of UIG.
- AUGE would be able to calculate a forecast of the monthly phasing of UIG across the year at national and LDZ level, (but not the actual monthly UIG percentages).
- AUGE would not be able to provide a daily view due to uncertainty in that level of calculation but will be able to provide a monthly view.

On this slide there is an example of the percentage of total LDZ UIG that could be allocated on a seasonal normal year, it was noted that this information is not real data, and a replacement slide will be provided, caveated accordingly.

It was clarified that this Committee would make a recommendation to UNCC as to whether to proceed with this information provision or not.

Mark Bellman (MB) registered that Scottish Power would support the usage of this data.

AR asked the Committee to consider and come back with views at the next meeting which will be late June/early July, then a recommendation can be made to UNCC.

Post Meeting update: HB has provided suggested dates for the next AUG Year (2023/24) meetings.

New Action 0204: Committee participants to consider UIG at Allocation and provide comments at the next meeting which will be late June / early July.

Innovation Service – Slide 20

Innovation Service – Slide 21

Recap

Last year AUGE presented 27 options for innovation, from these two were chosen to go forward to business case for investigation stage:

- LDZ Specific Factors
- Changing the residual reconciliation redistribution process (UGR)

The business case for investigation was presented in September, to complete the cost benefit analysis costs were required from CDSP and Shippers

Review Group 0781 - Review of the Unidentified Gas process was raised in October 2021 which, to some extent, overlaps with the AUGE Innovation Service.

Industry Issues Log - Slide 23

SM suggested that the government response on Energy Code Reform is added to the log: <https://www.gov.uk/government/consultations/energy-code-reform-governance-framework>

AR advised that the Committee's work on the AUG Statement for Gas Year 2022 / 23 had now concluded and thanked David, Johnathan, and Sophie, (AUGE team), for their work and contribution to the process.

4. Next Steps

AR confirmed the Committee would review the advisory services included in the Revised AUG Statement at the next meeting.

4.1. Overview of April UNCC material

FC provided an overview of the material that will be presented to UNCC on 21 April 2022 where the Final AUG Table of UIG Weighting Factors for 22/23 will be considered.

Please refer to the published presentation for information and awareness.

FC summarised the proposed timetable for the Review of the AUG Year within the presentation material. When SM asked for further clarification on the interaction between the annual Review of the AUG Year and the proposed audit, FC confirmed that findings from the Review could also feed into the audit as areas for investigation.

5. Any Other Business

5.1. Updated Xoserve Draft Management Review Report

FC was invited to share the updates made to the Allocation of Unidentified Gas Expert (AUGE) Management document. Where there was specific interaction regarding topic areas this has been captured below, please refer to the published paper here: <https://www.gasgovernance.co.uk/aug/080422>.

The Committee suggested, and FC agreed, that reference to *Modification 0782 - Creation of Independent AUGE Assurer (IAA) role* should not be in the title of the document.

FC summarised that the draft Xoserve Audit Report had been further updated to provide more detail on the proposed independent review by Xoserve's statutory auditor, with an aim of addressing the concerns raised in *Modification 0782 - Creation of Independent AUGE Assurer*. Attendees requested some minor changes to the wording of the report, which FC confirmed would be done for the final version.

When AR asked if this service can be active for the next AUG year 2022-23, FC confirmed it could be.

MB noted, if there was a robust internal transparent process that assured the framework is being adhered to, there would be no need for an additional audit and that this activity is adding a further layer of cost in an industry which is presently overburdened by costs.

Others disagreed and suggested that the events of the previous AUG cycle showed that it was needed in order to provide reassurance to parties that the AUGE's outputs were compliant with the framework. When asked, FC confirmed this would be an annual process and would be added to the industry cost base with the costs being socialised.

It was mentioned that if the AUGE was unhappy with the outcome of an audit review, they could pursue an arbitrational dispute under UNC. However, FC advised the UNC Dispute process would not be an appropriate route for the AUGE as it is not party to the Code.

Rhys Kealley (RK) suggested that non-compliance should be changed to observations, adding that there is a framework that the AUGE operates under, as part of which the AUGE is entitled to come up with its own methodology and then produce an output. Such a sequence of events would not be non-compliance. He added that the objective is to provide further confidence with the process; parties may not like the outcome but the auditor would have the remit to cover on all observations.

SM agreed that the terminology of observation is better.

It was noted that the Auditor would not have the authority to instruct the AUGE to make any changes to the AUGS, but that the AUGE would need to "be mindful" of any majority UNCC vote to accept the report on a non-compliance or observation from the Auditor.

DS commented that the discussion has been really useful, and clarified this is a process activity, the basis of which is written down in the AUGE Framework and the AUG Statement details all of assumptions on how decisions are made.

In conclusion, it was suggested to change the wording of 'perceived non-compliances' to observations.

Dan Fittock (DF) was invited to provide his view on the current outstanding Modification 0782 and advised that following useful discussion today, it is apparent there are many similarities between this paper and Modification 0782. As a result, stated that he would withdraw the Modification, although additionally commented that would like to see a retrospective review of the process for the cycle that has just been completed.

Next Steps

FC stated she would make edits to the document based on the discussions held today and issue it as the final version of the document.

FC stated she would review the AUG Framework Document to see if any reference needs to be made in this document and bring back recommendations to the next AUG meeting along with the method of implementation.

New Action 0304: FC to review the AUG Framework to see if any reference needs to be made in this document and bring back recommendations to the next AUG meeting (June / July) along with the method of implementation.

6. Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Time/Date	Venue	AUG Sub-Committee Agenda
TBC	Microsoft Teams Meeting	Standard Agenda items

Action Table (as at 08 April 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0201	14/01/22	2.0	050 – LDZ Meter Error - Engage (JK) to consider a forecast to incorporate the large meter error that is currently under investigation.	Engage (JK)	Closed
AUG 0203	18/02/22	4.	<i>Reference Question 2 - Investigations – 010 Theft of Gas – Smart vs Traditional Meters</i> - Engage (JK) to prepare a proposed methodology for consideration at a future Committee meeting.	Engage (JK)	Closed
AUG 0301	11/03/22	1.3	Correlá (FC) to provide an update on the level of correction to be expected from the information derived from the EUC08 sites in Class 3.	Correlá (FC)	Closed
AUG 0302	11/03/22	3.0	Engage (DS) to provide more granularity on level of detail required around the proposed market incentive advisory service being proposed as well as next steps.	Engage (DS)	Closed
AUG 0303	11/03/22	6.1	All AUG Committee Members to review the draft Xoserve 2022 Allocation of Unidentified Gas Expert (AUGE) Management (MOD 0782) Report and provide comments to Xoserve by close-of-play Friday 18 March 2022, after which Xoserve would produce the final report within the next 10 days to review at the next meeting.	All	Closed
0104	08/04/22		Joint Office (HB) to forward the presentation for the User Representative Appointment Process to Gareth Evans	Joint Office (HB)	Closed
0204	08/04/22	3.1	<i>UIG at Allocation</i> Committee participants to consider UIG at Allocation and provide comments at the next meeting which will be late June / early July	Committee participants	Pending
0304	08/04/22	5.1	<i>Allocation of Unidentified Gas Expert (AUGE) Management document</i> FC to review the AUG Framework to see if any reference needs to be made in this document and bring back recommendations to the next AUG meeting (June / July) along with the method of implementation.	Correlá (FC)	Pending