

# UNCC AUG Sub-Committee Minutes

## Friday 23 September 2022

### via teleconference

#### Attendees

Eric Fowler (Chair)	(EF)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Andrew Green	(AG)	Waters Wye Associates
David Speake	(DS)	Engage Consulting (AUGE)
Fiona Cottam	(FC)	CDSP
Helen Bennett	(HB)	Joint Office
James Hill	(JH)	Engage Consulting (AUGE)
Louise Hellyer	(LH)	TotalEnergies Gas & Power
Neil Cole	(NC)	CDSP
Phillipa Burton	(PB)	ScottishPower
Rhys Kealley	(RK)	British Gas
Sallyann Blackett	(SB)	E.ON Energy
Sophie Dooley	(SD)	Engage Consulting (AUGE)

Copies of all papers are available at: <https://www.gasgovernance.co.uk/aug/230922>

#### 1. Introduction and Status Review

Eric Fowler (EF) welcomed everyone to the meeting and explained the main emphasis of the meeting the AUG industry early engagement session.

##### 1.1. Approval of Minutes (01 July 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

There were no outstanding actions.

#### 2. Business Cases for Innovation

David Speake (DS) explained the AUGE Innovations Summary presentation pack had been published on the meeting page for information. DS noted this was not for discussion in the meeting but was available to view, adding that all the innovations were now captured in the one document. <https://www.gasgovernance.co.uk/aug/230922>

#### 3. AUGE Approach and Considerations for 2023/2024

The presentation covered the following main topics as detailed below. Where there were specific interactions 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/230922>

DS introduced his team; James Hill (JH) and Sophie Dooley (SD) and noted following the July 2022 meeting the topics for 2023/2024 investigations were as listed below:

- Dead Sites

- Sites with a By-Pass Fitted
- Theft: Smart Rollout
- Theft: Quality of Read History
- Repeat contributors and general progress
- Market considerations
- Advisory – AUGE PAC Issue list

Rhys Kealley (RK) said that he was struggling with the framework of the AUG analysis in relation to the current negative UIG levels and the bottom-up analysis. DS advised that this area was going to be discussed and had been itemised within section 4 of the presentation.

**200 Dead Sites: Recap Slides 6 – 8**

Sophie Dooley (SD) provided an overview and recap of the Hypothesis: *Some sites which are recorded as Dead are in fact consuming gas.*

SD explained that a similar approach was being taken to Dead sites, as was used for the Isolated Sites last year.

SD noted that 50% of Dead Sites appear to have advancing reads.

SD shared the table below and noted that over half the sites with a Dead status seemed to still be consuming gas and analysis of their associated rejected read records had taken place. SD advised that the data analysis was undertaken with sites with a status update before April 2020.

Indicative UIG for Dead Sites by Matrix Position (GWh)

		CLASS			
		1	2	3	4
EUC BAND	1ND	-	-	0	11
	1PD	-	-	0	2
	1NI	-	-	0	1
	1PI	-	-	-	-
	2ND	-	-	-	0
	2PD	-	-	-	-
	2NI	-	-	1	0
	2PI	-	-	-	-
	3	-	-	-	0
	4	-	-	-	-
	5	-	-	-	3
	6	-	-	-	-
	7	-	-	-	-
	8	-	-	-	-
	9	-	-	-	-

SD noted that the assumption was that the currently recorded AQ was a fair indicator of consumption and so the Engage initial estimate of Unidentified Gas (UIG) with Dead sites was 18 GWh. SD advised that for comparison the Isolated Sites last year was 47 GWh.

SD noted the Next Steps were:

- *Consider whether and how to extrapolate results based on available read rejection data to other Dead Sites with no rejected reads*

- *Consider the trend in Dead Sites portfolio to inform UIG position at the Line in the Sand. (Further snapshot requested from CDSP)*
- *(Issue added to our periodic report to PAC)*

#### **140 Meters with a By-Pass Fitted: Recap Slides 9 -11**

James Hill (JH) provided an overview and recap of the Hypothesis: *Meter by-passes are operated periodically, and the gas consumed during such operations is not always recorded and accounted for in settlement. This creates positive UIG.*

JH noted that the CDSP data shows over 12,000 sites with a by-pass currently in situation, and JH added that this was a follow up to the inconclusive investigation for the Gas Year 2022/2023, where the data available in the CDSP systems was insufficient, as a basis for the modelling assumptions.

JH advised this year's approach had two primary areas, and these were:

- Was the portfolio correct?
- Further validation of CDSP data, by way of discussion with the Shippers on their portfolios; GDNs; Meter Asset Managers (MAMs)

JH said this was to include operational insights from the industry operational experts, and the MAMs and supplier site works. JH added that discussions had taken place with the Review Group 0763R and ScottishPower regarding this area, with no concrete conclusions to date.

DS added that AUGÉ had been trying to engage with the National Grid Metering Team to understand operational practices and gain further insight as to whether the by-pass portfolio is correct. EF advised that he may have some useful contacts regarding this area, and he would consult with DS offline on this matter.

Andrew Green (AG) said that he remembered conversations in the past regarding by-pass and he wanted to know what was different in the approach. JH advised that Engage had progressed from just using Xoserve data, and that Engage had also investigated consumption adjustments from last year and there were none. DS noted that he was not aware of any previous situations of by-pass being singled out, but that he would investigate this area.

JH noted the Next Steps were:

- *Engage have now concluded data validation work.*
- *Engage are continuing to engage with industry experts on in-field by-pass activities.*
  - *Suggestions/contacts always welcomed.*
- *Likely outcome for this year's statement will depend on usefulness of operational insights.*
- *Regardless of outcomes, our approach and conclusions will be recorded in full in the Statement.*

#### **011 Theft: Smart Rollout: Recap Slides 12 -14**

DS provided an overview and recap of the Hypothesis: *The continued rollout of smart meters should already be having a material impact on theft at smart-enabled Supply Meter Points, but the lagging indicators provided by available detected theft data mask this expected impact.*

DS explained that Engage still had not been given the TRAS data file from RECCo, which had been repeatedly requested, and so the only alternative presently was to use the data set based on last year's theft file.

DS added that the theft allocation methodology was not yet reflecting the expected impact of the Smart Meter rollout. DS noted that further investigations were now taking place and he was keen to see the outputs from the RECCo and Cap Gemini work which may encompass useful new insights or data. DS added that he was pushing for early visibility of this data to assist planning of AUG Statement production.

DS added that there were two questions that were key to the investigation and that these were:

1. *In the absence of data, are we convinced that Smart meters reduce gas theft?*
2. *Can we propose a credible alternative set of assumptions?*

Sallyann Blackett (SB) asked if Engage had a view on the increased theft of gas from the cost-of-living crisis. DS said there were two strands to the Theft Methodology, which were:

- What is the total UIG.
- How is it allocated.

DS added that there were various elements that would have an impact, which included the Smart Meter rollout in relation to the overall total energy of gas theft, and these questions may be considered next year in the AUG Statement for 2024/2025.

DS reiterated that the current scope was to assess the way the UIG was allocated and not the total level of theft UIG.

DS noted the Next Steps were:

- *Working from detected theft data will always be problematic, but it is the best Engage have.*
- *Focus of this investigation is on allocation of total theft UIG.*
- *Link to the total theft calculations is intrinsic, which will need addressing IF any material reduction in theft is demonstrable for smart meters.*
- *Debate would also open up questions relating to the impact of cost-of-living crisis on theft.*

## **012 Theft: Quality of Read History: Recap Slides 15 – 19**

SD provided an overview and recap of the Hypothesis: *Sites at which there is a good/full read history recorded on CDSP systems are less likely to have been subject to theft than sites for which there is patchy or no read history*

SD explained that the gas theft could be linked to a low read submission, which would make it easier for theft to occur and then the aspect of withholding reads would also have an impact. SD noted the hypothesis that sites on the CDSP with up-to-date reads were less likely to have theft occur. SD advised that the investigation centred around sites on TRAS and TOG dataset. Specifically in relation to how many reads there were, in the 2 years before the recorded start date and likewise how many reads were there in the 2 years following the recorded start date.

AG asked if the reads were actual meter reads or if they were customer reads. SD said this field is not part of the data extract, and that the data will contain all read types. Fiona Cottam (FC) said that this was a challenging area, as lots of reads were now gathered and submitted by consumers but were not always flagged as customer reads, but rather as meter reader reads. DS agreed this was a fair challenge and said that for consumers who were savvy in the art of theft of gas, it would be difficult to prove and added that Engage would look to finesse this data further.

SD provided an overview of the Read history as detailed below:

Read history quality proxies in detected theft population, with comparison to non-theft population.

Time from assumed theft start date	Pre-Theft Start (No. of Sites)	Post-Theft Start (No. of Sites)	Full Population (No. of Sites)
Read within 1 year	88%	80%	94%
Read within 2 years	8%	14%	4%
Read within 3 years	2%	4%	1%
Read within 4 years	1%	1%	0%
4+ years	1%	0%	0%
No read	0%	1%	0%

SD noted that detected theft data would always contain unavoidable bias towards sites with more rather than less, read data. SD explained that the data had been investigated to encompass the difference between thefts after a tip off and thefts on the back of supplier data in an attempt to isolate this bias. SD provided a summary example in the table below:

**New Action 0901:** AUGE (DS) to investigate the additional use of read type in the data set used for 012: Theft - Quality of Read History investigation.

Comparing read history quality between theft investigation triggers.

Pre-Theft Start	Crimestoppers	Field Agent	MRA	Other	Police	Supplier	TRAS
Read within 1 year	86%	88%	89%	88%	93%	88%	89%
Read within 2 years	8%	8%	8%	7%	0%	8%	8%
Read within 3 years	3%	2%	2%	3%	0%	2%	2%
Read within 4 years	1%	1%	1%	1%	7%	1%	0%
4+ years	1%	1%	0%	1%	0%	1%	0%
No read	1%	1%	1%	0%	0%	0%	0%

SD noted the Next Steps were:

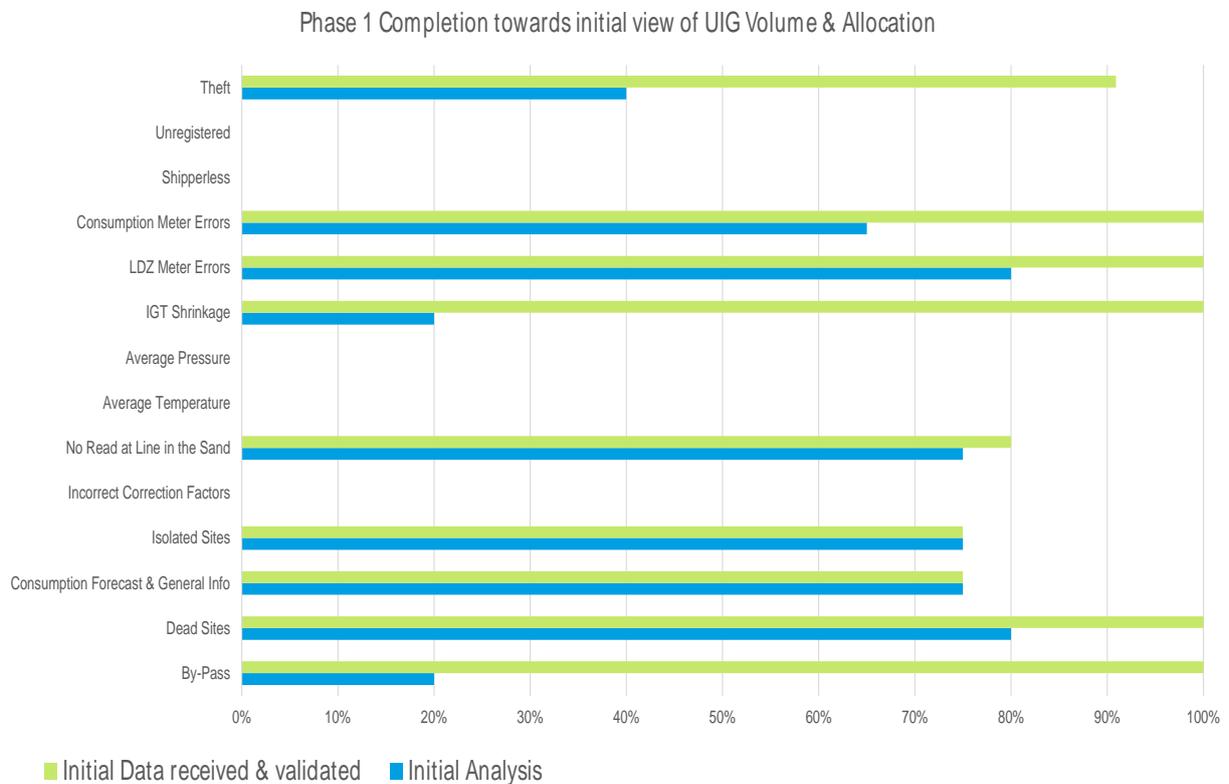
- Engage have established a proxy for quality of read history.
- This methodology will be applied to this updated dataset which will include this year's TRAS data upon receipt (imminent).
- It is currently unlikely that Engage will apply an updated theft allocation methodology based on quality of read history.
- Bias in detected theft data is likely and unavoidable. But it is the only theft data available. Ultimately it is not possible to definitively prove or disprove the hypothesis for undetected theft.

**Repeat Contributors Slide 21**

JH provided an overview of the Repeat Contributors (as detailed below) and explained these were re-analysed using refreshed data. JH noted the assumptions and methodology were re-assessed considering new or updated information.

Contributor	Gas Year 22-23 UIG estimate
<b>010 Theft of Gas</b>	7,602 GWh
<b>020 Unregistered Sites</b>	35 GWh
<b>025 Shipperless Sites</b>	26 GWh
<b>040 Consumption Meter Error</b>	432 GWh
<b>050 LDZ Meter Errors</b>	1 GWh
<b>060 IGT Shrinkage</b>	18 GWh
<b>070 Average Pressure Assumption</b>	359 GWh
<b>080 Average Temperature Assumption</b>	1,220 GWh
<b>090 No Read at the Line in the Sand</b>	861 GWh
<b>100 Incorrect Correction Factors</b>	53 GWh
<b>160 Isolated Sites</b>	47 GWh

JH provided a high-level summary of the progress of the Repeat Contributors as detailed below:



JH provided an overview of the market considerations as detailed below:

Covid-19 Pandemic Impact

- Any impact on AQ from different areas of the market changing behaviour (albeit temporarily) could flow through into our consumption forecast. However no obvious universal trends outside of normal variability to make the case for adjustments
- Reduced Theft data available. We look at 10 years’ worth of data which will help mitigate this
- Fewer meter reads/in-field activity

Energy Crisis Impact

- Engage can see AQs falling as usage is reduced. This will feed through into our consumption forecasts
- Potential for theft to increase
- Potential for more suppliers to go bankrupt – impact on data quality

AG asked if Engage were considering if there was going to be an impact with regards to Covid-19 and the Energy crisis on the 2022/2023 AUG Statement. JH and DS both confirmed they were not expecting a significant impact, so no changes were likely to be made to the methodology to cater for the changes in the environment, although the input data will reflect what is going on in the market.

Louise Hellyer (LH) asked regarding the consumption data used in developing Weighting Factors, did Engage use AQs or is there an element of forecast, and JH said that Engage produced a forward forecast of consumption based on recent AQ trends.

LH said that any out of date AQ’s would be out of line with the data and that would have an impact on the NDM Algorithm. FC agreed and said that would need to be further investigated and LH said perhaps the ALPs and DAFs could be changed, as that had happened previously. EF advised that at the UNC Distribution Workgroup on 22 September 2022, there were initial discussions about how to address the current negative UIG due to high gas prices. He noted this was likely to be passed to DESC for further investigation.

**AUGE PAC Issues List Slide 26**

JH overviewed the PAC issues listing (as below) and noted the Dead Sites consuming had been added to the table, he advised this table would be discussed at the Performance Assurance Committee meetings in October and November 2022.

Issue Ref	Topic	Issues still presenting?
AUGE01/02/03	Inconsistencies/missing theft data	TBC
AUGE04/05/06/07	Problems not being resolved that lead to No Read by LitS	Yes
AUGE08	Incomplete Use of Consumption Adjustments	N/A
AUGE09/10	Correction Factor inconsistencies	TBC
AUGE11	Isolated sites consuming	Yes
AUGE12/13	By-Pass data	Yes
AUGE14/15	Unregistered/Shipperless	TBC
AUGE16/17/18	Site Classification inconsistencies	Yes
AUGE19	Dead Sites consuming	Yes

AG proposed that for the Dead Sites, was it not the responsibility of the networks to investigate them if a site had been set with a 'dead' status. FC said under the Gas Safety Regulations, an inspection was required c. 12 months after the equipment had been disabled. DS explained that this topic would be discussed in depth at the next PAC meeting and that a similar approach to the isolated sites last year was likely to be deployed.

**4. AUGE Advisory Service Slide 25**

JH summarised the Advisory Service key points:

- *The Engage Advisory Service is designed to provide stakeholders, including relevant industry groups, with expert advice from the AUGE*
- *Engage 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*

**5. Next Steps**

DS overviewed the next steps which encompassed the following:

- *During Q4 Engage combine continued analysis, data updates and Statement production activities*
- *Engage have some ongoing industry engagement to complete to inform this year's investigations*
- *With no formal touchpoint until January, Engage will provide progress updates and indicative outcomes (where appropriate) via the Joint Office*
- *All further discussion and suggestions are welcome. Engage can be contacted at: [auge@engage-consulting.co.uk](mailto:auge@engage-consulting.co.uk)*

**6. Any Other Business**

None.

**7. Next Steps and Diary Planning**

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

<b>Time/Date</b>	<b>Paper Publication Deadline</b>	<b>Venue</b>	<b>AUG Sub-Committee Agenda</b>
10:00 Friday 13 January 2023	10:00 Wednesday 04 January 2023	Microsoft Teams Meeting	Walkthrough Meeting
10:00 Friday 17 February 2023	10:00 Wednesday 08 February 2023	Microsoft Teams Meeting	Review Feedback Meeting
10:00 Friday 10 March 2023	10:00 Wednesday 01 March 2023	Microsoft Teams Meeting	Review Modified AUGS Meeting
10:00 Friday 14 April 2023	10:00 Wednesday 05 April 2023	Microsoft Teams Meeting	Review Final AUGS Meeting

**Action Table (as at 23 September 2022)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0901	23/09/22	3.0	AUGE (DS)to investigate the additional use of read type in the data set used for 012: Theft - Quality of Read History investigation.	AUGE (DS)	<b>Pending</b>