

The Joint Office, Relevant  
Gas Transporters, shippers and other  
interested parties

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Dear Colleague

The purpose of this communication is to provide an update on the progress of the 2012 AUGS for 2013/14 methodology.

Following the UNCC (AUGE) workshop in September and responses to queries raised from the consultation process, work has proceeded in four key areas:

- 1) Consumption methodology
- 2) Theft split
- 3) Preparation of last year's method as a contingency
- 4) Publication of data used to develop methodology

This letter provides a summary of progress to date and plans going forward.

1) Consumption Methodology

At the time of writing the AUGE has now received consumption and meter read data for 10 LDZs, with the remaining 3 expected by the end of November. Following the publication of the interim report further data issues have been identified and we have developed the consumption calculation method accordingly to address these. There have been a variety of issues which I do not propose to cover in detail in this letter as they require accompanying examples and detailed explanation. They include the following:

- a) Meter round the clock issues (resulting in large positive or large negative consumptions)
- b) Meter Read Units and T&P corrections
- c) Multiple meter sites and how AQs are associated with them
- d) Low consuming sites other than those with AQ=1
- e) Multiple meter reads on the same day (we require the latest correct one)
- f) Sites switching between DM and NDM and back again
- g) Erroneous meter reads and/or consumptions

Details of these and our approach to their resolution will be described in detail in the AUGS. We have tried to capture all of the different types of problems that we might see in the data and address them as appropriate. It is of course possible that there will be issues we have not yet uncovered since we have not processed data for all LDZs as yet, although we believe we have identified the key ones.

Currently, on receipt of a data set for an LDZ it is taking several days to upload, pre-process and calculate consumptions for each year that we are looking at. In particular, NW LDZ required over 2 days of pre-processing and a further 5 days of consumption calculations for each year (this is computation time rather than effort although interventions are required if and when a problem arises). With further database optimisations we have been able to reduce this significantly such that the NW LDZ consumptions can be calculated within a day, which represents a 5x improvement in run speed. We are also running consumption calculations in parallel to reduce the lead time in obtaining the results now that we have what we believe is a stable method.

I am sure you will appreciate the size and complexity of this problem, which is not dissimilar in scale to the AQ review process carried out by Xoserve each year, although we are trying to achieve a different set of results. We are making good progress now.

We agreed to provide results to the industry as they were being produced, and now that we have addressed the key issues with the data sets, we are in a position to provide some initial feedback. Enclosed in this letter is a table showing the current status of the consumption analysis by LDZ with the top level Unidentified Gas estimate.

Note that these are not finalised figures as we need to apply further adjustments to cater for the following:

- a) Detected theft.
- b) Temporary Unidentified Gas associated with registration issues.
- c) Meter errors associated with Meter Points.
- d) LDZ meter errors – the two known large LDZ meter errors affecting SC and SO LDZs have been applied to see what effect it has in the table provided at the end of this letter, but no further LDZ meter corrections have been accounted for at this stage.
- e) Adjustment to scaling of sites with AQ=1.
- f) As some LDZs only have a handful of sites in the upper EUC groups we are considering whether to calculate averages across several LDZs to provide a more representative average when scaling up the non-calculating sites. However, we can't do this until we have completed the analysis on more (if not all) LDZs.

Of the LDZs that have completed their calculations we are seeing some consistency in the percentage of total Unidentified Gas vs allocation for 2009 and 2010. The figures for 2011 are lower compared to 2009/10 and this is something that we are looking into. Our initial thoughts are that 2011 will not have the same level of consumption corrections as previous years, and additionally there will be some sites that are metered annually that we do not have a meter read for yet in order to calculate the consumption accurately. If we determine that 2011 is not yet suitable for inclusion in the calculations then we will base the Unidentified Gas figure on the 2009 and 2010 consumptions.

One thing that is clear is that it is very important for us to include as many of the MPRs as possible

- a) To minimise the variation in the Unidentified Gas estimate that arises from a smaller sample size.
- b) To ensure that the population used to scale up to the total consumption level is representative of the different types of behaviour and issues of those sites that failed the initial consumption calculation (and hence lie outside the sample).

Given the current rate of receipt and processing of data, we will not be in a position to publish a full second draft AUGS with results for all 13 LDZs soon enough to complete a consultation period, gain approval and publish a final set of figures. Our intention is to publish the AUGS based on the results for as many LDZs as we can (this is likely to be 9 of them), and assuming no further issues arise we should have a full set of consumption results by the end of the year.

## 2) Theft Split

A query was raised from the Interim Report consultation concerning the prevalence of theft at higher EUC groups and higher meter read frequencies. We have requested and received both sets of data from Xoserve and used this to look at levels of theft by EUC group and meter read frequencies and will report our findings in the next draft AUGS.

We will also be providing further details of how the effect of sites with theft exceeding 73,200 kWh impacts the market sector split.

## 3) Last years method

As noted at the last UNCC meeting, there was a risk that the consumption methodology may not be complete in time for publication, consultation and preparation of final figures. As a contingency we have been working in parallel on updating last year's methodology.

Other than theft split there will be very few changes to this method given the timescales, should it become necessary to use it.

## 4) Publishing data/calculations

Concerns were raised that the AUGS had not provided the data to back up the calculations referred to in the Interim Report. Since then we have raised the matter of data publication with Xoserve, particularly with regard to the meter reads and consumptions using dummy MPRs, who have in turn consulted the GTs.

I am pleased to report that we now have permission to publish the full data sets with dummy MPRs and this will include the data we have received from Xoserve and our consumption and theft calculations.

The consumption data, theft data and results are held in an Oracle database and it will be our intention to provide an export of this database to be made available to industry participants. The exact mechanism for sending the data file is to be confirmed as it will be a very large data file. Documentation associated with the table and fields within the database will be provided as an appendix to the next draft AUGS.

## Plan going forward

Our intention is to publish a methodology based on the consumption method unless something unforeseen occurs that prevents this. To provide sufficient time for consultation, recognising the Christmas holiday period falling in the middle, we would be looking to approve the methodology on or before January 24<sup>th</sup>. There is a UNCC meeting on January 17<sup>th</sup>, but this would not provide sufficient time between the end of the consultation period and the UNCC meeting for us to respond to queries raised during consultation and publish within 7 days of the meeting, to allow the industry the opportunity to review these responses and make a final decision. This would therefore require an extraordinary UNCC meeting to approve the methodology.

The alternative would be to shorten the consultation period, which as noted before would not provide sufficient time for the industry to review the methodology.

The proposed timeline in order to publish a set of final figures by 1<sup>st</sup> February 2013 is therefore as follows:

<b>Milestone</b>	<b>Date</b>
Publish 2 <sup>nd</sup> draft AUGS	7 <sup>th</sup> December 2012
AUGS meeting to present/discuss methodology	w/c 10 <sup>th</sup> or 17 <sup>th</sup> December TBC
Consultation Period	7 <sup>th</sup> December 2012 – 11 <sup>th</sup> January 2013
Responses to AUGS	17 <sup>th</sup> January 2013
Approval by UNCC	24 <sup>th</sup> January 2013 or suitable date around that time
Publish Final Figures	31 <sup>st</sup> January 2013

We will provide further updates as the consumption calculations progress. If you have any queries regarding the current progress and proposed time lines please do not hesitate to contact us.

Yours sincerely

Clive Whitehand  
Senior Consultant  
**GL Noble Denton**

### Summary of calculation results as of 20<sup>th</sup> November 2012

LDZ	Formula Year	Allocation (GWh)	Consumption (GWh)	UG (GWh)	Best Estimate (%)	Low (%)	High (%)
EA	2009	39,805	38,907	898	2.26%	1.99%	2.52%
EA	2010	41,095	39,483	1,611	3.92%	3.65%	4.19%
EA	2011	34,080	33,879	201	0.59%	0.28%	0.90%
EM	2009	50,122	50,568	-445	-0.89%	-1.18%	-0.60%
EM	2010		Calculating				
EM	2011		Calculating				
NE	2009		Awaiting Data				
NE	2010		Awaiting Data				
NE	2011		Awaiting Data				
NO	2009	26,386	26,140	246	0.93%	0.54%	1.32%
NO	2010	26,711	26,121	589	2.21%	1.87%	2.54%
NO	2011	22,677	22,885	-208	-0.92%	-1.32%	-0.52%
NT	2009		Awaiting Data				
NT	2010		Awaiting Data				
NT	2011		Awaiting Data				
NW	2009	60,438	59,158	1,280	2.12%	1.86%	2.38%
NW	2010	60,507	59,283	1,224	2.02%	1.92%	2.12%
NW	2011	51,158	Calculating				
SC*	2009	45,827	44,487	1,340	2.92%	2.49%	3.35%
SC*	2010	45,973	44,373	1,600	3.48%	3.16%	3.80%
SC	2011	40,062	40,277	-215	-0.54%	-0.86%	-0.21%
SE	2009		Awaiting Data				
SE	2010		Awaiting Data				
SE	2011		Awaiting Data				
SO*	2009	35,408	35,025	383	1.08%	0.78%	1.38%
SO*	2010	36,078	35,354	724	2.01%	1.70%	2.31%
SO	2011	29,917	29,806	111	0.37%	-0.05%	0.80%
SW	2009	28,915	Calculating				
SW	2010	29,162	Calculating				
SW	2011	24,137	Calculating				
WM	2009		Pre-processing				
WM	2010		Pre-processing				
WM	2011		Pre-processing				
WN	2009	5,340	5,177	163	3.05%	2.22%	3.89%
WN	2010	5,373	5,192	182	3.38%	2.62%	4.13%
WN	2011	4,495	4,541	-46	-1.03%	-2.02%	-0.05%
WS	2009	18,287	17,605	681	3.73%	3.34%	4.11%
WS	2010	18,099	17,464	635	3.51%	3.11%	3.91%
WS	2011	15,062	15,224	-162	-1.08%	-1.52%	-0.63%

At the moment the table only shows allocations where we have completed the consumption calculation.

As noted above, these are preliminary total Unidentified Gas figures that have not had any adjustments for theft, temporary unregistered sites, meter read errors (except SC and SO, which have significant LDZ offtake meter errors), and have not been split into SSP/LSP market sectors.

**Key:**

Calculating – consumptions currently being calculated for these LDZs/years

Pre-processing – data received pre-processing/upload to database in progress

Awaiting Data – these LDZs have not been received yet.