

Mr Clive Whitehand
GL Noble Denton
Holywell Park
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Loughborough
Leicestershire LE11 3GR

Sent via e-mail: AUGE@gl-group.com

01 March 2013

Dear Mr Whitehand,

Allocation of Unidentified Gas Statement (AUGS) 2013/14

Energy UK is the trade association for the energy industry. Energy UK has over 70 companies as members that together cover the broad range of energy providers and supplies and include companies of all sizes working in all forms of gas and electricity supply and energy networks. Energy UK members generate more than 90% of UK electricity, provide light and heat to some 26 million homes and last year invested £10billion in the British economy.

Energy UK's members currently supply at least 47% of the total number of registered Larger Supply Points (LSPs), a significant proportion of consumers within this sector¹.

Energy UK is pleased to respond to the consultation on the 2013/14 AUGS.

Energy UK notes that the AUGE has described the new consumption-based methodology as an improvement over that used for the previous year in terms of the accuracy of the estimation of Unidentified Gas (UG) and allocation to market sectors, and that it provides improved stability of the estimates going forward. In doing so the AUGE makes reference to the fact that this method of calculating UG is simpler and more intuitive. It also utilises meter-read data for all available sites and can be used to calculate all sources of UG, specifically Smaller Supply Point (SSP)-assigned UG.

The AUGE also acknowledges that the previous "Reconciliation by Difference" (RbD) method only calculated LSP-assigned UG. The AUGE has stated that the RbD method is therefore is not suitable since the AUGE has ascertained that there is considerable SSP-assigned UG. The RbD method is reliant on long-term data trends that have not manifested.

¹ Based on Mod 81 report issued by Xoserve in November 2012

The AUGE has also confirmed that the consumption-based method is statistically more accurate when directly compared to the RbD bias method; the former utilises a larger data sample.

We therefore would support the AUGE's development of the consumption-based methodology and believe that it should be adopted as soon as practicable. Given that the AUGE states that the RbD method is no longer suitable for purpose, we agree that it should be replaced.

Energy UK agrees with the AUGE's recommendations as to the treatment of theft. We recognise that high quality data does not exist due to the nature of theft and that detected theft data may well contain bias.

I hope that this feedback assists you in your decision-making process.

Yours sincerely,

Alun Rees
Policy and External Relations Manager