

**Uniform Network Code Committee**  
**Minutes of the 123<sup>rd</sup> Meeting held on Monday 30 June 2014**  
**By Teleconference**

**Attendees**

**Voting Members:**

<b>Shipper Representatives</b>	<b>Transporter Representatives</b>
C Baldwin (CB), E.ON UK	E Melen (EM), Scotia Gas Networks

**Non-Voting Members:**

<b>Chairman</b>	<b>Ofgem Representative</b>	<b>Consumer Representative</b>
L Jenkins (LJ), Joint Office		

**Also in Attendance:**

A Gordon (AG) DNV GL; E Carr (EC) ScottishPower; F Cottam (FC), Xoserve; G Evans (GE), Waters Wye; G Wood (GW), British Gas; J Guard (JG) first;utility; L Dupont (LD), Secretary; M Jones (MJ) SSE; M Williams (MW) DNV GL; M Bagnall (MB), British Gas; N Cole (NC), Xoserve; S Cropper (SC), British Gas; T Perchard (TP), DNV GL.

**123.1 Note of any alternates attending meeting**

C Baldwin for R Fairholme, E.ON UK, and E Melen for A Musgrave, Scotia Gas Networks.

**123.2 Apologies for Absence**

A Musgrave, R Fairholme and R Hewitt.

**123.3 Minutes and Actions from the previous meeting**

LJ noted that today's meeting would not be quorate however no decisions were due to be taken.

**123.4 Matters for UNCC attention**

**a) Draft Allocation of Unidentified Gas Statement 2015/16 – consideration of consultation responses**

TP reported that one consultation response (British Gas) had been received. This had been reviewed and discussed with Xoserve, and the AUGE's responses to the points raised by British Gas had been published at [www.gasgovernance.co.uk/uncc/300614](http://www.gasgovernance.co.uk/uncc/300614). The AUGE's responses were then reviewed in turn.

*Inaccurate calculation of CSEP consumption*

TP summarised the response. Further detail has been requested from Xoserve to assist in the analysis, and TP asked if any other party had additional data that could be used in the recalculation of CSEP AQs. It was suggested that iGTs might have appropriate data. MB explained the basis of the dataset provided by British Gas.

Reference was made to Modification 0392 and the updating of NExA values; was the data behind this available? EC indicated that ScottishPower might be able to provide some information.

It was proposed that the methodology would be updated to allow for a correction to the CSEP values; if a reliable estimate of the correction can be made in the interim then this will be included in the calculated values published in the UG table.

GE suggested that some indication of losses on the networks would be welcomed. TP sought clarification on the interpretation of 'losses'. The pertinence of shrinkage was briefly discussed.

FC drew attention to the very short window for comment in August, ie between 01 and 13 August 2014.

*UNC Modification 0410A*

AG summarised the response. The ambiguity in the modification had been noted. The back billing situation had been confirmed with Xoserve, and the calculation method will be amended as appropriate. SC, who had raised the original query, confirmed that she was satisfied with this response.

*UNC Modifications 0424 and 0425V*

AG summarised the response. The update to the calculation process for sites without a shipper for less than 12 months will be included in the second draft of the AUGs. SC, who had raised the original query, confirmed that she was satisfied with this response.

*Insufficient maturity of reconciliation data*

TP summarised the response, noting the concerns regarding potential introduction of bias and clarifying how the calculations were made. It was questioned what was or was not an acceptable 'degree of uncertainty'. This was briefly discussed, and it was suggested that British Gas might need to further clarify its concerns.

*Incorrect Allocation of the Balancing Factor*

AG summarised the response (which had been provided in seven parts).

- *Response (1) Theft from Daily Metered Sites* – A new theft dataset had been requested from Xoserve; further analysis will be performed when this is received. AG clarified current assumptions, interpretations and process relating to the treatment of DM sites and theft. MB thanked AG for the explanation, and suggested that an example be provided of detection/back billing to increase Shipper confidence in this area. AG noted this and will comment on the analysis in the next draft so that interpretation becomes completely clear.
- *Response (2) DM Threshold* – Xoserve will provide an additional dataset for assessment and further analysis will be performed when this is received. Action will then be taken if necessary to adjust the methodology. It was questioned whether the AUG table structure would be adjusted, and splits were discussed. The format of the table was set out in the UNC and any change would need to be made through the formal route.
- *Response (3) Unknown DM Sites* – Xoserve will provide the results of the Modification 0431 analysis in greater detail; the data will be analysed and dealt with appropriately. Timing of results and opportunity for Shipper validation before inclusion were briefly discussed. FC observed that this may be challenging, because this information might not be available until much later in the summer. The Statement could include a methodology to make clear how this would be treated, but it would not include any percentages of what had been found. If data did become available earlier then it could be filled in. FC will keep TP informed of the outcome of the analysis.
- *Response (4) Errors in the shrinkage estimate* – AG summarised the response, stating this was beyond the remit of the AUGE. If the models were considered to be out of date then it was an issue for the Shrinkage Forum to address.
- *Response (5) Open bypass valves* – AG summarised the response; there was an outstanding query with Xoserve regarding information on adjustments detail, ie due to open bypass valves or other reasons. If these are identified and fixed they will be back billed. The assumption is that they would all be found and back billed. It did not affect the bottom line UG figure because all is accounted for in the calculations.

MB explained British Gas' concerns regarding potential inaccurate measurement/back billing and how this would be treated. Smearing was discussed. The Balancing Factor was not smeared across DMs; TP explained when identified gas goes into the Balancing Factor, and would welcome further data if it was available. MB reiterated his concerns regarding the potential inequity of Balancing Factor smearing.

TP commented that he would like to be able to recognise which are open bypass valves from the data provided. It was less likely that such a fault would remain undetected, but if undetected it feeds into the Balancing Factor, which is per se an inaccuracy. If there is no data to the contrary then there will be a certain level of

inaccuracy but this would be very minimal and less than would be the case if dealt with differently. MB suggested that the constituent elements of the Balancing Factor should be isolated and smeared across relevant sectors of the market. AG observed that having more detailed information to make the split, over and above what is already there, would give a greater ability to deal with the Balancing Factor differently and according to its constituent parts. Any such data would be most welcome.

FC explained how the Transporters closely reviewed the DM sites and how any instances might be identified through various means. AG believed the methodology to correctly deal with those identified and would welcome further evidence.

MB requested that the AUGE include within its methodology the reasoning behind its assumptions as to why it is nil.

GE suggested that an indication of the AUGE's view on the materiality of errors would also be useful and welcomed.

- *Response (6) Meters Passing Unregistered Gas"/Meter Errors* – AG summarised the response. SC sought clarification on what was included. The next draft of the AUGS was all about methodology and can include the potential to treat as zero. Data can be included or not depending on its magnitude.
- *Response (7) Additional Common Cause Variation* – AG summarised the response.

#### *Industry Activity and initiatives relating to Gas and Electricity Theft Detection Rates*

TP thanked British Gas for the clarification.

#### **Next Steps**

TP summarised the next steps. The AUGS will be updated; more data and analysis is expected and this will feed into the AUGS.

The next proposed AUGs will be produced on 01 August 2014 and comments should be submitted by 13 August 2014.

Votes will be taken at the UNCC meeting on 21 August 2014.

TP confirmed that views on materiality would be included in the next version of the AUGS.

#### **121.5 Any Other Business**

None raised.

#### **121.6 Next Meeting**

Thursday 17 July 2014, at the ENA, London.

**Action Table – UNCC**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
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