Allocation of Unidentified Gas – Information Meeting

Wednesday 10 December 2014
At 10:30 am, by teleconference
Record of discussions, Version 2, 9/01/2015

1. Attendees

Xoserve	**Fiona Cottam (FC)** **Neil Cole (NC)**
DNV GL (Allocation of Unidentified Gas Expert)	**Andy Gordon (AG)** **Tony Perchard (TP)**
British Gas	**Mike Bagnall (MB)** **Graham Wood (GW)**
Dong Energy	**Lorna Lewin (LL)**
E.On	**Colette Baldwin (CB)** **Fabien LaRoche (FL)**
Phidex	**Richard Carnall (RC)** **Rob Wallis (RW)**
Gazprom Energy	**Steve Mulinganie (SM)**
ICoSS	**Gareth Evans (GE)**
Npower	**Ed Hunter (EH)**
Scottish Power	**Marie Clark (MC)**
Scottish & Southern Energy	**Mark Jones (MJ)**

2. Background and Purpose of meeting

FC summarised that the purpose of the meeting was to provide more information on the current Draft AUG Table for 2015/16. This was not a UNCC meeting and no voting would be required. The final Table was due for publication towards the end of January 2015.

3. AUGE response to questions submitted

3.1. Daily Read Sites

3.1.1. Individual meter points

AG provided more information on the DM Energy in the Draft Table. Subsequent investigations showed that 2 of the 3 potential DM sites would not contribute to DM Unidentified Gas and therefore due to materiality it was unlikely that there would be DM Energy in the Final Table (although that could not be stated definitively at this stage).

SM asked when the cut-off date was for further information to be used in the Final Table. AG replied that data would have to arrive within the next week or so for it to be included in the final figures.

MB questioned whether the methodology (i.e. the 2015/16 Statement) allowed for the investigation of meter points which might lead to changes to the values. AG responded that the methodology included the possibility of gathering additional information about meter points, e.g. post-confirmation AQs. Only large sites would be investigated due to the large number of sites involved.

ACTION: AG to provide further information on the 3 possible DM meter points (without disclosing any Shipper or consumer information). Completed – see post-meeting note below:

Post-meeting note – further information on the three meter points

23244652
There have been several failed attempts to confirm this meter point with an AQ just above the SSP threshold. However there are also indications that this may be a duplicate meter point, which may explain why it is still unconfirmed.

23252637
This has now been identified as a duplicate MPR and will not progress to confirmation. The original MPR of which this is a duplicate has an AQ well below the DMM threshold.

23345620
This MPR will go live under a DM confirmation with effect from 19/12/2014.
Additional information as requested: no information is available as to the party which requested the meter point creation. However, the meter installation record has been back-dated to the effective date and as such, the site will fall into a back-billing scenario, which means that there will be no permanent Unidentified Gas arising from the late confirmation.

3.1.2. Calculation of DM Energy

AG clarified why the amount of DM Energy in the Draft Table was less than a year's DM consumption. This was because historically only 9% of sites have flowed gas prior to confirmation and over 60% were then back-billed. Permanent UG typically only occurs for short periods. The low energy quantity reflects the low probability of UG occurring.

MB asked whether DNV would calculate permanent UG for the confirmed site. AG replied that any permanent UG would become part of a future training period, as the current training period only goes up to March 2012.

3.2. General Increase in Unidentified Gas

AG identified a number of causes of the net increase in UG: inclusion of 2012 data for the first time; updated read data for previous years; better calculation methodology. With each added year of historic data the estimates improve. The 2014 data refresh has included Shipper corrections to historic data.

RC highlighted that in August Phidex had identified £3m of potential errors on two sample LDZs in the data, and those errors were still in the latest data. The errors have been identified where DNV have removed consumption calculations due to automated tests, which Phidex believe are valid. The documents were previously published against the August 2014 UNCC meeting (http://www.gasgovernance.co.uk/uncc/210814).

TP clarified that due to the number of reads processed, automated tests are required, which might sometimes remove valid data, due to the need to set tolerance limits.

There was considerable discussion about whether Phidex's findings had been addressed, whether any correction was allowed under the methodology and a request for clarification of what actions had been taken.

TP confirmed that the calculation process was updated where possible, but that it was not feasible to review individual calculations and make corrections, hence the need for automated rules.

Post-meeting note
DNV GL previously published an "ICoSS Consultation Response" under the 02 September 2014 UNCC meeting (http://www.gasgovernance.co.uk/uncc/020914). Xoserve can confirm that the data provided to DNV GL in May 2014 was the latest meter reads and consumptions as at 31 March 2014 from its Sites & Meters database, which is also used to produce the .RCS Reconciliation Invoice supporting information file. However, there will be timing differences between that data and earlier or later .RCS files. Xoserve investigated a sample of meter points and identified that Phidex had compared reconciliation period consumption to DNV's Financial Year consumption figures, giving rise to a perceived discrepancy.

On consideration, DNV GL accepts, however, that the principle of rising demand at certain sites resulting in the calculated AQ no longer being relevant is still valid. They have therefore agreed to investigate this issue, with all sites that have failed the automated "5 x AQ" test and have a calculated consumption above a certain threshold (to be defined) investigated manually. The AQ of these sites will be corrected if the calculated consumption is found to be valid. This is a data issue and can hence be included in the calculation of the final figures without need to change the methodology. It should be noted, however, that due to the timeframe mismatch referenced above and the improved quality of the 2014 data over the 2013 data used by Phidex for their analysis, any effect of this data checking is likely to fall considerably below the suggested figure of £3m.

Further clarification from DNV GL
DNV GL considers this a data issue in that the AQ data and meter read data are inconsistent as a result of the AQ used to carry out the validation being out of date

The MPRs being investigated will have successfully passed all of the data checks within the methodology and generated a valid consumption value, but failed the AQ validation check. This AQ validation check is the final step of the consumption calculation process. If the comparison shows that the consumption is >5*AQ then the AQ is used in place of the consumption. In cases where the AQ is out of date, this check causes a perfectly valid consumption to be replaced by an out of date AQ. Only these MPRs are checked manually, and then only if they are above a consumption threshold. Ideally all MPRs would be checked but this would be impractical due to the time this would take. The threshold will be chosen to ensure that the largest potential errors are identified. The threshold is merely a level above which manual investigations are carried out.

The manual investigation involves checking the meter reads and consumption values to confirm that these are consistent and credible. The calculated consumption is only used where the AUGE believes that it is correct and that the issue is with the AQ i.e. it is not representative. The AQ will not be corrected as it is not 'wrong', just not relevant to the period of the consumption being recorded. This is because the AQ is out of date

3.2.1. Low UG Values in some LDZs

AG pointed out that in the Smaller Supply Point (SSP) market, meter readings are less frequent, making the phasing of energy between individual years more difficult, as SSP is the dominant sector in terms of size. Hence the use of a longer training period, which is now 4 years. 2011 was not excluded from the overall calculation, even though it yielded lower UG rates. This is because it was a key part of the training period, and the four years are treated as a single period for calculation purposes, as the year-on-year variations are likely to be due to phasing issues. The breakdown by year is for information only and not part of the calculation.

AG suggested that in future the breakdown by year was not shown to avoid confusion, but several parties felt that it was still useful.

3.2.2. Calculation Success Rates

TP confirmed that there was no linkage between the success rate of individual consumptions calculations and the overall level of UG. It only contributed to the confidence levels around the UG estimates, as it impacted the level of uncertainty.

4.   Any Other Business

None raised.

5. Summary and Next Steps

Participants confirmed that the call had been useful and had provided additional clarity. FC summarised that no voting was required, as the call was for information purposes. The final Table was due for publication towards the end of January 2015, and UNCC members could expect to be voting on its acceptance at the February UNCC meeting.

FC confirmed that Xoserve would briefly summarise the discussions and publish meeting notes on the meeting page of JO website.