

**Unidentified Gas (UIG) Taskforce Workshop Minutes**  
**Monday 28 January 2019**  
**at Crowne Plaza, 61 Homer Road, Solihull, B91 3QD**

**Attendees**

Chris Shanley (Chair)	(CS)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Kully Jones	(KJ)	Joint Office
Alex Stuart	(AS)	Xoserve
Alexander Mann	(AM)	Gazprom Energy
Anne Jackson	(AJ)	Gemserv Limited
Carl Whitehouse	(CWh)	First Utility
Chris Warner	(CWa)	Cadent
Clive Whitehand	(CW)	DNV GL
Emma Smith	(ESm)	Xoserve
Fiona Cottam	(FC)	Xoserve
Graham Wood	(GW)	Centrica
James Hallam-Jones	(JHJ)	Xoserve
Jane Goodes	(JG)	Xoserve
Jon Dixon	(JD)	Ofgem
Leanne Jackson	(LJ)	Xoserve
Linda Whitcroft	(LW)	Xoserve
Lorna Lewin*	(LL)	Orsted
Louise Hellyer	(LH)	Total Gas & Power
Mark Bellman	(MB)	ScottishPower
Mark Jones	(MJ)	SSE
Mark Palmer*	(MPa)	Orsted
Mark Perry	(MPe)	Xoserve
Megan Coventry*	(MC)	SSE
Niall McPherson	(NP)	First Utility
Penny Garner	(PG)	Joint Office
Rhys Kealley*	(RK)	British Gas
Richard Loukes	(RL)	National Grid NTS
Robert Cameron-Higgs	(RCH)	Flow Energy
Robert Johnston	(RJ)	Smartest Energy
Sallyann Blackett	(SBI)	E.ON
Shaneeni Vekaria	(SV)	Utility Warehouse
Shelley Rouse	(SR)	Gemserv Limited
Steve Britton*	(SB)	Cornwall Energy
Steve McKnight	(SMK)	Engie
Sweta Caperman*	(SC)	Centrica
Tony Perchard	(TP)	DNV GL
Tristan Mobbs	(TM)	Tonik Energy

\* *via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/UIG/280119>

**\*These minutes should be read in conjunction with the UIG Task Force Recommendations Tracker as the minutes are a high-level summary only.**

## 1.0 Introduction and Background

Alex Stuart (AS) introduced the structure of the day and explained the background, the activities completed since the BER approval, and provided a recap of the Task Force activities to date and the objectives of the day, as detailed below:

- Summarise the Task Force findings to date – and associated options
- Explain options for resolution
- Gain Industry views on suggested options and Xoserve recommendations
- Aim to reach **consensus/majority** view on next steps for each of the findings with recommendations
- Identify Industry sponsors to pursue recommendations

## 2.0 UIG Task Force Findings and Recommendations – UIG Contributors

Fiona Cottam (FC) overviewed the proposed structure of the day, and provided a high-level synopsis of the findings, recommendations and approach. She explained that the UIG Task Force had investigated the numerous issues and developed various options for their resolution and these are highlighted in the table below. She also provided a brief explanation of the UIG percentage impact assessment in relation to each issue.

Chris Shanley (CS) explained that all the voting decisions would be captured live in the UIG Task Force Recommendations Tracker that would be completed during the meeting by the Joint Office team. The voting preferences against each option would be measured from a high, medium and low perspective. He added that the voting process was merely to help identify preferences in order for Xoserve to understand which options to progress.

The Task Force Recommendations Tracker can be viewed:

<http://www.gasgovernance.co.uk/UIG/280119>

FC then explained how the voting process would work and each issue was then presented by a member of the Xoserve Team, who provided the background and options, including some that had been highlighted by Xoserve with a star symbol, as their recommendation.

The votes were then cast via a show of hands in relation to each one of the key issues (shown below). Any salient comments or points in relation to each specific issue have also been recorded.

Voting preferences and supporting comments were captured in the UIG Task Force Recommendations Tracker, which has been published alongside these minutes.

Issue Ref	Description	Priority Rating	Presenter	First Slide in presentation pack
3.2.1	Non Daily Metered (NDM) Sites in End User Category 09 (AQ >58.6m kWh)	MEDIUM	Fiona Cottam (FC)	14
3.2.2	NDM Sample sites with actual usage very different to UK Link AQ	MEDIUM	James Hallam-Jones (JHJ)	18
1	Use of Estimates for DM Sites (Actuals not loading)	HIGH	Fiona Cottam (FC)	23
12.1	Use of standard volume-to-energy conversion factor (AQ>732,000)	LOW	Fiona Cottam (FC)	27

	(also referred to as "Correction Factor")			
12.3	Use of non-standard volume-to-energy conversion factor (AQ<732,000)	LOW	Fiona Cottam (FC)	27
12.2	Appropriateness of standard volume-to-energy conversion factor of 1.02664	MEDIUM	Fiona Cottam (FC)	33
3.2.8	NDM Sample sites registering consumption, with UK Link AQ=1	MEDIUM	James Hallam-Jones (JHJ)	38
3.1	AQ calculation errors due to rejection of uncorrected meter reads	MEDIUM	Fiona Cottam (FC)	43
2	Low Take-up of WAR Band End User Categories for sites based on Winter Annual Ratio (AQ>293,000 kWh)	MEDIUM	James Hallam-Jones (JHJ)	47
13.2.2	Accuracy of NDM Algorithm – Use of weather data/weather sensitivity	HIGH	James Hallam-Jones (JHJ)	50
13.2.5	Use of additional weather in the NDM Estimation Algorithm	HIGH	James Hallam-Jones (JHJ)	53

The following opinions and comments were made in relation to the key issues:

### 3.2.1 Non Daily Metered (NDM) Sites in End User Category 09 (AQ >58.6m kWh)

In relation to this issue, Robert Johnston (RJ) enquired if these sites were actually offtaking gas and not moth balled sites. FC confirmed that these were gas consuming sites, which had a live Shipper confirmation and that some supply points had either been moved or had been refreshed since the investigation had started.

A general discussion took place on the process of sites becoming Class 1 and that it would be better if they were moved to class 2 until this process was complete but currently this was not allowed. It was agreed that an extra option should be added to the UIG Task Force Recommendations Tracker: **11. Ability for large sites to be in Class 2 for the period before they are able to become Class 1**

### 3.2.2 NDM Sample sites with actual usage very different to UK Link AQ

A general brief discussion took place in relation to this issue surrounding the AQs for these sites and that they should all be in Class 1. In relation to Option 6, Sallyann Blackett (SBI) enquired whether Xoserve could access and use the portfolio data that was provided for *Modification 0431 – Shipper/Transporter - Meter Point Portfolio Reconciliation*, by Xoserve writing out to the Shippers to gain permission to access this data.

Graham Wood (GW) asked if Xoserve had already done an engagement exercise in relation to this topic and he wondered what the general consensus was. FC said that Xoserve had not yet undertaken an engagement process, as they had been focusing on analysing the other issues. Louise Hellyer (LH) asked if this was in relation to just one Shipper on the reporting process and James Hallam-Jones (JHJ) explained that this was spread across multiple Shippers. SBI said in that case, it would be advisable for the sites to be placed into Class 2, as an initial starting point. Emma Smith (ESm) said that from a validation perspective that they could only be moved into Class 2 and a discussion took place concerning an interim solution of registering as Class 2 and FC said that *Modification 0647- Opening Class 1 reads to Competition*, might change the overall landscape.

Jon Dixon (JD) then said that if *Modification 0651 - Replacement of the Retrospective Data Update provisions* was approved, then this could be utilised from a data perspective and a new option 7b was added to the UIG Task Force Recommendations Tracker: **7b. Use UNC Modification 0651 - Changes to the Retrospective Data Update provisions reports if mod approved.**

SBI proposed that the Performance Assurance Committee (PAC) could investigate directly with Shippers the reasons for the read rejections and explanations could be sought from these specific Shippers. A new option was then added, **10. PAC investigation of read rejections reports**

#### 1 Use of Estimates for DM Sites (Actuals not loading)

Rhys Kealley (RK) wanted to know if the AUGER were aware of this issue and FC confirmed they were and were fully represented in the meeting. RJ said that this was a PAC issue and SBI said that it was also a Code obligations issue and that if *Modification 0647 – Opening Class 1 Reads to Competition*, was approved, then there was a likelihood the Class 1 read performance would decrease still further.

Mark Bellman (MB) explained that he was a PAC Member and that this was being addressed and that work was being undertaken in relation to the reports. He added that *Modification 0674 - Performance Assurance Techniques and Controls*, would give more influence for the Performance Assurance Committee (PAC) and that PAC would then have more gravitas to enforce initiatives in relation to performance.

SBI said that consumption adjustments could still be needed to correct the UIG position. FC said that *Modification 0664 - Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4*, would address performance, but might reduce the Class 2 population. RJ also said that the incorrect data sent by the MAM's was causing problems and that Shipper engagement was needed to help resolve this issue.

#### 12.1 Use of standard volume-to-energy conversion factor (AQ>732,000) (also referred to as "Correction Factor") and 12.3 Use of non-standard volume-to-energy conversion factor (AQ<732,000)

RJ said that an Engagement Strategy with the Shippers was required to resolve this area, based on the materiality of the UIG. AS said that this matter was being addressed within Xoserve, via enhanced Shipper Reporting Packs, which were going to be produced to ensure the advocates were fully briefed and had the required information when interacting with the Shippers. Linda Whitcroft (LW) confirmed that a Change Proposal had already been raised regarding this matter, in order to rationalise the reporting packs. SBI confirmed that Kirsty Dudley (KD) had raised the Change Proposal on behalf of E.ON. RJ then said that as UIG was material that Shippers should be given clear guidance of the problems they are causing and priorities for resolution.

SBI confirmed that E.ON would sponsor and raise the required modification to encompass Options 9a, 10, and 11. SBI said she would arrange for KD to discuss with Xoserve to agree next steps.

#### 12.2 Appropriateness of standard volume-to-energy conversion factor of 1.02664

SBI said that in relation to Option 2 (use actual LDZ temperatures to convert consumptions used to develop the NDM Profiles), that a LDZ level of adjustment may work best as reconciliation would still be a problem. MB said once the reconciliation occurred then that would create a difference between the allocation, customer billing and the final settlement billing.

With regards to Option 3 (amend Thermal Energy Regulations), Jon Dixon (JD) highlighted that the Ofgem review concluded that the cost of changing systems was the main blocker and that their study could be revisited if there was new information available.

In relation to Option 7, MB said that this could be undertaken with SMART metering and SBI said that would then require amendments to be made to the Thermal Energy Regulations if that did happen.

Regarding Option 9, LH asked how the volume would be shared out fairly and FC said that the Transporters would have to bill a new category of energy and then share this with the Industry like Shrinkage. TP said that this only applied to sites without volume conversion devices.

A general discussion took place regarding the overall temperature of gas within the meter and those that are exposed to air temperature, depending on where the meter itself was located at a property and the impact of seasonal weather temperatures on the gas itself. TP said the sensible range of 12.2 degrees was applied. A new option was also put forward: **10. LDZ level adjustment of input gas.**

No major support was provided for any of the current options. Also see discussion under Section 5 Next Steps.

### **3.2.8 NDM Sample sites registering consumption, with UK Link AQ=1**

Regarding Option 6, Jon Dixon (JD) said that the view of Ofgem was that any new modifications would need to consider Ofgem's views in relation to the previous *Modification 0282 0282A - Introduction of a process to manage Vacant sites*. He said he was aware that this modification regarding vacant sites had been rejected in the past, however he said that any new proposal would be investigated and viewed on its own merits.

Emma Smith (ESm) said that that the validation process needed to be tightened up in relation to the change of business and the AQ correction and a new option 11 was then put forward. **11. Increased validation (ES) - tighten up validation around an AQ correction.**

### **3.1 AQ calculation errors due to rejection of uncorrected meter reads**

James Hallam-Jones (JHJ) provided a brief overview of the AQ calculation errors issue and no major comments were made.

## **2 Low Take-up of WAR Band End User Categories for sites based on Winter Annual Ratio (AQ>293,000 kWh)**

FC explained that *Modification 0652 - Introduction of winter read/consumption reports and associated obligations*, was already in process and being developed with the Workgroup in order to allow more detailed reports to be produced.

Carl Whitehouse (CWh) proposed that with regards to all the options in this section 2, that there should be an escalation process where PAC were able to escalate any poor performers to Ofgem and FC agreed with this suggestion and a new option was proposed.

### **7.Notify/escalate to Ofgem/PAC**

### 13.2.2 Accuracy of NDM Algorithm – Use of weather data/weather sensitivity

RJ said that in relation to the Effective Temperature Weighting area, that this should be business as usual (BAU) and should be covered with the Demand Estimation Sub-Committee (DESC) and SBI said that this had been addressed previously via a modification last year to change the demand estimation process and Mark Perry (MPe) confirmed that this was BAU as part of DESC work but that it could not be implemented until October 2020, due to normal lead times for the review of seasonal normal.

### 13.2.5 Use of additional weather in the NDM Estimation Algorithm

JHJ presented the options and both SBI and MPe said that the Demand Estimation Sub-Committee (DESC) recognised the need to review the weather data used in the CWV formula and that this was being investigated.

## **3.0 UIG Taskforce Findings only – none or minimal UIG Contributors**

Leanne Jackson (LJ) presented the UIG Taskforce findings as detailed below that had none of minimal UIG contribution:

Log #	Description
9	DM Nomination Accuracy
13.1.1	Accuracy of NDM Algorithm – Uplift factors
13.1.2	Accuracy of NDM Algorithm – Weekend v's Weekday correlation
13.1.3	Accuracy of NDM Algorithm – Holiday Factors
13.1.4	Influence of geographical factors on Demand Estimation
13.3.1	Accuracy of NDM Algorithm – NDM Sample Data – Representation across EUCs
13.3.2	Accuracy of NDM Algorithm – NDM Sample Data – NDM Sample population
18	Meter points in isolated status which are registering consumption
6	Unregistered/Shipperless
3.2.6	Inaccurate/out of date AQs – different rates of AQ change to inform discussion on meter read frequency

## **4.0 Update on UIG Taskforce further investigations and analysis**

LJ provided an overview of the other areas that were presently on the UIG Task Force list and said that out of the 17 Lines, it would be helpful for the Industry to provide some feedback as to which were relevant or still required in a priority order. She added that some guidance may be needed as to which of these still had a materiality impact.

## **5.0 Next Steps**

AS explained that the Task Force possible next steps, as summarised below, needed to be reviewed and prioritised:



### Continue UIG analysis

- Commence analysis of outstanding 17 lines of possible UIG investigation in line with second target as quoted within MOD0658 *"reporting on absolute levels and propose measures which aim to reduce variation of Unidentified Gas to plus/minus 0.5% of absolute levels by 31 October 2019"*

### Support customers to progress recommendations

- Provide dedicated support, within an agreed window of opportunity, to all customers who have expressed a desire to sponsor the progression of any recommendations suggested by the Xoserve UIG Task Force (e.g. support customers in reviewing the drafts of MODs/CPs prior to formal submission etc.)

### Complete delivery of CPs/CRs

- Complete the delivery into Xoserve's production estate of all three Change Proposals/Change Request currently being worked on by UIG Task Force resources

### Additional focus

- Assess new requests for analysis from Industry parties

AS and LJ both said that from an order of priority that the Engagement Strategy and the 17 Lines of investigation remaining on the overall tracker, were the major focus for the UIG Task Force Team.

FC also said that read performance and WAR Bands still needed to be monitored and addressed.

SBI proposed that theft of gas should also be included to determine from any analysis what the true level of theft of gas was from a percentage perspective.

LJ said she would like to raise an action for the Industry as whole to define the priority order of the existing 17 Lines remaining on the UIG Task Force Tracker and that these would also be discussed within both the DSC Change Management and Contract Management Committees.

To aid this, Xoserve agreed to publish material for the next UIG Workgroup meeting highlighting any Xoserve proposals for next phase of analysis .

**New Action 0101:** All UIG Workgroup participants to let LJ [Leanne.Jackson@xoserve.com](mailto:Leanne.Jackson@xoserve.com) know their view on the priority order of the remaining 17 lines of investigation on the UIG Task Force Tracker in readiness for the UIG meeting to be held on 26 February 2019.

Following on from the earlier discussion under issue 12.2, MB said the correction factors issue needed to be resolved and new evidence may give a reason for new and more detailed investigations to take place. JD said he agreed this was an issue and needed addressing as these were presently different by LDZ and he said there was a need for a new model to recognise the correction factors issue. FC said that this could be further discussed within the UIG Workgroup.

Clive Whitehand (CW) wanted to know what basis there was to change the national correction factor, and what value it should be changed to.

A lengthy general discussion then took place regarding the value and the fact it could not be zero and how much it was for previous years. FC suggested that this should also be re-discussed within the UIG Workgroup. CS suggested as this area was complex that a separate new review group could be arranged to deal with the area as stand-alone matter.

Anne Jackson (AJ) suggested that the original model could be re-run again using current data to see what outcome that produced, as a way of qualifying the data.

CS said that the UIG Task Force Tracker could be used as a Stage Gate document to be reviewed and updated at future UIG Workgroup meetings as a standard agenda item. He proposed that the 17 Lines should also be further discussed in the main UIG meeting on 26 February 2019.

## 6.0 Any Other Business

None.

## 7.0 Diary Planning

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

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:30 26 February 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	<p>Detail planned agenda items.</p> <ul style="list-style-type: none"> <li>• UIG Task Force Tracker – review and update</li> <li>• UIG Task Force – views on way forward on remaining lines for investigation</li> <li>• Review of outstanding actions</li> </ul>

**Action Table (as at 28 January 2019)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0101	28/01/19		All UIG Workgroup participants to let LJ <a href="mailto:Leanne.Jackson@xoserve.com">Leanne.Jackson@xoserve.com</a> know their view on the priority order of the remaining 17 lines of investigation on the UIG Task Force Tracker in readiness for the UIG meeting to be held on 26 February 2019.	Xoserve (LJ)	Pending