

**UNC Workgroup 0781R Minutes  
Review of the Unidentified Gas process  
Thursday 24 March 2022  
via Microsoft Teams**

<b>Attendees</b>		
Rebecca Hailes (Chair)	(RHa)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Clare Manning	(CM)	E.ON Energy
Dan Fittock	(DF)	Corona Energy
David Mitchell	(DM)	SGN
Elisa Trout	(ET)	NGN
Fiona Cottam	(FC)	Correla on behalf of Xoserve
Gareth Evans	(GE)	Waters Wye Associates
Guv Dosanjh	(GD)	Cadent
Hursley Moss	(HM)	Cornwall Insight
Jaimee LeResche	(JLR)	Xoserve
James Doyle	(JD)	Foxglove Energy Supplies
Louise Hellyer	(LH)	Totalenergies Gas & Power
Mark Jones	(MJ)	SSE
Priya Punj	(PP)	Cadent
Richard Pomroy	(RP)	WWU
Robert Johnstone	(RJ)	Utilita
Rhys Kealley	(RK)	British Gas
Steve Easterbrook	(SE)	Cadent
Tom Stuart	(TSt)	WWU
Tracey Saunders	(TSa)	Northern Gas Networks

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0781/240322>

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 July 2022.

## 1.0 Introduction and Status Review

### 1.1. Approval of Minutes (27 February 2022)

The minutes from the previous meeting were approved.

### 1.2. Approval of Late Papers

RHa confirmed there was one paper for the Workgroup to consider.

### 1.3. Review of Outstanding Actions

**0102:** Proposer (DF) and GE to re-evaluate the Options Definition Table using a 1-5 methodology.

**Update:** See item 2.1. **Closed.**

## 2.0 Initial Analysis

### 2.1. Option Definition Table

Gareth Evans (GE) provided an overview of the options and presented an assessment using a 1-5 colour coding:

LOW
LOW/MEDIUM
MEDIUM
MEDIUM/HIGH
HIGH

He asked the Workgroup for views on the assessment and whether the options needed to be weighted/ranked against the Workgroups view on the most important factors (columns).

	Options to consider within 0781R	Polluter pays (dynamic)	Feasibility	Drives improvement	Year on year stability	Easy to explain	Robust	Not likely to be continually challenged
-	Current situation	HIGH/MED	HIGH	MEDIUM	LOW/MEDIUM	MEDIUM	MEDIUM	LOW
1	Uniform Allocation model based on volume ("vanilla smear")	LOW	HIGH	LOW/MEDIUM	HIGH	HIGH	HIGH	HIGH
2	Static Model	LOW	HIGH/MED	LOW	HIGH	HIGH	HIGH/MED	LOW
3	Static Model (with regular audit)	LOW	HIGH	LOW/MEDIUM	HIGH	HIGH	HIGH/MED	LOW/MEDIUM
4	Utilise existing industry datasets	MEDIUM	HIGH	HIGH	HIGH	HIGH	MEDIUM	HIGH
5	Utilise existing industry datasets (AUGE topup)	HIGH/MED	HIGH	MEDIUM	MEDIUM	HIGH	LOW/MEDIUM	LOW/MEDIUM
6	Balancer of last resort	LOW	LOW	LOW	HIGH	HIGH	HIGH	HIGH/MED
7	Smoother transition of scaling factor changes	LOW	MEDIUM	LOW/MEDIUM	MEDIUM	MEDIUM	MEDIUM	LOW
8	UIG Framework responsibility of sub-committee	MEDIUM	HIGH	HIGH/MED	MEDIUM	LOW	MEDIUM	HIGH
9	Lengthen the duration of the AUGE term	HIGH/MED	HIGH	MEDIUM	MEDIUM	LOW	MEDIUM	LOW
10	Apply some method of smoothing/mitigation when transitioning from one AUGE regime to the next.	MEDIUM	MEDIUM	LOW	MEDIUM	LOW	MEDIUM	LOW
	Improve allocation process (several)							
	Increase NDM sample size							
	use shrinkage (not in ToR)							

The Workgroup considered the variations and benefits of each option, and what elements should be focussed on.

It was challenged if the model should focus on polluter pays, year on year stability, robustness, or a combination of the most important elements. GE suggested that the polluter pays should not be the main or single focus.

On the initial assessment, the Workgroup considered discounting Option 7, that Option 2 had good year on year stability but may not drive improvement. In contrast Options 4 and 5 looked like good options.

Fiona Cottam (FC) explained the purpose of the AUGÉ was to provide an independent expert who would determine which sectors contribute most to Unidentified Gas (UIG) and the charges targeted (polluter pays).

The main downfall noted for the static model was this would require UNC Modifications to change.

The Workgroup considered how best to rank the options and which were the most important factors (columns). It was agreed to take this review offline to allow individuals to consider the assessment in more detail.

Louise Hellyer (LH) suggested consideration is given how the service aids competition, as the current method is complicated, with many factors, and huge estimations. LH expressed a preference of having an industry standard that was clear cut for the customer so no matter who they go to, the cost of UIG would be the same.

The Workgroup considered how a UIG premium is built into contracts based on estimates, the difficulties and importance of making sure it is correct and as reflective as possible.

It was agreed to allow the Workgroup more time to consider the assessment for further discussion next month with a view to parties providing their view of the top 3 options.

**New Action 0301:** Workgroup to consider the presented option assessment and share view of the top 3 options at next meeting.

### 3.0 Next Steps

Further consideration of the presented options assessment.

### 4.0 Any Other Business

None.

### 5.0 Diary Planning

Further details of planned meetings are available at: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

Time / Date	Paper Publication Deadline	Venue	Programme
Thursday 10:00 28 April 2022	5pm 19 April 2022	Microsoft Teams	Standard Agenda
Thursday 10:00 26 May 2022	5pm 17 May 2022	Microsoft Teams	Standard Agenda

**Action Table (as at 24 March 2022)**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
<b>0102</b>	<b>24/02/22</b>		Proposer (DF) and GE to re-evaluate the Options Definition Table using a 1-5 methodology.	Proposer (DF) and GE	<b>Closed</b>
<b>0301</b>	<b>24/03/22</b>	<b>2.1</b>	Workgroup to consider the presented option assessment and share view of the top 3 options at next meeting.	All	<b>Pending</b>