

# Draft AUG Statement for the Gas Year 2023 - 2024



29<sup>th</sup> December 2022

## Consultation on the Draft Weighting Factors

Dear Industry Colleagues

The draft Allocation of Unidentified Gas (AUG) Statement for the Gas Year 1<sup>st</sup> October 2023 to 30<sup>th</sup> September 2024 has been published on the [Joint Office Website](#). Its purpose is to provide the draft Weighting Factors in the AUG Table for the target Gas Year and to set out in detail how we determined these, so that they can be consulted upon.

We are now seeking industry's views on the draft AUG Statement. We have set out consultation questions below.

Please provide your response to Xoserve via email by **Sunday 22<sup>nd</sup> January 2023** at [analytical.services@xoserve.com](mailto:analytical.services@xoserve.com) and copy us at [auge@engage-consulting.co.uk](mailto:auge@engage-consulting.co.uk). Where possible, please structure your response in line with our questions to help us to consider and respond to your answers.

All responses to the consultation will be published on the Joint Office website. If you wish any part of your response to remain confidential, please state this clearly in your response. You may consider only parts of your response to be confidential, in which case please mark accordingly those sections that you consider confidential. If possible, please place any confidential material in separate appendices to the main response document.

We will present the Draft AUG Statement at the AUG Sub-Committee meeting on Friday 13<sup>th</sup> January. This is an opportunity for stakeholders to ask questions prior to the deadline for consultation responses. Details of this meeting can be found [here](#).

Following this consultation, we will publish the final AUG Statement, containing the final Weighting Factors, for approval by the UNC Committee. The final Weighting Factors will then be used in Settlement for the Gas Year commencing on 1<sup>st</sup> October 2023.

With thanks

Engage Consulting

[Allocation of Unidentified Gas Expert](#)

## CONSULTATION QUESTIONS

1 Our overarching methodology is detailed within Section 4 (“Overarching Methodology”) of the draft AUG Statement. This methodology is based on the following principles:

- ▶ **Bottom-up Determination:** we quantify UIG for each identified contributor and add these together, rather than estimating the overall UIG and apportioning it or using it as a means of differencing;
- ▶ **‘Polluter Pays’:** we interpret “fair and equitable” to mean that UIG should be allocated in the same proportions as it is created. As the UNC does not permit the allocation of UIG at a Supply Point level, the best current attainment of this principle is that each position on the matrix of EUC Band and Class attracts its appropriate proportion; and
- ▶ **Line in the Sand:** we only include in our calculation of Weighting Factors the UIG that will exist at the Code Cut-off Date or as it is commonly referred to, Line in the Sand. This will be the ‘permanent’ UIG present at the final Settlement position, and not UIG that exists temporarily prior to this.

Please highlight any aspect of these principles or our overarching methodology that you disagree with or could be improved upon, providing your rationale and, wherever possible, supporting evidence. Please also make any suggestions for alternative approaches and describe how you think this would improve the Weighting Factors contained in the AUG Table.

2 Our results for all the quantifiable UIG contributors are contained within Section 6 (“UIG Contributors”) of the draft AUG Statement. Most of these contributors to UIG were investigated last year and are repeated this year. The exception to this is the inclusion of a new contributor (200 - Dead Sites) which is an addition this year. Datasets have been refreshed for all contributors. In some cases, minor improvements have been made to methodology or calculations, which we have noted in the draft Statement.

For any of these contributors please highlight any methodology aspects, calculations and results which you disagree with and which you believe will materially affect the Weighting Factors contained within the AUG Table. Where possible, please provide your rationale, suggestions for improvement and supporting evidence:

- 2.1 010 – Theft;
- 2.2 020 - Unregistered Sites;
- 2.3 025 - Shipperless Sites;
- 2.4 040 – Consumption Meter Errors – Inherent Bias;
- 2.5 060 - IGT Shrinkage;
- 2.6 070 - Average Pressure Assumption;
- 2.7 080 - Average Temperature Assumption;
- 2.8 090 – No Read at the Line in the Sand;
- 2.9 100 - Incorrect Correction Factors;
- 2.10 160 – Isolated Sites; and
- 2.11 200 – Dead Sites.

3 Our outputs for this year's investigations into potential new contributors or methodology refinements are contained within Section 5 ("Investigations") of the draft AUG Statement. For each of these potential contributors or methodology refinements, please provide any comments on assumptions, methodology aspects, calculations, and output which you believe would be helpful in progressing these investigations, or thoughts on the conclusions we have been able to draw so far. Where possible, please provide your rationale, suggestions for improvement and supporting evidence:

2.12 140 – Meters with a By-Pass Fitted (2023-2024 Investigation);

2.13 011 – Theft – Quality of Read History; and

2.14 012 – Theft – Smart Meter Rollout.

4 If there is any other relevant matter in relation to this consultation that you would like to raise which you believe materially affects the Weighting Factors contained within the AUG Table, please explain this, and provide your rationale and, wherever possible, supporting evidence.

Should you require clarification on the consultation process, please do not hesitate to contact us at [auge@engage-consulting.co.uk](mailto:auge@engage-consulting.co.uk).