

Gas Transporters

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**Date:** 20 October 2014  
**Our reference:** Interim AUG table for 2015/16 including rates – Differences from 2014/15 final table

Dear Colleague

The 2014 interim AUG table for 2015/16 was issued on 15<sup>th</sup> October. This letter provides further detail on the values published, and in particular explains why the UG volumes have changed from the 2013 final UG volumes for 2014/15. This additional information should help inform relevant parties who can then raise any questions through the query process.

The following table shows a comparison of the published figures.

Unidentified Gas source	2013 Final Aggregate Quantity of Unidentified Gas/GWh	2014 Interim Aggregate Quantity of Unidentified Gas/GWh
iGT CSEPs	288	288
Shipperless/Unregistered	417	246
- Shipper Activity	0	0
- Orphaned	33	16
- Unregistered <12 Months	57	25
- Shipperless PTS	25	11
- Shipperless SSrP	291	187
- Shipperless <12 Months	11	7
Meter Errors	21	21
Balancing Factor (Theft + Other)	3,779	5,505
Total (inc Independents)	4,506	6,060

This shows that the total permanent component of UG has increased by approximately 1.5TWh (34%). The balancing factor has increased by 1.7TWh. The reasons for these increases are described below together with an estimate of the change due to each reason.

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## 1. Increase in Total UG Estimate: 1.2TWh

The first step in the UG calculation is to calculate total UG. This is calculated by correcting the seasonal normally adjusted allocations for meter errors (LDZ, DM and unique sites) and then subtracting the sum of seasonal normal consumption for all meters. This initial estimate of total UG is calculated for each of the historic years used to estimate the balancing factor. For the 2013 UG figures 2009/10, 2010/11 and 2011/12 were used. For 2014, an additional year of data was available (2012/13).

Figure 1 shows how this initial total UG estimate has changed for each year used in the balancing factor estimation. Note that these figures are total UG i.e. they include both temporary and permanent UG.

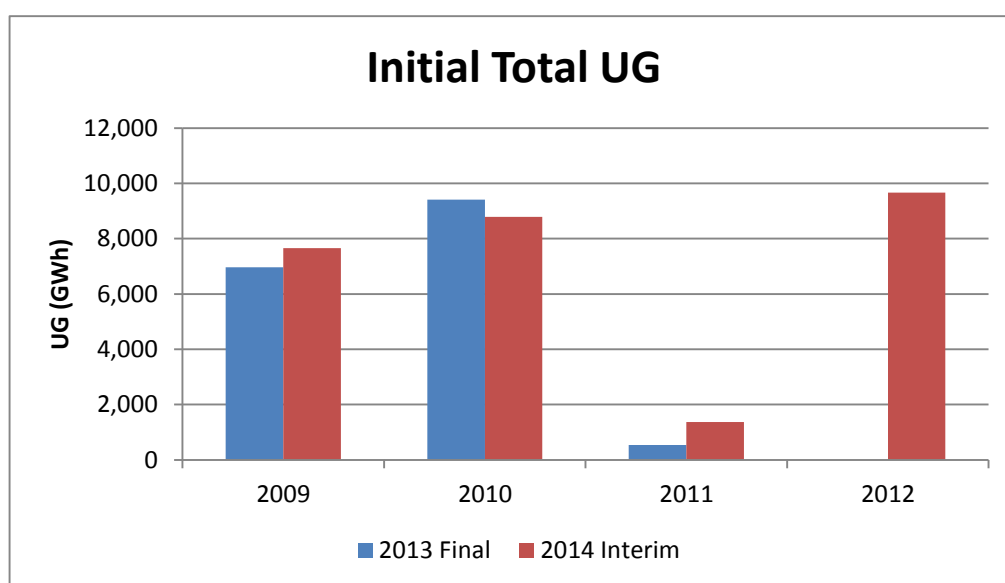


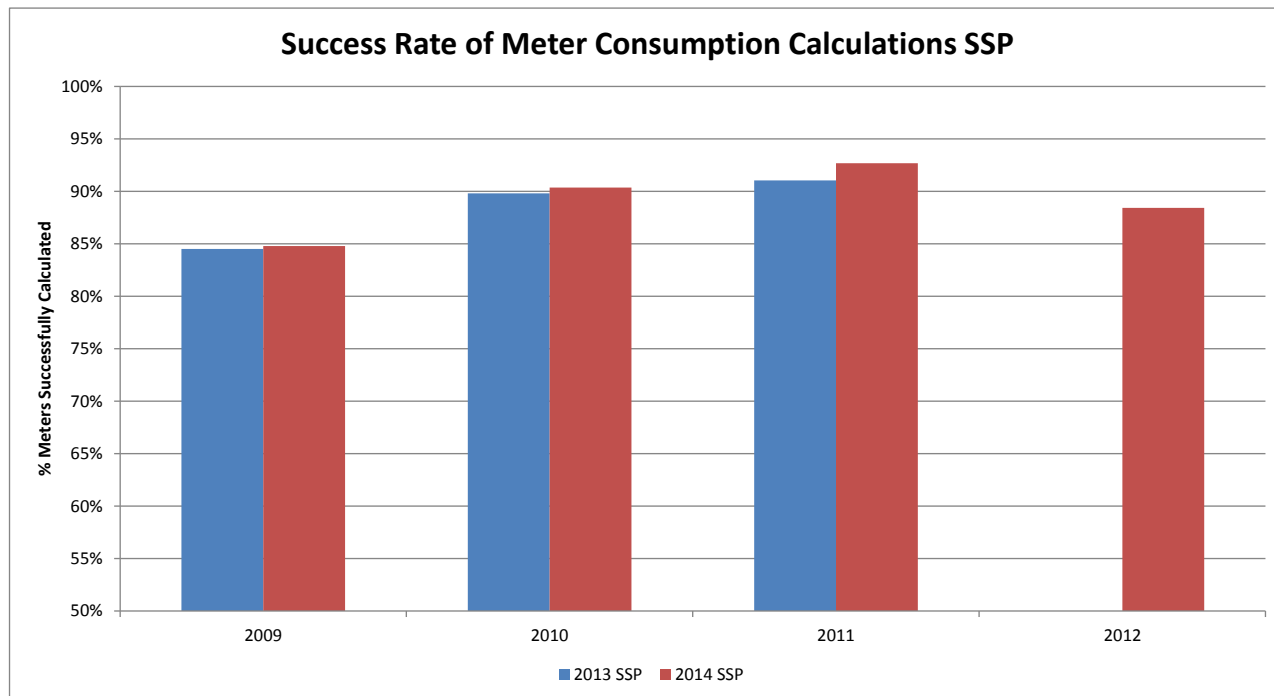
Figure 1 – Initial total UG

These changes are the result of improvements to the consumption calculation methodology and updates to the meter read and asset data that are provided year on year. The only significant update to the consumption methodology has been a change in the way CSEP consumption is estimated, and this accounts for most of the differences observed for 2009-2011. The remainder is due to new meter read and asset data. On average, over the 3 years 2009-2011, the change to the CSEP calculation methodology has added 347GWh/year.

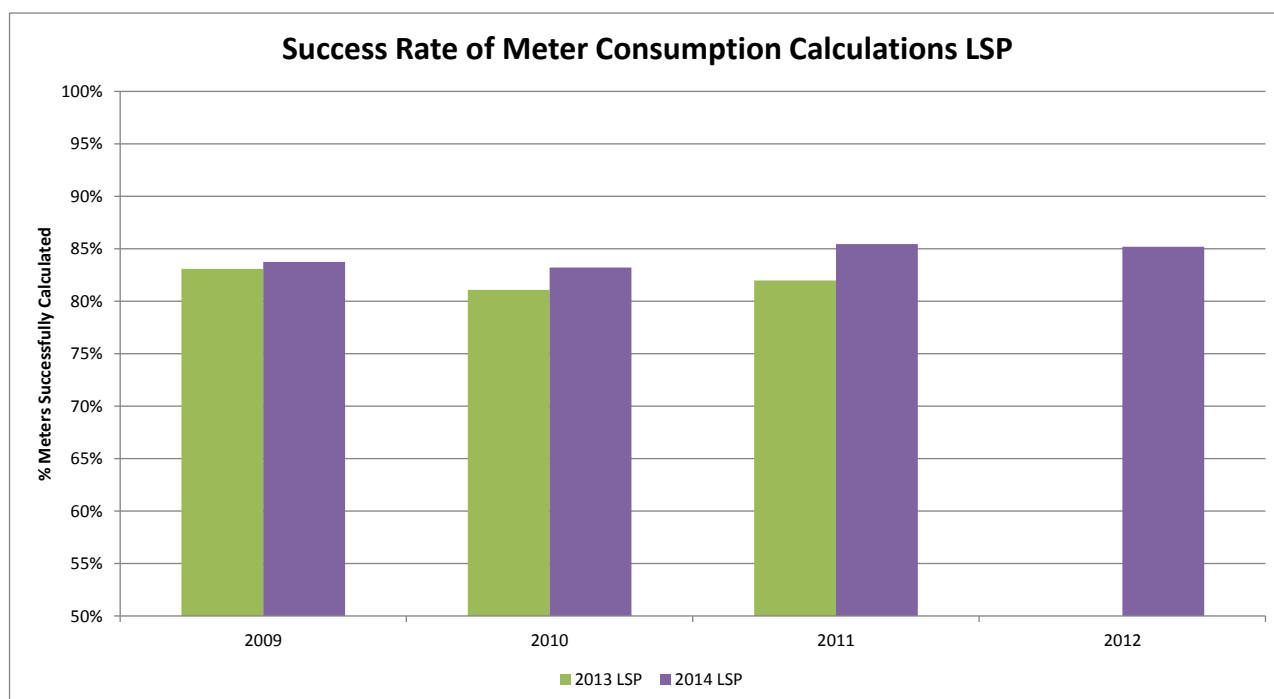
By far the largest contributor to the increase in total UG is the addition of data from 2012/13. The calculation of the balancing factor in 2013 was based upon the average of the three years 2009-2011. The average initial total UG over this period was 5,638GWh. By comparison, the average over the four years 2009-2012 used for the 2014 interim figures is 6,871GWh, an increase of ~1.2TWh. This increase will be reflected in the balancing factor.

Figures 2 and 3 show the success rates of meter consumption calculations for each year, for SSP and LSP market sectors. This shows that the calculation success rates for 2012/13 are high, and of the same order as those for previous years even though the data comes from a more recent time period. This

gives confidence that the consumption estimates for this are not adversely affected by the number of meters without valid reads.



**Figure 2 – Consumption Calculation Success Rates SSP**



**Figure 3 – Consumption Calculation Success Rates LSP**

## **2. Decrease in Unregistered UG Estimate for historic years: ~0.5TWh**

The estimate of Unregistered UG for the training period in the 2015/16 calculations is approximately 0.5TWh lower than that made in 2013 for the 2014/15 AUGS for two reasons. These are both a result of improvements in the calculations for Unregistered sites, and both affect the total UG from this source and the permanent/temporary composition. This overall reduction and the shift towards a higher proportion of temporary UG both increase the balancing factor. Note that these effects are not due to any UNCC Modifications because the training period occurs before these Mods were introduced.

1. As part of the Unregistered calculation process, details of any sites with suspicious AQ values in the reports are sent to Xoserve for further investigation. The information they provide is the confirmed AQ of any queried site for which they have information. This requires the site in question to have been confirmed and hence as time passes, more and more data will become available to correct AQs for the training period. This additional information has resulted in a net reduction in Unregistered UG for this period of approximately 0.1TWh per annum. This is almost entirely due to improvements in AQ data during the training period for the "Unregistered <12 Months" UG category. Such amendments will nearly always reduce Unregistered UG because it is unusually high AQ values that are queried. Any such reduction for the training period creates a corresponding increase in the balancing factor of an equal magnitude.
2. The Unregistered reports contain information regarding the number and AQ of Unregistered sites with meters. Not all of these sites are actually flowing gas, however, and part of the calculation process is to estimate both the proportion of sites that are flowing gas and the proportion of those flowing gas that can be back-billed (and hence contribute temporary UG only). The data available for this calculation in 2013 was very limited and in some areas only loosely connected to the specific area of Unregistered sites (i.e. estimating the effect on Unregistered sites using data from the wider registered population). For 2014 much improved data is available, which is all specific to Unregistered sites only. This has resulted in the following changes:
  - The estimated proportion of Unregistered sites with meters that are actually flowing gas has dropped from approximately 40% to approximately 10%. This has the effect of greatly reducing the total UG from this source.
  - The estimated proportion of sites that cannot be backbilled has risen from approximately 15% to approximately 40%. This has the effect of increasing permanent UG from this source and reducing temporary UG.

The net effect of these changes is that total UG from this source has dropped by 0.4TWh, with approximately 50GWh coming from permanent UG, with the remaining 350GWh coming from temporary UG.

In combination, these effects increase the balancing factor by a further 0.5TWh.

## **3. Decrease in Direct UG Estimate for forecast year: 170GWh**

The combined effect of the recent UNCC Modifications is to reduce the estimate of the direct components of UG for the forecast year by about 170GWh.

**Summary**

The combined effect of the addition of an extra year's data (item 1 above) and changes to the direct UG calculations (item 2 above) is to increase the balancing factor by  $\sim 1.7\text{TWh}$ . This is offset by the modifications introduced to reduce the direct UG components to give a total increase in permanent UG for the forecast year of  $\sim 1.5\text{TWh}$ .

Should you have any queries or concerns, please raise these through the query process by contacting the AUGÉ at [AUGE.software@dnvgl.com](mailto:AUGE.software@dnvgl.com).

Sincerely  
for DNV GL

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