

UNCC (AUG) Sub-Committee
Tuesday 10 July 2020
via teleconference

| Attendees | | |
|-------------------------------|-------|-----------------------|
| Loraine O'Shaughnessy (Chair) | (LOS) | Joint Office |
| Helen Bennett (Secretary) | (HB) | Joint Office |
| Carl Whitehouse | (CW) | Shell |
| Chandima Dutton | (CD) | Waters Wye Associates |
| Chris Hill | (CH) | Engage Consulting |
| Fiona Cottam | (FC) | Xoserve |
| Gareth Evans | (GE) | Waters Wye Associates |
| Jason Salmon | (JS) | Utility Warehouse |
| Jonathan Kiddle | (JK) | Engage Consulting |
| Louise Hellyer | (LH) | Total Gas & Power |
| Mark Jones | (MJ) | SSE |
| Mark Palmer | (MP) | Orsted |
| Naomi Anderson | (NA) | Utility Warehouse |
| Neil Cole | (NC) | Xoserve |
| Rhys Kealley | (RK) | British Gas |
| Sallyann Blackett | (SAB) | EON |
| Steve Mulinganie | (SM) | Gazprom |

Copies of all papers are available at: <https://www.gasgovernance.co.uk/aug/100720>

1.0 Introduction and Status Review

Loraine O'Shaughnessy (LOS) welcomed everyone to the meeting.

FC was invited to introduce the new AUGE, Engage Consulting Limited, with representatives Chris Hill and Jonathan Kiddle joining the meeting today. FC explained the obligation to appoint an Allocation of Unidentified Gas Expert (AUGE), following a procurement exercise Engage Consulting Limited have been appointed as the AUGE commencing from June 2020 to develop the Statement and Table for Gas Year 2021/22 and up to four further years.

1.1. Approval of Minutes (07 April 2020)

The minutes from the previous meeting were approved.

1.2. Approval of Late Papers

LOS advised the Committee there were no late papers provided. Item 2.0 had already been published under the UNCC meeting page but would be discussed by FC under item 2.0

1.3. Review of Outstanding Actions

Action 0903: Gazprom (SM) to facilitate conversation between AUGE and MAMs regarding meter maintenance and site-specific conversion factors

Update: Steve Mulinganie (SM) confirmed this action was raised because large meters are not being maintained properly, the action was to take to MAMCOP Board to ascertain the arrangements that are being undertaken, so that they are fit for purpose.

LOS asked for SM to re-forward the information that was previously provided to DNV-G to include in the minutes in order to close this action. This will remain open until the information is received. **Carried Forward**

Action 0103: *Reference Unidentified Gas Factors* – DNV-GL (AG; TP; CW) to develop a paper and put forward a recommendation for Better/ Dynamic Unidentified Gas factors.

Update Received via email 24 June 2020:

This action was put on hold during the AUGE procurement process as any approach developed/proposed would likely be specific to DNV GL's current methodology. As DNV GL have not been selected as the AUGE, this action now falls to the new AUGE, Engage, who may wish to consider taking a similar approach or may decide on a different methodology. An outline of what DNV GL were planning has been discussed during the AUGE handover process.

The Committee agreed that this action can be closed and consideration will be given to re-raising the action for Engage. **Closed**

2.0 AUGE Annual Review Process update

Referring to the AUG Year Review Report for 2019/20, FC explained that this Report will be presented to UNCC at the next meeting on 16 July 2020. She then went on to provide a high level overview of the content of the Executive Summary, explaining that following a request for feedback on the AUG Year 2019/20 process, feedback was received from two parties, ICoSS and the former AUG Expert, DNV-GL. As noted in the summary, FC advised that the ICoSS feedback was positive and complementary of the operation and outcomes of the process for the year. DNV-GL noted that it was able to meet all the process deadlines this year and that there was relatively minimal feedback during the consultation windows. Whilst the AUG Expert commented on a number of improvements since the last process year, it also mentioned ongoing issues with obtaining data from Xoserve and from other parties.

For more detail and to view the document in full, please see the published report on the Joint Office Website here: www.gasgovernance.co.uk/uncc/160720

FC clarified that, as a result of feedback received, Xoserve have put in place additional steps and validations to ensure that good quality data is delivered or obtained for the AUG Expert on time.

3.0 AUG 2021/2022 Timeline

The current Indicative AUG Timeline for Analysis Year 2020/21 can be found here: www.gasgovernance.co.uk/augenex2122.

The Committee discussed the appropriate place for this to be published and if AUG Information (Post-Nexus) is the best place for it.

Joint Office agreed to review the published information for AUG and where it is published.

New Action 0701: Joint Office (LOS/HB) to review the publication placement of AUG information.

FC explained the timeline and key milestones. She clarified that the AUG process is currently at the introductory stage, the next meeting on 11 September is when Engage Consulting Limited will be giving an early view of their approach and the data they are going to use. The first draft of the AUGS will be published by 01 January 2021 and will be followed by a walkthrough meeting on 15 January 2021. Industry will be given 21 calendar days to provide feedback on the draft AUG Statement followed by a number of Industry meetings to discuss the feedback received. UNCC will then discuss the final AUGS at the April 2021 meeting and the final AUGS will be effective from 01 October 2021.

Summary of the Timeline is as follows:

| | |
|-------------------|--|
| 10 July 2020 | Introduction meeting |
| 11 September 2020 | Early engagement meeting |
| 01 January 2021 | Publication of the first draft AUG Statement |
| 15 January 2021 | Walkthrough of the draft AUGS |

| | |
|------------------|---|
| 22 January 2021 | Deadline for Industry feedback |
| 12 February 2021 | AUG Sub-Committee meet to discuss Industry feedback |
| 12 March 2021 | AUG Sub-Committee meet to discuss Industry feedback |
| 06 April 2021 | AUG Sub-Committee meet to discuss final AUGS |
| 15 April 2021 | Final AUGS is presented to UNCC |
| 01 October 2021 | Final AUGS effective date |

4.0 AUGE Approach and Considerations for 2021/2022

LOS welcomed Chris Hill, Engage Principle Consultant and Service Delivery Lead, and Jonathan Kiddle, Lead Consultant and Subject Matter Expert, to present. Both CH and JK introduced themselves and advised their intentions where to provide a high level overview of their approach to as the new AUGE and the services they will be providing.

The presentation covered the following main topics, where there was interaction with Committee members, this has been captured within the minutes for each section of the presentation:

Objectives

CH clarified that Engage understand the sensitive issues that surround Unidentified Gas (UIG) and that the output from their models will be shared confidentially.

Services

CH advised the three service Lines, Core services provided will be AUG Weighting Factors; Innovation Service and an Advisory Service which will provide expert advice on UIG to stakeholders.

Core Service

CH advised their main objective will be to be transparent and open whilst maintaining impartiality.

Timeline

CH showed the timeline that they will be working towards. He advised that they are currently coming to the end of the Planning and Approach stage.

CH clarified that Engage have received data from the previous AUGE, DNV-GL, which they are currently analysing, however, it is too early to come to any conclusions.

In September 2020 there will be an early engagement meeting.

The final weighting factors will be provided in accordance with the timeline.

Annual Planning and Approach

CH explained the purpose of this phase is to mobilise and plan the forthcoming annual cycle and provide their proposed methodology and approach. He advised that any changes or modifications in the last year that impact UIG will be identified, for example Modification 0711 – Update of AUG Table to reflect new EUC bands.

Initial Assessment

CH advised that this phase will be to identify the contributors to UIG, investigate and assess any new potential contributors to UIG which can be identified by them, industry or any other third party, to establish the level of contribution by assessing on a high, low or credible means of materially increasing this certainty.

Data Acquisition & Detailed Investigations

CH advised that the purpose of the Data Acquisition and detailed investigations phase will be to establish the level and source of the contributors to UIG with a higher degree of certainty than exists currently.

Steve Mulinganie (SM) suggested this would be a good part of the process to refer back to as an aid to test performance of the AUGE, also that the communication strategy, for transparency, needs to be recorded where the meetings take place and for the AUGE to provide an outcome of the meetings, adding that it is important to have visibility.

CH clarified that this would be reasonable and he is happy to provide the content of the meetings adding that Engage are keen to make whole of Industry aware of their findings and a monthly summary report will be provided.

LOS sought clarification if the Monthly Summary reports will be enough to meet the expectation for transparency as well as communicating their findings.

CH provided a description of what the Monthly Summary report will contain advising that it will provide an audit trail that will recognise the activities that are taking place, where specific meetings are taking place and who with.

New Action 0701: AUGE (Engage) to provide feedback and transparency in the Monthly Summary reports published.

GE asked the AUGE if they intend requesting data from specific companies such as ICoSS who have historically provided AMR and SMART meter data to the AUGE.

CH advised that this has not yet been decided, adding that any interaction with industry will be flagged as soon as possible and the Monthly Summary report will have a high level list of what the data is and where it has come from confirming that no commercial detail will be shared.

LOS commented that the assumption is that visibility of the Monthly Summary reports once provided will assess if they are at the right level of detail and review and discuss during future meetings if further visibility is required.

When asked, Jonathan Kiddle (JK) explained that Engage have had four very detailed handover sessions with DNV-GL where reports and data have been shared, prior agreement to share the data was sought from Xoserve and ICoSS.

Statement & Stakeholder Engagement

CH advised the primary purpose of this phase will be to describe the methodology and data to be used to produce the draft Weighting Factors and to engage with stakeholders to obtain their feedback.

CH explained the initial Statement will include the Contributors, the input data, the analysis, any outstanding analysis, the provisional conclusions, any updates to the methodology, draft weighting factors and anything else that the Industry needs to be aware of.

CH took the opportunity to advise the Committee of the Service Quality Lead – Claire Everitt, who will be reviewing feedback received in terms of the quality of the information provided.

Final Weighting Factors

CH explained the purpose of the Final Weighting Factors phase will be to publish and present the Final Weighting Factors for use following the consultation, publication of the draft Weighting Factors and associated stakeholder engagement. He clarified that AUGE will make any final revisions arising, publish the final Weighting Factors along with the final Statement for use and attend the AUG Sub-Committee meeting to discuss them, as well as provide a briefing to the UNCC should this be required.

The Committee discussed how soon they might be able to see an indication of what the Weighting Factors might be, CH advised he will endeavour to get a view on them as early as possible but taking into consideration the amount of data that is being handled.

Review and Continuous Improvement

CH advised the purpose of the Review and Continuous Improvement phase will be to ensure that any lessons learnt, and potential improvements identified throughout the annual cycle undertaken, are fed into and improve the following year's production cycle.

Throughout the annual cycle, AUGE will maintain a log of all the observations, ideas and potential improvements that are identified that could refine the process in the future. At the end of the annual cycle, AUGE will assess this log, undertake an internal review, suggest potential improvements, and make this available to the CDSP to support them in their Review of the AUG Year.

Calculation Methodology

JK explained to the Committee that the calculation for the forecasted energy associated with each UIG contributor will be based on a bottom up calculation. This forecast will be the amount of UIG that will exist at line in the sand.

SM asked, with the COVID-19 pandemic, as a result of major shut down, how is the AUGE proposing to manage the risk of the pandemic and its effect on the data?

JK advised that this is a definite consideration and that AUGE will need the details of the effect of it, for example, the effect on AQ and Sites that are potentially closing down and confirmed that it would be included in the analysis, AUGE will be looking at trends, but there are no definite conclusions at the moment.

When asked, JK went on to confirm that maybe 2008 data could be a comparable period of time to consider, but he would try to obtain as many data sources as possible for comparisons.

Sallyann Blackett (SAB) added that comparing with 2008 data could be an issue because now, there are far more SMART and AMR meters and asked if there is any further information on the data sources that are going to be used or that AUGE will be reliant on.

SM suggested that the 2008 data was the last major effect on data and that it might help to indicate the impact of the current pandemic more quickly.

CH clarified that AUGE are very aware that the 2008 period is very different in terms of SMART and AMR.

Innovation Service

CH advised that this service provision is designed to identify fairer and more equitable ways of allocating UIG. The service will involve the use of their detailed knowledge of the market arrangements, and the data available and analysis undertaken as part of the Core Service, to identify ways in which UIG could be better and more equitably allocated.

CH added that the service will identify, assess, and propose the innovation that has the most potential for better and more equitable allocation of UIG, and will provide the rationale for AUGE selection. A case for investigating one innovation, a proposed approach, an outline project plan, and cost estimates will be provided as part of the service.

SM asked how do the Committee move forward some of the projects that DNV-GL were looking at, that were considered as being useful, but taking into consideration the transition period with the new AUGE.

FC said that, in terms of EUC level factors enhancement, later this year AUGE will be switching to looking at innovations and what are best for accuracy and provide a fair and equitable outcome.

CH confirmed he is keen to provide something of use and would not want to waste the work that DNV-GL began.

LOS advised the Committee that DNV-GL have provided a list of key topics that they were working on which is published on the Joint Office website: www.gasgovernance.co.uk/aug/1920progupdate.

The list is as follows:

Outstanding Topics – details in Topic log

- Meter Exchange (Topic 35)
- New EUC bands (Topic 55)

- New CWV/SNCWV definition (Topic 65)
- Assessment of TRAS leads data (Topic 66)

Other Items

- LDZ Level Factors (initial paper provided by DNV GL)
- Improved Factors to account for temporary UIG (discussed at AUG subcommittee, AUGE was to provide paper but this was put on hold)
- Industry Temperature Study (lab tests, currently on hold)
- Support of Modification 0693R - Treatment of kWh error arising from statutory volume-energy conversion, and providing guidance on volume conversion issues

New Areas

- Study NDM sample sites to support Volume Conversion investigations – NDM sites with volume conversion & loggers
- Impact of Covid-19

Advisory Service

CH advised that the AUGE Advisory Service will be, designed to provide stakeholders with expert advice from the AUGE.

When asked, CH clarified that outcomes of the Advisory Service can be communicated at a high level.

An example of what the Advisory Service could be used for was discussed. FC suggested that maybe assistance in onboarding for new entrants; raising a new Modification, the proposer may approach AUGE for advice of who it might impact in terms of UIG.

GE said the scenario suggested by FC was very useful and added, if the Industry realises that AUGE are available to discuss all UIG issues/problems, this could create competition for resource and a lot of traffic.

The Committee agreed that this part of the AUGE service would need clear terms of reference. SM suggested that a FAQ's would be useful.

New Action 0702: Xoserve and AUGE to review and create a list of FAQ's; Points of Contact.

New Action 0703: Joint Office (LOS/HB) to review how the Joint Office AUG web pages are organised and consider how the provision of new information will be supported.

It was agreed through discussion, that a signpost to Joint Office will be placed on the Engage website.

New Action 0704: Engage to put signpost to Joint Office on the Engage website.

Delivery Team

CH provided a view of the Engage Organisation Chart which prompted a few points of clarification for the Committee.

SM raised a concern on the governance of the hierarchy, as he wanted further explanation as to why John Peters was listed as Director and also as Modelling Lead and that there are two directors at the top of the organisation that appear to be responsible for each other and wanted to understand how that would work.

CH explained that the two Directors are deliberately placed on the organisation chart as they are the two main shareholders of the company. He also clarified that Richard Cullen is also oversight independently over John Peters in relation to the AUGE service.

SM commented that putting John Peters at the top of the Organisation Chart weakens the structure.

CH confirmed that Richard Cullen will hold John Peters to account where he believes there is an issue.

Stakeholder Engagement Approach

CH explained that the Stakeholder Engagement Approach will be proactive by attending AUGE Sub-Committee meetings; Bilateral (with industry approval) or representative group meetings; holding consultations; providing monthly updates; and supporting change.

Industry Issues

CH showed the Committee the current Industry Issues Log which listed the two live outstanding issues which were opened on 1 June 2020.:

| Issue | Latest Update |
|--|--|
| Modification 0711 – Update of AUG Table to reflect new EUC bands | Carrying out Impact Assessment |
| COVID-19 | Will be considered during the analysis |

Items Carried Over from Previous AUGE

CH went on to present the outstanding list of 9 items that have been carried over from the previous AUGE. These 9 issues are the items that DNV-GL had on their Issues Log which cover a combination of lots of different things, CH advised that Engage have analysed and transposed these into a new set of issues.

| Item Number | Item | Update |
|-------------|--|--|
| 1 | Meter Exchange (Topic 35) | Added to contributor list for assessment |
| 2 | New EUC bands (Topic 55) | Modification 0711 implemented – added to industry issues log |
| 3 | New CWV/SNCWV definition (Topic 65) | Will be considered in normalisation of years within the methodology |
| 4 | Assessment of TRAS leads data (Topic 66) | Will be used in the assessment of the theft of gas contributor |
| 5 | LDZ Level Factors | Included in the potential innovation investigations log |
| 6 | Improved Factors to account for temporary UIG | Included in the potential innovation investigations log |
| 7 | Industry Temperature Study | The value of the study will be assessed in the temperature contributor |
| 8 | Support of Modification 0693R | Further support can be provided as part of our advisory service |
| 9 | Study NDM sample sites to support Volume Conversion investigations | Value of analysis will be assessed as part of the investigation into volume correction error |

CH confirmed that the proposed status of 'Minded to Close' that is to be applied to the DNV-GL Issues Log, is not closing the investigation of the issue as it will be transferred to the Engage Issues log.

LOS showed the current Terms of Reference TOR published and advised this has not been reviewed for some time and suggested the role of the AUGE to provide an advisory service could be added to it.

LOS advised that any changes to the TOR should be approved at the UNCC and asked if FC may want to mention the TOR being amended at the UNCC meeting. FC advised once the advisory role is determined this agreement would be sought.

New Action 0705: CDSP and Engage to look at the current TOR in terms of adding in how the Advisory Service would be managed. To consider at the next AUG Sub-Committee meeting in September 2020 in advance of seeking approval at UNCC.

UIG Contributors

CH advised that, as part of the approach, a list of UIG contributors was identified, these can be a split into two types:

1. Contributors that were included in the current AUGS.
2. Contributors that were not and have been included by Engage as potential sources.

CH clarified the Contributors in the current AUGS are:

Theft of gas; Shipperless and Unregistered sites; IGT Unknown Projects; Consumer Meter Error; IGT Shrinkage; Atmospheric Pressure Assumption; Average Temperature Assumption; Large sites with incorrect correction factors.

The potential Contributors identified by Engage are:

Meter Error at LDZ input; No meter read at line in the sand; CV shrinkage and meter exchanges.

CH advised that each contributor was scored 1-5 in the 3 dimensions of: level of contribution, uncertainty in this level, and means of materially increasing this certainty to give an overall score out of 125.

Initial Assessment UIG Contributors

JK provided a view of the key contributors to UIG and highlighted the four topics that Engage are going to investigate initially:

- Theft of Gas
- Consumption Meter Errors
- Meter Errors at LDZ input
- No meter read at line in the sand

UIG Potential Data Sources

CH provided a view of UIG potential data sources, noting that they will consider but that it is not limited to

| DATA | Potential Sources | Suitability |
|----------------------------------|------------------------|--------------|
| Theft | Xoserve | Relevance |
| Meter Accuracy | Previous AUGE (DNV-GL) | Availability |
| Historical levels of initial UIG | SPAA | Timeliness |

| | | |
|-----------------------------------|------------------------|--------------------|
| Historical allocation volumes | TRAS | Format |
| Meter reads | Shippers | Ability to analyse |
| Historical reconciliation volumes | Meter Manufacturers | Cost effectiveness |
| LDZ offtake errors | Transporters | Insight provided |
| Shipperless / unregistered sites | Ofgem | Authoritativeness |
| AQ Values | Relevant public domain | |

SAB asked for elaboration on the consumption meter errors. CH advised that currently in the AUGS it only considers sites with meters at the top end of their capability, Engage intend to try to assess if there are any other errors such as meter manufacturers testing laboratories in order to identify data sources where they can be analysed further, where UIG can be created by meter error.

RK asked how close we are to getting the Theft Risk Assessment Service (TRAS) and Energy Theft Tip of Service (ETTOS) data , CH explained that Xoserve has access to that data now for Engage to use, the next step is a feasibility study. Realistically the first time to see that would be at the September 2020 meeting if Engage can carry out the analysis.

LH asked if SM has an update on future engagement with REC Board that he can share with the Committee.

New Action 0706: SM to consider how to manage the relationship going forward between REC and Engage. In light of the first meeting issue of theft related data needs to be considered, relationship between REC; AUG Sub Committee and Engage.

SM mentioned that, if Engage need to spend any extra money on investigations, then Engage would need to provide a cost vs benefit analysis and a business case to support the extra spending.

JK confirmed that any extra costs will come with a business case to support for any additional spends.

Proposed Monthly Report Structure

CH advised of the structure and information that will be included in the Monthly Summary report:

- Update on overall statuses
- Top 3 risks and issues
- Progress summary
- Plan of activities
- Potential contributors

The Committed did not request any further information to be included at this point.

5.0 Next Steps

Summary of the Timeline is as follows:

- 10 July 2020 — Introduction meeting
- 11 September 2020 — Early engagement meeting

| | |
|------------------|---|
| 01 January 2021 | Publication of the first draft AUG Statement |
| 15 January 2021 | Walkthrough of the draft AUGS |
| 22 January 2021 | Deadline for Industry feedback |
| 12 February 2021 | AUG Sub-Committee meet to discuss Industry feedback |
| 12 March 2021 | AUG Sub-Committee meet to discuss Modified AUGS |
| 06 April 2021 | AUG Sub-Committee meet to discuss final AUGS |
| 15 April 2021 | Final AUGS is presented to UNCC |
| 01 October 2021 | Final AUGS effective date |

6.0 Any Other Business

None raised.

7.0 Diary Planning

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

| Time/Date | Venue | AUG Sub-Committee Agenda |
|-----------------------------------|----------------|-------------------------------|
| 10:00 Friday 11 September 2020 | Teleconference | Early engagement meeting |
| 10:00 Friday 15 January 2021 | TBC | Walkthrough of the draft AUGS |
| 10:00 Friday 12 February 2021 | TBC | Discuss Industry feedback |
| 10:00 Friday 12 March 2021 | TBC | Discuss Modified AUGS |
| 10:00 Tuesday 06 April 2021 | TBC | Discuss final AUGS |

Action Table (as at 10 July 2020)

| Action Ref | Meeting Date | Minute Ref | Action | Owner | Status Update |
|------------|--------------|------------|--|---------------------|--|
| 0903 | 30/09/19 | 3.0 | Gazprom (SM) to facilitate conversation between AUGS and MAMs regarding meter maintenance and site-specific conversion factors. | Gazprom (SM) | Carried Forward |
| 0103 | 10/01/20 | 3.0 | Unidentified Gas Factors: DNV-GL to develop a paper and put forward a recommendation for Better/ Dynamic Unidentified Gas factors. | DNV-GL (AG; TP; CW) | Update due at May 2020 meeting. Closed |

Action Table (as at 10 July 2020)

| Action Ref | Meeting Date | Minute Ref | Action | Owner | Status Update |
|------------|--------------|------------|--|-------|---------------|
| 0701 | 10/07/20 | 4.0 | Data Acquisition & Detailed Investigations AUGE (Engage) to provide feedback and transparency in the Monthly Summary reports published | | Pending |
| 0702 | 10/07/20 | 4.0 | Advisory Service Xoserve and AUGE to review and create a list of FAQ's; Points of Contact | | Pending |
| 0703 | 10/07/20 | 4.0 | Advisory Service Joint Office (LOS/HB) to review how the Joint Office AUG web pages are organised and consider how the provision of new information will be supported | | Pending |
| 0704 | 10/07/20 | 4.0 | Advisory Service Engage to put signpost to Joint Office on the Engage website | | Pending |
| 0705 | 10/07/20 | 4.0 | Items Carried Over from Previous AUGE CDSP and Engage to look at the current TOR in terms of adding in how the Advisory Service would be managed. To consider at the next AUG Sub-Committee meeting in September 2020 in advance of seeking approval at UNCC | | Pending |
| 0706 | 10/07/20 | 4.0 | UIG Potential Data Sources SM to consider how to manage the relationship going forward between REC and Engage. In light of the first meeting issue of theft related data needs to be considered, relationship between REC; AUG Sub Committee and Engage | | Pending |