

Allocation of Unidentified Gas – Progress Update

4th July 2011



Outline

- Update on progress
- Consultation response summary
- Responses to AUGE questions
- AOB

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Overview of Project Plan



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High Level Plan

Key Dates	Description	Data	Analysis
2nd March	Kick-off meeting with Xoserve		
9th March	Industry workshop		
4th May	First draft AUGS published		
16th May	UNCC Meeting GL Noble Denton present AUGS		
4th May - 15th June	First consultation period		
4th July	UNCC Meeting GL Noble Denton to present AUGS	Provision of data	Analysis and development of methodology
31st July	Second draft AUGS published		
1st August - 31st August	Second consultation period		
5th September	UNCC Meeting GL Noble Denton to present AUGS		Apply methodology
30th September	Final version of AUGS published		
25th October	AUGS table published		
October 2011 - February 2012	Query process		

Progress

- 1st Draft AUGS published in May and consultation period completed
- Additional data requests identified and issued
- Questions raised by AUGE to industry bodies and responses received
- Provision of data has taken significantly longer than planned
- This has had an impact on the progress of the analysis
- Consultation period has also raised a number of issues that need to be addressed
- There is a risk that the 2nd draft AUGS could be delayed or analysis incomplete by planned publication date

Progress

- AUGE now has following data sets
 - Historical theft information by Shipper
 - Unregistered and shipperless sites information
 - Demand volumes/AQs/RBD data
 - Metering data
- Outstanding data sets
 - iGT CSEPS data with duplicate rejection data pending
 - Data used by Xoserve that fed into analysis for modifications 194/194A and 228/228A

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Consultation Response summary



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Unidentified Gas – Understanding of the Problem

Responses/questions received from

- Centrica
- Eon
- EDF Energy
- ScottishPower

Summary of issues raised

- Limited description of alternative methodology
- Narrow range of sources - non-reference of Mod 317/317A/327
- Use of/reference to TPA report on Mod 228
- Potential RbD and UG misunderstanding
- Shrinkage Model issues
- iGT CSEPS
- Meter error and long term bias
- Downstream theft
- Unregistered and Shipperless Sites
- Bypass valves

Detailed responses will be provided in due course and further clarifications sought from the response providers where appropriate (these will also be published)

Non-reference to Mod 317/317A/327

- The AUGE did review these modifications but did not reference them in the 1st draft AUGS as it did not deem them relevant to the analysis at that time.
- This is because the modifications proposed interim measures to apportion UG and were therefore not complete models of the problem compared to the analysis currently undertaken.
- However, now that further data and information has been obtained the AUGE will revisit these modification to ensure nothing was missed and comment on them in the 2nd draft AUGS as appropriate.

Limited description of Alternative method

- An alternative top down method was described at a high level in the first draft AUGS
- Provided only as an indication of the line the analysis would take if the bottom up method was not viable
- The AUGE has not developed this method further nor intends to unless the primary method fails
- Therefore, no further description or detail of the method is intended to be provided at this stage

Reference to TPA analysis

- Concerns were raised regarding the reference to the TPA analysis of mod 228.
- At the time of the 1st draft AUGS, an independent calculation was not available due to delays in provision of data.
- The AUGE had reviewed and in principle agreed with some of the TPA findings and set out initial assertions at that point (in hindsight it would have been better to wait).
- However, it was not made clear in the 1st draft AUGS that this would be replaced by the AUGE's own analysis and findings
- This will be addressed in the 2nd draft AUGS.

Shrinkage/Shrinkage Error

- There was concern expressed that the shrinkage model may contain errors
- There was also concern that as this was based on work done by GL Noble Denton in the past there may be a conflict of interest
- In particular concerns were raised about the age of the leakage models and that the AUGE should apply corrections as appropriate to the shrinkage model
- The AUGE believes there is a misunderstanding here with regard the remit of AUGE and the role of the Shrinkage forum
- Shrinkage is not UG since the components of shrinkage have been modelled.
- There may of course be errors in the shrinkage model but that is the responsibility of the Shrinkage forum to address

Shrinkage/Shrinkage Error

- If the AUGE were to develop corrections to the shrinkage model...
 - ...then any updates to the shrinkage model would necessitate rework of the UG model which would create unnecessary duplicate and potentially opposite effort
- However, the AUGE will review the shrinkage methodology and identify areas that could be improved for the shrinkage forum to consider
- Clarifications will be sought regarding the shrinkage model questions as some of these have been addressed by the way the GTs now model shrinkage and update the pipe population – e.g. the material population of the network pipes

iGT CSEPS

- AUGE advised by Xoserve that it was not possible to have unregistered CSEPS and this was reflected in the 1st draft AUGS
 - Further investigation and correspondence from iGT's indicate this not the case (also confirmed by issues raised in consultation period)
 - It is the AUGEs understanding that this information does exist within Xoserve and data has been requested to address this
 - This will be updated in the 2nd draft AUGS
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- The AUGE would like to thank the iGTs who responded for their prompt and informative replies to this query

Metering Error

- Concerns were raised regarding metering error both at the LDZ offtake meter and consumer meters for SSP and LSP markets
- Further data has been requested from Xoserve regarding the meter population and meter capacities with AQ information
- The AUGÉ is also consulting its metering experts to identify further information on meter bias, types of meter and any recent reports/investigations on the subject that are relevant.
- This will be updated in the 2nd draft AUGS

Downstream Theft

- There are concerns regarding theft levels and suggested upper bounds proposed in the 1st draft AUGS
- At the time of writing the 1st draft AUGS there was no detailed data to support theft levels over and above alleged and confirmed theft
- The responses to the 1st draft AUGS highlight the importance of data to underpin conclusions/findings and this is very difficult with regard unknown theft and hence any figure over and above confirm/alleged theft is almost arbitrary
- However, responses to questions raised by the AUGE provides examples of tactics used by thieves and this will be considered as part of the analysis
- No further conclusions reached at this stage, the analysis is ongoing

Unregistered/Shipperless Sites

- There are some concerns with regard some of the unregistered/shipperless sites categories and assumptions proposed in the 1st draft AUGS
- There has been a significant delay in receiving the original data from Xoserve
- Further data updates were requested to cover situations such as those unregistered for <12 months (since these do not appear in the unregistered sites list until 12 months has past)
- This analysis is ongoing and the AUGE will consider comments received as part of the process

Bypass Valves

- Bypass valves were highlighted as a potential source of UG in particular unreported open bypass valves
- The AUGE will be examining this as part of the analysis and will update findings in the 2nd draft AUGS

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Responses to AUGÉ Questions



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Responses to AUGÉ Questions

The AUGÉ received responses from the following

- EDF Energy
 - GDF SUEZ
 - Corona Energy
 - Contract Natural Gas (CNG)
 - npower
 - E.ON UK
 - Scottish Power
 - First Utility
 - TGP
 - Gazprom
 - British Gas
- The AUGÉ will be collating this information and summarise the responses (to ensure confidentiality) in the second draft AUGS, summary data may be used in the analyses
 - The AUGÉ would like to thank all responders for the time taken to provide their answers.

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Next Steps



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Next Steps

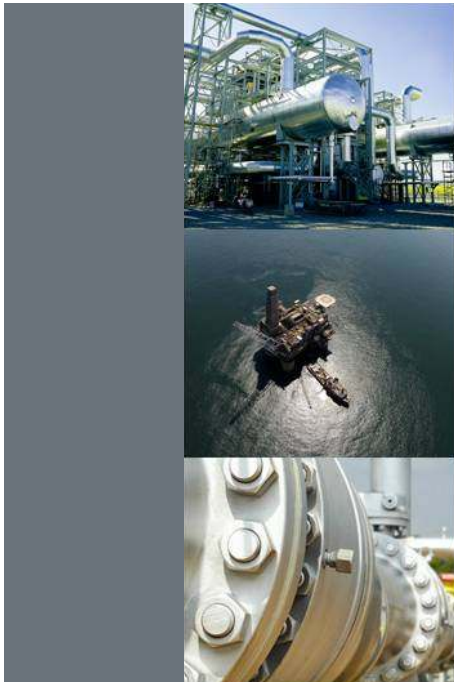
- Where appropriate clarify some of the consultation period questions with the respective responder
 - Continue and complete the analysis on the topics identified as UG
 - Review area's where concerns have been highlighted and where the AUGE has indicated further investigations will be carried out
 - Preparation of 2nd draft AUGS
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- Note: there may be incomplete topics in the 2nd draft AUGS due to late provision of data which has impacted the analysis phase of the project. These would be added at a later date.
 - Alternatively (subject to progress of the analysis and pending data) the AUGE may seek to delay publication of the 2nd draft AUGS to ensure that the 2nd draft is fit for purpose for the 2nd consultation period
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AOB ?

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Thank you for your attention



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