

Queries arising from AUGS Initial Statement

British Gas wish to ensure that the next AUGS utilises meter read consumption data to calculate the total quantum of UG and also the portion that is initially allocated to each sector.

British Gas wish to clarify why the consumption data required to more accurately measure the total UG and specifically the SSP-assigned UG has not yet been received. This method was discussed during a meeting with the AUGE on 21st July 2011. At that time it was universally agreed that this would be a desired approach.

British Gas request that the AUGE's use of statistical method be reviewed by an independent statistician.

British Gas believe that using actual consumption data will provide a more accurate result than the current methodology. As such, a method that utilises actual consumption data must prevail unless it is proven beyond any doubt to generate a massively and fundamentally flawed outcome.

British Gas request that the AUGE's interpretation and subsequent adjustment of the MOD81 data is reviewed by Xoserve to ensure correctness.

The current industry allocation of UG is unfair. Any under-measurement of the scale of UG or any lack of recognition of the scale of UG that is SSP-assigned initially has the effect of adding cost to the mostly-domestic SSP sector. British Gas raises concerns and would like clarity around the AUGE's expressed desire to "*err on the side of caution*" when using consumption-based analysis to derive total UG and sector-assigned UG. It is our belief that this will introduce unfairness.

British Gas is concerned that the AUGE continues to state that there is a natural bias in the allocation algorithm when it has been proved that this is not the case.

British Gas is concerned that in the latest AUGS the AUGE has considered removing an LSP theft record to affect the allocation of the balancing number. To reiterate, any under-measurement of the LSP-arising UG will unfairly add cost to the mostly-domestic SSP sector.

Since the AUGE agrees that there is an element of SSP-assigned UG we would view a zero allocation in the next AUGS to be a failure of the process. Lack of recognition of the SSP-assigned UG understates the total UG and continues the unfairness of sector cost allocation.

British Gas believe that The only correct method of allocating theft instances across sector is to effectively re-calculate the AQ taking into account metered and un-metered (theft) consumption when doing so. This new AQ value can then be used to allocate the associated theft volume to sector.

In addition the AUGE still has not corrected for the bias within detection rates. To then use this data to allocate the balancing number without correcting for disproportionate effort will (in our view) lead to an over-allocation of the balancing number to the SSP sector.