Minutes of the AUGE Meeting

17 October 2011

at ENA, 52 Horseferry Road, London SW1P 2AF

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Alex Ross *(by telecon)*	(AR)	Northern Gas Networks
Andrew Green	(AGr)	Total Gas and Power
Andy Gordon	(AG)	GL Noble Denton
Andy Miller	(AM)	Xoserve
Chris Warner	(CWa)	National Grid Distribution
Chris Wright	(CWr)	Centrica
Clive Whitehand	(CW)	GL Noble Denton
David Watson	(DW)	British Gas
Dora Ianora	(DI)	Ofgem
Gareth Evans	(GE)	Waters Wye
Richard Dutton	(RD)	Total Gas and Power
Steve Mulinganie	(SM)	Gazprom
Tony Perchard	(TP)	GL Noble Denton

Consideration of the draft Allocation of Unidentified Gas Statement

TD welcomed all to the meeting and explained that, in the absence of several members, a UNCC meeting could not be held as the quoracy requirements in the UNC were not met. It was agreed to continue with the meeting on an informal basis.

CW and AG then presented a summary of the draft AUGS and the interim Unidentified Gas figures. It was noted that the methodologies had yet to be finalised.

A table detailing the high level plan was displayed, indicating key dates for various activities undertaken so far and those still to be completed. The second draft of the AUGS had been published (containing an updated methodology, the interim Unidentified Gas figures and Shipper comments) and the consultation period closes on 31 October.

AG then went on to explain that DM/NDM would be split out for the final figures and that shipperless sites under 6 months old are missing from these interim figures. Data verification discussions are ongoing with Xoserve. When asked for an early indication of the DM/NDM split, AG suggested that the DM element is looking small and remains unquantifiable at this point. Furthermore, the DM elements would be restricted to focusing on meter error and shipperless sites – where a site is 'back billed' this is not included within the shipperless sites. CW added that, in conjunction with Xoserve, investigations had revealed some large anomalous DM sites that had skewed the data.

Moving on, AG continued with a brief definition of Unidentified Gas and how the calculation had been made, and how it was located across market sector. When

asked, AG confirmed that Meter bias referred to supply point and not offtake metering. Allocation bias due to AQ changes was demonstrated through a graph and its effects were discussed, including the fact that the nature and timings of AQs results in a 'natural' bias towards the LSP sector – a nature of the algorithm employed. A long term RbD bias was indicated. In answering a question relating to the timing of the RbD cut, AG explained that there is no before or after concept involved. In considering the long term RbD bias, AG confirmed that this would be on a rolling basis and he believes the longer it goes on, the more accurate the data would become.

TP then provided a brief overview of the UG Allocation Model Errors, with the allocation model errors being identified and the initial allocation error calculation explained. In discussing whether or not the NDM sample was representative, CW pointed out that the data provided to them was limited to use in the algorithms only due to data protection and contractual constraints. However, additional sample LSP/SSP data is being examined to see if it is suitable for further analysis, although it is not envisaged that this would be available for inclusion in the 2011 final report.

Moving on to look at the UG Retrospective Allocation, it was noted that instances of meters where the AQ is not updated (circa 24% LSP) does not necessarily mean that an AQ is wrong, although identification of vacant and operational sites would be beneficial as some believe the 24% figure could be overstated. RD was also concerned that if repeat offenders are included within the 24% figure, then their effect could compound year on year. Responding, CW asked shipper to provide any additional information appertaining to the 24% - subject to contractual and data protection caveats. When asked, TP confirmed that 3 years worth of AQ data had been included in these interim report figures.

In considering the UG Annual AQ Review LSP chart, TP advised that the intention is to include the newly provided Modification 0081 data in the final 2011 figures in due course. Asked if pre-2007 data could be used to offset the impacts of the economic recession on the modeling, TD pointed out that October 2006 was the implementation date for Modification 0081 such that earlier data may not be available.

Moving on to look at the UG Model Bias Issues, TP confirmed that he expected the model error to increase by approximately 25% whilst an apparent double consumption value for South Wales was under investigation. Acknowledging that the information provided was helpful and the associated methodology could work as long as the data was robust, GE remained concerned that economic conditions over the analysis period makes identification of any trends and conclusions difficult and wondered if a solution whereby consumption is calculated based on AQs rather than meter reads would be preferable. In responding, CW acknowledged that whilst this could be done, the quality and consistency of AQ related data is questionable. In support, AM pointed out that the same meter reading information is used to calculate AQs and the current filter failure validation results in consumptions being recalculated, but the associated meter readings are not adjusted. TP advised that alternative solutions would be considered going forward.

AG continued the presentation and confirmed that copies of the full calculation examples (AUGS Section 6.7 worked example along with the calculation spreadsheet) would be provided via UK Link on 18 October.

In looking at the UG Unregistered and Shipperless Sites, SM enquired as to how large sites going live more than 12 months away are being factored in. AG advised that following data verification discussions with Xoserve it is envisaged

that large sites such as these would be treated on a site-by-site basis and a decision made to either include or exclude them from the analysis. When asked, parties present confirmed that LSPs get 'back billed' and it was agreed the implications of this would need to be considered. GE voiced concern over the temporary and permanent unidentified gas aspects associated with the methodology and the lack of a reconciliation process. In recognising GE's concerns, AG advised that the intention is to only take into account any permanent unidentified gas.

AM suggested that the issue of who undertakes siteworks and whether it is done correctly could have an impact. CWa quoted UNC TPD Section G 7.3.7, which provides the definition for registered shipper requirements. AG added that following a recent issue with a site in the North West, they have looked more closely at spurious 'top end' consumptions and their potential impacts on unallocated gas and their findings would be taken into account going forwards. Having checked the data provided to them, AM believes that Xoserve had input the data into the system correctly. AG advised that shipperless less than 12 month data had been requested.

Moving on to consider UG iGT CSEPS, CW requested clarity over what is really meant by unregistered sites on known projects as today's discussions seem to differ to what was indicated at a previous meeting. When asked how to accurately sum the AQs for unknown projects, AM suggested that, whilst the iGT provides the AQ for the project, he is unsure whether or not this AQ is split by market sector (LSP/SSP). He agreed to investigate what actual iGT information is provided. At the same time it was agreed that as iGT billing is done on an aggregated basis the issue of 'back billing' would need further consideration along with the temporary/permanent split aspects.

Moving on to consider UG Meter Error, SM suggested that for modulating loads parties would look to install turbine type meters whilst AQ accuracy is subject to short term loading impacts. Acknowledging the points raised surrounding peak load issues, AG pointed out that, as AUGE, he had to work with the information provided. When asked about SSP consumptions, CW confirmed that these had been calculated by difference. AG added that, due to the size of the information provided and following advice from his metering advisors, AQ had not been applied to the SSP sector, although this would be considered in due course with consumption calculated for each meter operating at 1% Q_{max} and 95% Q_{max}. CW advised that, following the recent provision of additional information, meter conversion factors would also be considered in due course supported, in part, by historic study information. The assumption was that this would be applied across all meter types (diaphragm, rotary and turbine).

Asked why Ofgem's previous data relating to theft of gas had not been used, AG pointed out that both detected and alleged theft of gas data sets provided by Xoserve are consistent and he would be surprised if this differed greatly from the Ofgem information. RD questioned why the previous perceived theft of gas figures are 300x greater than the detected theft of gas figures. AG suggested that this may be due in part to assumptions being based on the Modification 0228 methodology, along with baseline changes over the 2006–10 sample period. CWa observed that Ofgem are currently looking at tightening Transporter licence obligations to seek to resolve some theft of gas issues.

Moving on to look at the Unidentified Gas percentage split by type pie chart, AG pointed out that the data is affected by the anomalous large unregistered North West site. Further investigation into the site is being undertaken and the resultant information is being awaited. However, it is expected that the data for this site will be removed in the 2012 analysis. GE suggested that consideration of what

percentage may never be resolved and how these are catered for is needed going forward.

In summing up, CW advised that the next stage is for the AUGE to analyse the consultation responses, looking to filter out non-methodology related responses, and provide a summary report in time for the 17 November UNCC meeting with a view to seeking approval at the 15 December meeting. AG reminded parties that the AUGE statement allows for approval in full or with caveats. Asked if the industry could anticipate being requested to provide more information, CW suggested that there may be need for provision of additional information relating to unregistered sites, but that, due to the tight timescales involved, this may prove difficult.

Any Other Business

None raised.