Uniform Network Code Committee

Minutes of the 91st Meeting held on Thursday 17 May 2012

at 31 Homer Road, Solihull B91 3LT

Attendees

Voting Members:

Shipper Representatives	Transporter Representatives
B Durber (BD), E.ON UK P Broom (PB), GDF Suez	C Warner (CWa), National Grid Distribution E Melen (EM), Scotia Gas Networks J Ferguson (JF), Northern Gas Networks, by teleconference

Non-Voting Members:

Chairman	Ofgem Representative
T Davis (TD), Joint Office	

Also in Attendance:

A Gordon (AG), GL Noble Denton; A Margan (AM1), British Gas; A Miller (AM2), Xoserve; B Fletcher (BF), Secretary; Clive Whitehand (CWh), GL Noble Denton; Dave Stacey (DS), British Gas; Edward Hunter (EH), RWE npower; Elaine Carr (EC), ScottishPower; Mark Jones (MJ), SSE; Matthew Jackson (MJ), British Gas; Mike Bagnall (MB), British Gas; Neil Cole (NC) Xoserve; Nick Wye (NW), WatersWye; Richard Dutton (RD), Total; Tom Connolly (TC), ScottishPower; Tony Perchard (TP), GL Noble Denton

91.1 Note of any alternates attending meeting

B Durber for R Fairholme (E.ON UK) and E Melen for A Gibson (Scotia Gas Networks).

91.2 Apologies for Absence

A Gibson, C Wright, R Fairholme, and S Edwards

91.3 Matters for the UNCC

a) Presentation of the Draft Allocation of Unidentified Gas Statement

CWh introduced the draft AUGS and the timeline for the process to be followed this year. AG provided an overview of the elements included within the unidentified gas definition.

DS was unconvinced that the definition used for the calculation of unidentified gas was correct, as it did not include theft. AG explained that unidentified gas is calculated in total and then theft estimated as a proportion after this point – this may not have been explained sufficiently clearly in the previous AUGS, but theft was not ignored.

DS asked why the overstatement for the LSP AQ is greater than for the SSP sector. AG explained that the data suggests that, in recent years, the trend is that AQs are consistently falling. However, AQs in the LSP sector are falling faster, and therefore the LSP sector is overstated. MB asked if the allocation bias is small and the balancing number is then applied across all AQs, does this mean the SSPs include a small amount of bias, which should not be included in the volume of unidentified gas allocated to the sector? AG advised that there may be a small amount of allocation included in the SSP split but this won't be fully understood until consumption data is reviewed – this had been explained in the previous year's presentation.

TP explained the data used in the table for allocation bias was from the Mod0081 reports – it has not been amended to reflect churn or meter removals.

MB asked if any relevance could be drawn from the steepness of the lines. AG explained that there is relevance but it is more significant to note that the lines are, at present, getting a closer.

Action UNCC0105: AUGE to provide a breakdown of data used in the unidentified gas calculation and a worked example.

BD asked if the meter bypass valve definition included in the balancing factor is due to maintenance or is it incidences identified as theft. CWh advised it is for instances excluding theft. CWa advised that it is Shippers' responsibility to notify to the Transporter when a bypass is opened and then subsequently closed. However, notifications of such actions are very rarely received. Xoserve confirmed that they did not believe any such use of bypasses had been reported.

DS asked if the data sets used in the consumption data used the same estimates and samples as in the previous year. AG advised a new approach had been considered to use a new sample with significantly more data to provide a higher level of confidence compared to the previous analysis.

MB wanted to see a method adopted which uses consumption data for both LSP and SSPs. It is preferable to use actual read data even where meter reads are not available for some sites – the nearer the sample is to 100% the better. CWh advised that data was requested last year and this provided a sample to support analysis. However, it has to be recognised that reads do not take place on the same day for every meter and so AQs are being calculated over different timeframes.

MB would like to see all available reads used to support the analysis as he believes this would provide an improved basis for analysis and sought commitment to this approach. TD clarified it would be inappropriate for the AUGE to commit to any approach. It was the AUGE's responsibility, as an independent party, to identify and select what the AUGE believes is the most robust approach.

BD was happy with this approach but wanted to understand that the data requested by the AUGE has been provided.

DS asked if the consumption data calculations would be run for the previous year's analysis. AG confirmed this was expected as this could demonstrate a level of confidence in the calculations.

AG advised that, should the variation and confidence level be low, then the percentage factor applied is likely to be zero as they will err on the side of caution. MB asked if this is likely to leave costs with the SSP market. CWh explained that this is likely to be a small amount ,say 1% of the total value.

TP gave an overview of issues raised by respondents. He explained the Weather Correction Factor analysis based on the process prior to and following the implementation of Mod 0204. This has made the calculation more complex as any overstatement is carried forward into allocation estimates, which is increased by the DAF and WCF.

MJ thought there should be consideration of impacts, which would happen this year but would not have happened in the previous year, as these will impact the allocation process. TP advised that there is no assumption that unidentified gas is similar each year – it is considered to be a variable value. However, weather factors should affect the total value as each year is different.

MJ was unsure how the WCF and EWCF would impact unidentified gas. However, he supported more analysis to help with understanding to capture any impacts.

TP explained that some analysis is to be undertaken on new sites to understand the impacts of overstated AQs – this is usually a factor for new sites. They would also be considering disconnected sites, which may still have an AQ, with some appearing to have been set to 1. BD asked if

there were any initial views on the level of impact – TP felt this might equate to 1 or 2% of unidentified gas.

TP explained that, with the introduction of Mod 0254, the SND values for this year's analysis will be using the new definition, whereas the previous year's analysis used the pre Mod 0254 values.

CWa asked if the impacts of Mod 0378 could be included in the considerations of potential impacts. CWh explained that they would also be watching the outcomes of Mods 0410, 0425 and 0426 as they may have an impact on the AUGS if implemented.

CWh explained the approach to theft and the data requested to support analysis. MB asked how the AQ for a site is to be calculated - what is the confidence it resembles the actual AQ and should metered and unmetered consumption be added together and used to calculate an AQ. CWh advised what he understood to be the previous issue raised by British Gas. However, this was not the same as now described as they had previously used the AQ based on meter readings.

TP explained that it could be problematic if the period of theft was short, as it may cause an unrealistic value if scaled up to create an AQ. It would also require scaling against seasonal normal and may lead to an overstatement of the AQ. Their assumption is to use the AQ immediately prior to the theft being detected. MB asked if the pre theft AQ can be relied on. TP advised that they have no evidence to say this AQ is more or less accurate when compared to an AQ taken after.

MB asked if theft is understated and detection rates are not accurate. If not, is there is an assumption that there is uniformity in theft detection. Their experience is that they detect more theft proportionally than other shippers. TP advised that they have no information either way to identify if theft is more prevalent or detected more frequently by particular shippers.

DS was concerned when, for example, a site is recorded with an AQ less than 73,200kWh. However, actual usage was in excess of 73,200kWh – why is it fair to allocate this site to the SSP sector. TP explained a number of examples had been identified and sites can go either way, though they will consider the example given in their analysis.

CWa asked if the values include Transporter detected theft downstream of the ECV. TP confirmed the analysis includes those thefts reported as downstream theft regardless of reporter. The calculation excludes values where the supplier has recovered monies from the consumer. Upstream theft is excluded as it is recovered through shrinkage.

PB wanted to understand the number of thefts detected between SSP and LSP. AG advised it is about 90% SSP and 10% LSP based on 4500 detections reported in the previous year. However, LSPs tend to have a larger quantity of gas consumed due to the nature of the sites.

TC asked for clarification of detection, does it include sites where there is a report which is not followed up. TP advised it doesn't, as there is no value against the theft amount. AG agreed it is not used as there is no evidence to support a theft has taken place.

PB asked if incremental cuts of the data used in the AUGS table could be provided. TP felt that, in the previous year, it was included but perhaps it should not be as the statement of methodology is their output. PB would like to see the data provided as it helps for discussion in the industry and, in particular, when explaining the position to customers.

DS would like to see the methodology used for the read data and it would be preferable if the data was made available sooner rather than later. He asked if the confidence levels for this and previous years statements is going to be published. AG confirmed that it is their intention to do so.

AM2 then explained feedback regarding the AUGE and AUGS process has been requested and a summary of the results this will be presented to the June UNCC.

PB asked if the updated AUGS table will be provided in June/July. AG advised that they need time to review the consumption data option and review the data required to support this. Sample data has been requested from Transporters and this won't be provided until June – this will then need to be sorted and analysed, which cannot be guaranteed to be complete in time for publication at the end of June.

MB asked if Xoserve are able to provide the data required. AM2 advised that the data requested would be provided by June – if this changes they will use best endeavours to provide what is required, though it may mean a restructuring of the reports, which may extend the timeline. If the equivalent data is requested for the remaining LDZs, this should be provided in time for inclusion in the final AUGS.

91.4 Any Other Business

None raised

91.5 Next Meeting

Thursday 21 June 2012, at the ENA, immediately after the Modification Panel meeting.

Action Table 22 May 2012

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
UNCC 0105	22/05/12	91.3	AUGE to provide a breakdown of data used in the unidentified gas calculation and a worked example.	AUGE (AG)	Pending