Uniform Network Code Committee

Minutes of the 95th Meeting held on Monday 17 September 2012

at 31 Homer Road, Solihull, B91 3LT

Attendees

Voting Members:

Shipper Representatives	Transporter Representatives
A Green (AGr), Total	C Warner (CWa), National Grid Distribution
	E Melen (EM), Scotia Gas Networks
	J Ferguson (JF), Northern Gas Networks

Non-Voting Members:

Chairman	Ofgem Representative
T Davis (TD), Joint Office	Not present

Also in Attendance:

A Gordon (AG), GL Noble Denton; A Miller (AM), Xoserve; B Murphy, Waterswye; C Baldwin (CB), E.ON; E Hunter (EH) RWEnpower; F Cottam (FC), Xoserve; H Cuin (HC), Secretary; M Jones (MJ), SSE; M Bagnall (MB), British Gas; N Cole (NC), Xoserve; R Dutton (RD), Total Gas & Power; S Mulinganie (SM), Gazprom; T Connolly, Scottish Power; Tony Perchard (TP), GL Noble Denton

95.1 Note of any alternates attending meeting

E Melen for A Gibson (Scotia Gas Networks)

95.2 Apologies for Absence
C Whitehand, Denton

95.3 AUGE Presentation of consumption and theft analysis report

Consumption Analysis

AG provided a presentation including the Consumption Analysis for time period 01 April 2008 to 31 March 2011.

AG explained that it is important to cover every MPRN in the LDZ, particular new supply points and when they came online, to assign the correct profiling. More details will be provided on the profiling to include in year changes, for example NDM and DM site changes within the year (as this is not yet covered).

AG explained how a full set of meter readings would be used and, if there is not a full set, how the demands would be profiled using ALPS. AG confirmed that the AUGE does not have meter read data for CSEPs. However they have a meter count to check the suitability of any scaling.

RD asked about monthly read sites, for which meter reads should be available. SM was interested in the proportion of sites where a full set of meter readings was not available. AG explained that it is important that meter reads are in the correct window for the year and how validation checks will take place along with a rejection process for sites which do not meet the required parameters. He confirmed the AUGE will also reject information where the data does not match to protect the sample from using erroneous data - for example where the read based data is more than 5 times smaller or larger than the AQ.

SM asked for further clarification around the 5 times AQ validation test. He was concerned about rejecting read data based on the AQ, which is not always reliable due to time lags. He was concerned about relying on AQ data to reject rather than a meter read data set. MB enquired about the proportion of sites that have failed the AQ validation test. TP confirmed this information could be provided - AG believed the rejection rate is approximately 7% in total, of which the AQ test rejection would only be a part. TP explained that a different approach could be adopted for sites where the AQ is set at 1.

SM was concerned about the rationale and reasonableness of the 2011/2012 sample and the use of the low and high parameters. AG observed based on data over the three years that there is a random variance. He did not wish to make assumptions based on three years worth of data when the sample size changes year on year, based on the sample he anticipated using an average. However SM pointed out that the best estimate figures indicate a drop and suggested the trend decrease should be used. RD suggested that market changes could result in an improvement. AG explained that if a trend was used the trend would eventually result in negative figures.

RD asked how the data compares using the old methodology. He suggested excluding a year in the calculations if there was little confidence in the data results.

SM asked what the comparable figure was for the year based on the old

methodology. AG explained the old methodology resulted in a best estimate of 841. AG did not want to invalidate a particular year based on the data obtained, arguing the changes could be a result of volatility of data or a function of the subset of data used.

AG wished to be confident in the method as opposed to looking at the results to ascertain if parties believe the numbers are reasonable or not. If a clear trend is revealed using this method, consideration would be given to using a trend or average for projections. TP explained the cons of using a trend and the confidence of the trend continuing.

SM was keen to see a full data set before a final decision was made on the methodology. TD emphasised that it is for the AUGE to be satisfied they are using the best methodology rather than other parties.

MB asked if the AUGE would validate the anticipated methodology upon the provision on a full set of data.

AG understood from discussions today that parties would be more confident with a final decision on the methodology being taken when complete data is available and confirmed that a different approach may be considered once a full set of data is available.

RD was keen to see the consumption analysis as presented to today for each LDZ when it becomes available. AG agreed this was a reasonable request and would clarify the possibility of doing this.

RD asked about the point at which the AUGE would reconsider the methodology if confidence in the data decreased. AG didn't wish to pull the plug on a methodology - if the methodology is rejected based on statistical confidence, an alternative approach will be considered. TP did not want to run the old and new methods simply for parties to choose which they preferred. AM explained that concerns had been expressed about the existing methodology and, as a result, a new methodology has been looked at. He believed the results of the previous methodology are not a true test of assurance on a different methodology - a different approach has been taken based on feedback from the previous year and the availability of additional data.

MB was keen to understand the AUGE's confidence in the methodology; AG explained that statistical significance tests underpin confidence and are used for this purpose.

RD enquired if the AUGE expect differences between the LDZs. AG didn't wish to speculate. TP explained there would probably be variances between LDZs. MB added regional variances might reasonably be expected and so it would not be a surprise to see variances.

MJ asked about the use of a consistent method for each LDZ and whether, if one LDZ were significantly different, the AUGE would consider using a different method for one LDZ. AG was keen to use a consistent method, but explained that if one LDZ is significantly different they would look further into the data to try and find what may be causing the significant difference.

Theft Analysis

AG presented the theft analysis based on theft detection. He confirmed that weaknesses identified within the previous method had been taken into account.

SM was keen to understand the thirteen sites deemed to have a significant impact, to understand the rationale and to ensure the data is

correct. He sought to understand the materiality of the thirteen sites and the history behind them, for example if they are SSP or LSP sites based on what the site has been used for, and if there is a process reason for the failure. Parties wanted to be certain about the integrity of data.

AG confirmed that he would provide the data regarding the sites to Xoserve to investigate but he explained actual MPRNs are not provided to the AUGE. FC clarified the data will be based on the information recorded.

AG summarised the differences between the previous method and the alternative method. He explained that the use of meter reads and AQs may not be reliable in theft cases due to the inherent nature of the site. AG anticipated that LSPs would have more scrutiny; due to the frequency of monthly reads, he anticipated less risk, as there is greater opportunity to obtain a read compared to a yearly read cycle.

SM was concerned about any assumptions across the market.

TP explained there is a very small sample. AG confirmed that the aim is to be as accurate as possible to define the proportion of theft in the LSP and SSP sectors. The sample size needs to be appropriate, and statistically valid.

SM was keen to see a breakdown of theft, more than just an LSP and SSP sector split and enquired whether it would be viable to split this further into segments within the market. AG was happy to look into the feasibility of splitting theft further, for example using an end user category, but was mindful of the population and size of the sample.

SM explained that in the LSP market roll out of smart metering, alarms and more frequent reads is a proactive method of monitoring. He also explained certain credit checks are made which reduce the likelihood of theft.

AGr enquired about the management of unregistered sites. AG understood that not all unregistered sites represent theft, and clarified that the methodology takes into account what should happen for unregistered sites under the UNC. AG explained that the AUGE must be careful not to effectively endorse non-compliance. MB was concerned that the assumption that all unregistered sites are managed in line with the requirements within the UNC may not be the right assumption.

AG explained that the use of AQs is an area of concern. It was also recognised that the consequence of detecting theft may impact Shippers negatively within the AUGE process. CB reported that evidence that has been looked at suggests theft is not a level playing field across suppliers - there is a geographical element.

AG confirmed that the key assumption will be that theft occurs in proportion to throughput in each sector. Using throughput the data presently indicates the final figure would be 23.3%.

BG asked about the possibility of a re-adjustment of the assumed figure of 23.3% if it transpired the actual data was different for example 23.1%. It was clarified the assumption is based on the best data available at the time and there will be no provision to change the calculation in subsequent years and no retrospective adjustment by the AUGE.

SM enquired about the treatment of DME sites, he explained the DME product. SM asked the AUGE to consider DMEs due to the availability of daily reads. AG confirmed that, as long as the data can be obtained, this can be dealt with.

TP summarised the actions the AUGE had recorded and will take away:

Action AUGE 0901: **Report number of meter failing the AQ check and how to deal with AQs of 1.**

Action AUGE 0902: **Look at the sampling rates providing a split of LSP/SSP**

Action AUGE 0903: **Produce Consumption table for each LDZ**

Action AUGE 0904: **Provide Xoserve information of the 13 sites contributing to theft for investigation**

Action AUGE 0905: **Look at splitting theft into meter read frequency**

Action AUGE 0906: **Consider the management of DME sites.**

95.4 Any Other Business

None raised.

95.5 Next Meeting

To be arranged when AUGE has further information to share.

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
AUGE 0901	17/09/2012	95.3	Report number of meter failing the AQ check and how to deal with AQs of 1.	AUGE (AG)	Pending
AUGE 0902	17/09/2012	95.3	Look at the sampling rates providing a split of LSP/SSP	AUGE (AG)	Pending
AUGE 0903	17/09/2012	95.3	Produce Consumption table for each LDZ	AUGE (AG)	Pending
AUGE 0904	17/09/2012	95.3	Provide Xoserve information of the 13 sites contributing to theft for investigation	AUGE (AG)	Pending
AUGE 0905	17/09/2012	95.3	Look at splitting theft into meter read frequency	AUGE (AG)	Pending
AUGE 0906	17/09/2012	95.3	Look at the sampling rates providing a split of LSP/SSP	AUGE (AG)	Pending
AUGE 0906	17/09/2012	95.3	Consider the management of DME sites	AUGE (AG)	Pending