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Submitted via:
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Dear Tony

Allocation of Unidentified Gas Statement – 2nd Draft of Statement 2015/16

We welcome the opportunity to respond to the 2nd Draft of the AUG Statement for 2015/16. Our response is non-confidential and therefore can be posted on the Joint Office website.

ScottishPower raised a number of issues with the AUGE in June 2012 and received a response advising that the issues would be looked at in detail once work on the AUG methodology had been concluded. We understand that the AUGE has considered issues that have been raised by Shippers with regard to CSEPs and has concluded that all energy associated with CSEP should be regarded as temporary. ScottishPower is concerned about this assumption, in particular with respect to reconciliation activity on CSEPs and volumes that may fall beyond the “line in the sand”, where the energy volumes will never be reconciled. Other elements which may be affected by the closure of the settlement period and have the potential to impact the volume of unidentified gas are: AQs of 1kWh and unregistered sites.

There are specific iGT UNC requirements on Users to submit meter readings which should result in reconciliations taking place. This is indeed the case over Large Transporter networks¹ where it has been reported that only a small percentage of energy remains unreconciled. As demonstrated by statistics reported by Xoserve through the quarterly reports presented to Industry Engagement Forum, a large population of CSEP Logical Meter Numbers (LMNs) are never reconciled and others only have some reconciliation undertaken.

¹Unreconciled Allocation Update – December 2011
[http://www.gasgovernance.co.uk/sites/default/files/Unreconciled%20Update%20\(provided%20by%20Xoserve\).pdf](http://www.gasgovernance.co.uk/sites/default/files/Unreconciled%20Update%20(provided%20by%20Xoserve).pdf)

Xoserve CSEP data reports produced for the end of May 14 report the following, as outlined in the attached presentation slides:

- 4467 live LMNs
 - 2567 (57.47%) with some reconciliation activities
 - 1900 (42.53%) without any reconciliation activities
- 5681 closed LMNs
 - 4093 (72.05%) with some reconciliation activities
 - 1588 (27.95%) without any reconciliation activities

In addition the undernoted table provides a breakdown of when LMNs closed in 6 month periods but are yet to receive any reconciliation.

Period	No. of closed LMNs without any rec
Apr 11 - Sept 11	59
Oct 11 - Mar 12	212
Apr 12 - Sept 12	105
Oct 12 - Mar 13	757
Apr 13 - Sept 13	119
Oct 13 - Mar 14	233
Apr 14 - onwards	103
Total	1588

As a consequence due to the lack of reconciliation activity there is the potential for large volumes of energy (and associated UG) being unaccounted for by the progressive advance of the settlement close-out window in relation to IGT LSP sites.

A further point to note is that where CSEP Reconciliations are processed a high percentage of these result in a debit to RbD. Xoserve reported in the September 13 at the Industry Engagement Forum for the 18 month period from Mar 12 – Aug 13 that:

- Volume of reconciliation received at CSEP was (-1,054,261,434kWh)
- Value GRE £-21,244,092.07

This would suggest consumption at individual LMNs is overstated and as a consequence is understating the value of unidentified gas. If the meter readings used within the reconciliation are subsequently used to amend the individual LMN AQ, this will correct the energy allocation going forward. However, for those LMNs where no reconciliation is undertaken this is not the case. For those sites where there is an initial reconciliation it is unclear if continuous reconciliations take place, which would lead to the continued update of the site and LMN AQ value. This is important to ensure that energy allocation more accurately represents an estimate of the offtake consumption at the site.

Whilst there are a number of reasons why reconciliations do not occur on iGT CSEPs, we would ask that the AUGIE re-consider the issues raised by ScottishPower within Appendix 1 and determine whether all energy associated with CSEPs should continue to be regarded as temporary. We have also attached a copy of the Xoserve presentation relating to CSEPs which

was presented to the Industry in June 14. Likewise we would be appreciate the AUGE looking at the impact that AQs of 1kWh and unregistered sites may have following the recent industry exercises to resolve and address these issues. We would ask the AUGE to confirm if it still believes that all gas associated with these issues are temporary in nature.

If you require any further information on the issues raised by ScottishPower, please do not hesitate to contact me on the above telephone number.

Yours sincerely

Marie Clark
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ScottishPower