

SEFE Energy Representation Draft Modification Report

Modification 0840 - Equalisation of prepayment and non-prepayment AUG factors

1. **Consultation close out date:** 13th March 2023
2. **Respond to:** enquiries@gasgovernance.co.uk
3. **Organisation:**
SEFE Energy
5th Floor
8 First Street
Manchester
M15 4RP
4. **Representative:**
Steve Mulinganie
Regulation Manager
stevemulinganie@sefe-energy.com
0799 097 2568
5. **Date of Representation:** 13th March 2023
6. **Do you support or oppose Implementation:**
We **Do Not Support** implementation of the Modification
7. **Please summarise (in 1 paragraph) the key reason(s) for your position:**
The current Allocation of Unidentified Gas Expert (AUGE) process seeks to deliver an independent assessment of the distribution of unidentified gas fairly across the market to Shippers. The AUGE has already stated that they do not have the mandate to unilaterally change their impartial determination to address a current politically sensitive Supplier issue. Whilst we acknowledge the proposer's intent is to try to help a particular class of customer, we note there is no direct connection between the application of the factors to Shippers and the Suppliers billing arrangements with their customers. Furthermore we should not be making the current independently governed methodology fit this current political narrative. If we do, we fundamentally undermine the impartiality and validity of the current process.
8. **Are there any new or additional Issues for the Modification Report:**
No

9. Self-Governance Statement Do you agree with the status?
Not Applicable

10. Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

We **disagree** with the proposer that this modification is positive in respect of Relevant Objective(d) as we believe that the current arrangements better facilitate competition by ensuring that, in line with the current arrangements applicable to all other customer segments, costs are targeted based upon an independent assessment by the AUGE.

11. Impacts & Costs:

What analysis, development and on-going costs would you face if this modification was implemented?

We **have not** identified any significant costs associated with the implementation of this modification

12. Implementation:

What lead times would you wish to see prior to this modification being implemented, and why?

We do not support implementation of this modification

13. Legal Text:

Are you satisfied that the legal text will deliver the intent of the modification?

We **have not** reviewed the Legal Text provided.

14. Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that you believe should be taken into account or you wish to emphasise.

Yes

This matter was discussed at the AUGE meeting on the 17 February 2023

[Governance Workstream Minutes \(gasgovernance.co.uk\)](http://gasgovernance.co.uk)

At that meeting it was noted that: -

*“the reason behind the differential is related to the proportion of theft attribution to prepayment meters in the detected theft data. **More recorded theft is identified against prepayment sites.**”*

*“Dsp noted that it is within the Terms of Reference to work with the question, but **to eliminate the bias and the differential is not the role of the AUGE.** It is AUGE’s role to identify process and work with CDSP on data presented by Shippers.”*