

Scottish Power Response to Review of 2018/19 AUG Year

There are a number of material consequences arising from recent changes in the Framework creating a perfect storm the result of which was incomplete analysis, late material changes to the table insufficient time to prepare for UNCC representation, insufficiently briefed UNCC.

Perfect Storm

1. This was the 3rd application of the new Allocation of Unidentified Gas processes, it was also the first application for which there was a full gas-year (17/18) of post-Nexus UIG allocations to inform stakeholders responses to the consultation. As such there was a large number of points raised by stakeholders for AUGÉ to consider.
2. It was also the 1st application of the revised Framework (accelerated by 2 months compared to the previous year)
3. The consequence of this fore-shortened period combined with the number of issues raised is that 9 issues remain open on the AUGÉ Log, yet to be evaluated.
4. SP believe that it is inappropriate to propose changes to UIG factors based on only partial analysis of the issues, since the remaining factors could reasonably be expected to result in further changes.

Process Weaknesses

5. Incomplete analysis in Feb draft table;
6. The Sub-Committee and UNCC have no vires to approve the table.
 - a. This means shippers are dependent on the expert output
7. Unanimous approval from UNCC is required either to i) re-work or ii) allow the current table to roll on.
 - b. This is fine when all UNCC members agree that the table is inappropriate, but an unintended consequence is that this approach allows a minority to exercise disproportionate power in blocking any changes where the proposed table is in their interests – to wit. the voting at UNCC for Scottish Power's proposal to complete the analysis before October which garnered a majority
8. Insufficient time to prepare UNCC for representations following final Sub-Committee (meeting was only 6 working days prior to the UNCC)
9. In addition, UNCC had received no updates on the progress of the AUGÉ work during the year so were not in a position to make a decision to overturn the proposal on a short notice item
10. The delegating of voting powers of absentee members leaves no room for genuine debate in light of new facts because the alternate is not in a position to exercise any discretion on the facts presented.

Recommendation

- Increase the time available to AUGÉ to develop response and incorporate into proposals
- Provide updates to UNCC of consultation responses and AUGÉ progress
- Formalise powers for Sub-Committee voting on approval of AUGÉ factors

Shipper A Response to Review of 2018/19 AUG Year

The review itself was far better timed than the previous year so there appeared to be improvement in that space, however, there was still deferral of some reviews and methodology evolution put off to 2020 which is disappointing when the timings were moved in the hope to incorporate things within 2019/2020 year amendments.

We understand that data analysis is needed to make recommendations but based on our own analytical abilities we don't believe the AUGE makes the progress nor expert recommendations when there is the opportunity to. This reluctance to make recommendations results in delays in decision making which could diminish the quality of the modelling applied and also the confidence in those doing the modelling. The AUGE is supposedly the expert yet the reluctance is resulting in doubt in the expert ability actually being applied. We are not sure if this is the AUGE or the way the contractual agreements work with the CDSP, either way there needs to be improvements in the analysis justifications and the ability to communicate this with the industry. We feel strongly that independence and robust modelling is essential for the process to operate successfully. Unfortunately, we currently have doubts with the application of this and feel improvements need to be made.

We are not sure the analysis completed on theft was interpreted in the same way the TRAS Service Provider views theft, there needs to be more work conducted in this topic to ensure that accurate assertions are applied as this can negatively impact the modelling.



Fiona Cottam
Business Process Manager

18th June 2019

Re: ICoSS Response to AUGE annual review consultation 2019

The Industrial & Commercial Shippers & Suppliers (ICoSS) is the trade body representing the majority of the GB non-domestic energy market. Our members¹, who are all independent Suppliers, in total supply in excess of three quarters of the gas and half the electricity provided in the highly competitive non-domestic market.

Overall we believe that the AUGE process has worked well this year. The change in the AUGE timeline, which was progressed by ICoSS members, has given more opportunity for industry parties to examine the proposed AUGE methodology and to engage earlier in a more meaningful manner. We are pleased to have seen the AUGE respond to this increased engagement providing additional information for the industry including publishing regular updates, as well as hosting more meetings. This has given the AUGE and industry more opportunity to test the underlying methodology and incorporate any improvements into the forthcoming statement, rather than waiting until the next AUGE year.

In terms of the final AUGE statement, we believe that **this year's statement represents a significant improvement in the accuracy and robustness to previous statements**. We particularly welcome the emphasis on the theft aspect of Unidentified Gas. The use of the TRAS data to assess underlying theft trends we fully support as this data provides the most comprehensive set of information on the locations and causes of energy theft. We are not aware of any potentially more comprehensive dataset and so the TRAS information should continue to be used as the basis for any theft apportionment going forward.

Consideration should also be given to further refining the AUGE scaling factors in light of the findings that the majority of theft in EUC Band 1 is from sites with PPM meters.





There has also been an improvement in communication. The **monthly updates** provided by the AUGE have provided a useful indicator of progress. It is important that these updates are widely communicated and so we expect that the Joint Office continues to actively circulate these updates to the industry.

Looking forward, **we suggest that emphasis is placed on further refining the statement to take account of the evident difference between PPM and credit meters with regard to energy theft.** There is a clear difference between the two market sectors. We would be supportive of any **changes to the AUGE table to take into account EUC Band sub-categories.**

Gareth Evans
ICoSS

gareth@icoss.org

Fiona Cottam,
Business Process Manager,
Xoserve

19 June 2019

Re: Allocation of Unidentified Gas (AUG) Process – Request for Feedback

Dear Fiona,

Please find below responses to your request for feedback from the AUG Expert. These have been grouped under the areas you suggested. We are happy that our feedback is made public.

In general, DNV GL felt that the process worked well this year. All deliverables were met on time and a lot of new analysis was carried out, particularly regarding theft and conversion factors (pressure and temperature conversion). Although some parties are unhappy with some of the changes (and the fact that some changes weren't made), we believe that we have made significant progress and will continue to work with the industry to further enhance the methodology in the coming AUG year.

Yours Faithfully

Tony Perchard
Principal Consultant
Business Analytics & Advisory
DNV GL – Digital Solutions

1. The AUG Framework document

- The new schedule worked well.
- The early engagement meeting was very useful and provided an opportunity for more industry input.
- Monthly reporting (not in framework document) was well received.

2. The AUG

3. The Industry

- Very difficult and time consuming process to obtain TRAS data
- Not all TRAS data requested was made available which caused issues with the methodology and with the industry when the new approach was only partially implemented
- The AUG welcomed the support it received from the Industry and Xoserve to obtain TRAS data
- The industry seems more engaged in and supportive of the process
- There were occasions when industry parties referred to the AUG procurement process during communications with the AUG which could be seen as an attempt to influence the AUG

4. Xoserve

- A number of data issues led to delays, data resends and therefore rework e.g. presence of volume converters, meter read data etc
- A number of new data items were provided on request, and often at short notice
- There are still a significant number of missing meter reads