UIG Task Force Update

Dear Customers and Industry Colleagues,

At the end of March the Unidentified Gas (UIG) Task Force published an executive summary of their post sprint findings. The team is now pleased to share our progress over the recent weeks and an update on our next steps.

Background

Since the implementation of Project Nexus in June 2017, gas shippers have experienced much higher than expected absolute levels and volatility of UIG. This is severely affecting their ability to predict demand and commercially manage their businesses from an immediate cash-flow perspective, because UIG is reconciled (corrected) over an extended and unknown future period. In July 2018 Ofgem approved the Uniform Network Code (UNC) Modification 0658 to drive a more centralised and focussed approach to the resolution of UIG, mandating Xoserve as the Central Data Service Provider to take on a leadership role on behalf of the industry.

UIG Work Group and recommendations

At April's first UIG Work Group we presented 10 new recommendation options to support the findings published for issue 3.2.5 "Inaccurate or out of date AQs – impact of rolling AQ". At the 29th April UIG Work Group we shared two draft modifications to support these recommendations, and agreed to draft a further modification which would introduce an incentive mechanism that reapportions UIG via the Amendment Invoice based on an organisation's performance level. This mechanism, once developed and sponsored, could then be used to support existing and future modifications which propose a performance incentive, for example UNC Modifications 0664 and 0672. We will present the draft Mod at the next UIG workgroup meeting, where we will also continue to agree status updates against each line on the UIG Recommendation Tracker and engage with our customers. We have closed 43 recommendation lines so far, and the overview of the recommendation actions in progress follows.

Live Modifications

These modifications have been sponsored by customers and assigned to the UIG Work Group for development:

- 0681 – Sponsored by E.ON. A copy of the modification can be found here.

- 0690 – Sponsored by British Gas. A copy of the modification can be found here.

- 0691 – Sponsored by British Gas. A copy of the modification can be found here.

Drafted Modifications

Total Gas and Power have confirmed that they will sponsor the draft modification "CDSP to automatically change the meter read frequency to monthly where the AQ is greater than 293,000 kWh or there is Smart / Automated Meter Reading equipment on site" to support the recommendations related to Non-Daily Metered sites in End User Category 09 with an AQ greater than 58.6m kWh (item 3.2.1). It will be submitted to the next UNC Modification Panel for discussion on 16th May 2019.

Scottish Power will raise the draft modification "Use of a Standard National Conversion Factor (UNC Review Group)" to support nine recommendations related to the Standard Conversion Factor findings (item 12.2). This was presented at the UIG Work Group on 8th April 2019 and they will submit it to the next UNC Modification Panel for discussion on 16th May 2019.

We have created two new proposals for recommendations related to Inaccurate or out of date AQs – impact of rolling AQ (item 3.2.5). We presented these at UIG Work Group on 29th April, and we encourage all parties to read, review and consider sponsoring them. The Xoserve drafted modifications can be found here:

- Mod xxx Amend Must Read Obligation for Smaller Supply Points

- Mod xxx Change Maximum Meter Read Frequency to 6 monthly

PAC reports/ Change requests/Change proposals
We are progressing recommendations that introduce new performance monitoring by the Performance Assurance Committee (PAC), and the change requests and change proposals that will deliver this.

The UIG recommendation tracker is published on the Joint Office website and on our website here. It contains the full detail and status of each recommendation line. If you would like to discuss any of these in detail, please get in touch with the Task Force directly.

Findings

Machine learning
We have published the complete findings pack which details the complex machine learning analysis undertaken by our Analytics Partner. The analysis shows that using a Neural Network Machine Learning algorithm could significantly improve the accuracy of NDM allocation, reducing base level UIG at allocation of around 70% over the simulated 2016 gas year. We are in the process of packaging up the findings and working with DESC to review this data. We will work with the industry to agree the next steps, as realising the benefits of this analysis will require a significant change to the NDM allocation regime. The full findings report can be found here.

SW LDZ Composite Weather Variable Issue

Since October 2018, the weather measurements used to calculate the CWV in SW LDZ have not been correctly adjusted following the switch to a new weather station. We will look to correct the historic CWV and WAALPs ahead of the next AQ calculation in May. We assessed the impact on UIG at allocation and determined that UIG is overstated by 0.02% of National LDZ throughput. The energy will correct at reconciliation and as the impact is low we have no further recommendations to make.

Accuracy of Metering Equipment at Meter Point Offtake

We have published an assessment of the potential UIG impact of the accuracy of metering equipment (item 16 on the investigation tracker). This analysis is based on published data for disputed meters and academic research into the accuracy of domestic metering equipment. The assessment is that measurement error in metering equipment could be contributing up to 0.22% of throughout to UIG. This is within the +-2% accuracy band for metering equipment so we are closing this line of investigation and will not be making any recommendations. The full findings report can be found here.

Next steps for the Task Force

The UIG Task Force will publish new findings and recommendations where our analysis is completed on open investigations lines. To view our published findings and recommendations to date please click here. We will also continue to develop new modifications, support the sponsored modifications and lobby the industry to sponsor the modifications that are still in draft form.

We will continue to work with the Performance Assurance Committee to ensure that the additional monthly reporting for NDM Sites in End User Category 09 is shared to enable monitoring to take place.

As mentioned in our previous executive summary, we will continue to drive the implementation of the automated suite of UIG reports and we will maintain the interim manual production of the two graphs in the meantime. The latest view can be found here.

We are making progress on the development of an industry wide UIG dashboard where we believe there is an impact to UIG levels. We will continue to keep you updated on the progress made and how we will be using this to enhance our engagement with customers. The key areas of focus are:

- Take up of the WAR band End User Categories
- Meter read submission performance (including AQ at risk due to overdue meter readings)
- AQ correction activity
- Inappropriate Conversion Factors
- Inappropriate Meter Read Frequency
- Sites above the Class 1 AQ threshold that are not in Class 1

To view the Investigation tracker and updates against each line of investigation, please click here.

As always, we will continually update you with our progress via monthly Change Management Committee Meetings, Contract Management Committee Meetings and the UIG Work Group.

Moving forward, we will change the way we provide UIG Task Force updates. In addition to investigation updates, we will to provide a 'UIG state of the nation' where we will share current UIG levels, highlight industry performance or behaviours which may be impacting UIG, and the initiatives we are working on to deliver improvements in this area.

If you have any questions or comments, please contact us at uigtaskforce@xoserve.com.

Kind regards

Ranjit

Ranjit Patel – **Chief Customer Officer**
Ranjit.Patel@xoserve.com | 0771 7854 091

Address: Xoserve Limited, Lansdowne Gate, 65 New Road, Solihull, B91 3DL
Company Website: http://www.xoserve.com