

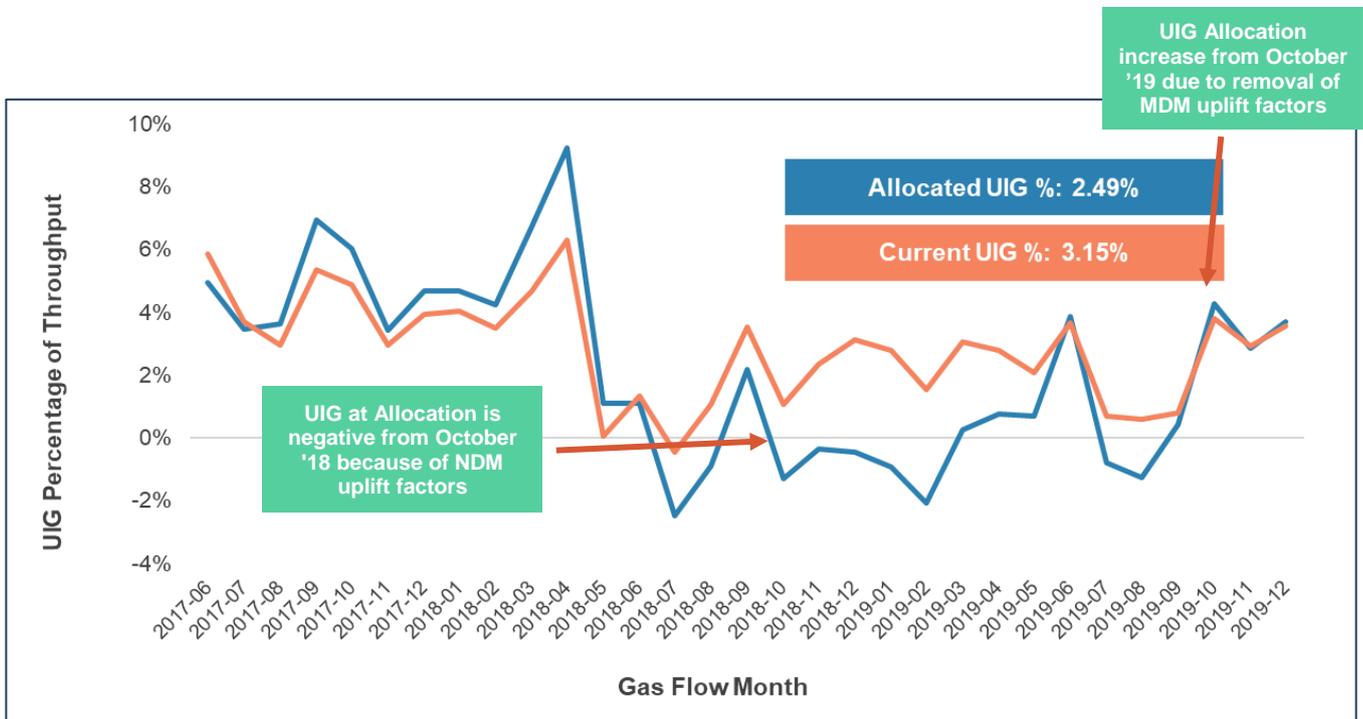
UIG Task Force Update

Friday 31st January 2020

Dear Customers and Industry Colleagues,

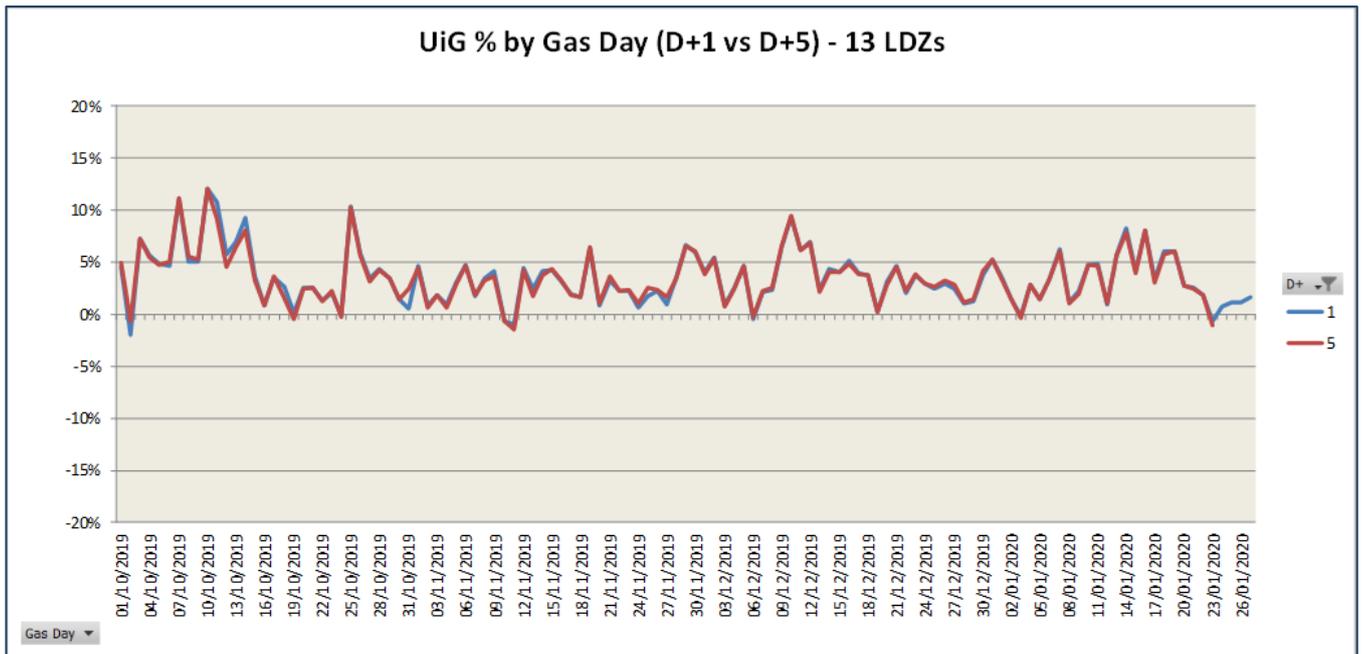
In December 2019 I shared with you the latest update on progress made by the Task Force. We are continuing with our activities to deliver improvements, sharing our analysis to date and continuing to support modification development. I would like to continue to highlight the most up-to-date view regarding industry performance or behaviours which may be impacting Unidentified Gas (UIG).

UIG Current Tracking Levels at Allocation and After Reconciliation (including the December 2019 Amendment Invoice issued in January)



We have seen average UIG levels in daily Allocation increase from October 2019 onwards, due to a combination of industry changes to the NDM Algorithm parameters and the introduction of the new End User Categories. This is illustrated on the chart on the next page.

In addition, the relative proportions of UIG shared to each Class and EUC have changed as a result of the new UIG Weighting Factors as developed by the independent Allocation of Unidentified Gas Expert and implemented on 1st October 2019. We have recently updated our news article on our website which explains these impacts in more detail. You can find the update [here](#).



We have developed an interactive on-line version of the two graphs that we have published above. They should go live on our website during February 2020, and we will publish a news article to introduce the new graphs once they are live.

WAR Bands

All Non-Daily Metered (NDM) sites in End User Category (EUC) Bands 3 to 8 should be monthly read and have a winter consumption, which assigns the site of one of the four Winter:Annual Ratio (WAR) Band EUCs to allocate the NDM energy more accurately. The difference between allocated usage for the WAR Band and allocated usage for the default Bucket Band would contribute to UIG at allocation.

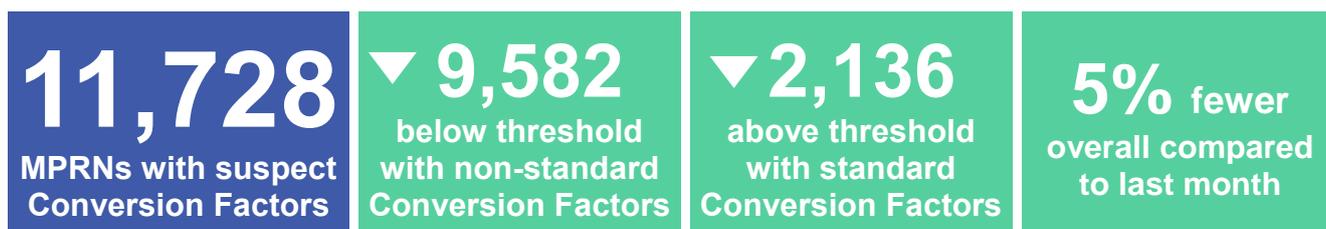
<p>33.4% Of WAR eligible Annual Quantity (AQ) in Bucket Band</p>	<p>26.1% Of WAR eligible Meter Point Reference Numbers (MPRNs) in Bucket Band</p>	<p>31.9bn kWh of AQ 19k MPRNs</p>	<p>+0.5% of AQ +0.6% of MPRNs Compared to last month</p>
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Mod 652 – “Introduction of winter read/consumption reports and associated obligations” includes seven reports that are generated between November and the following October and shared with the industry to aid customers. Four of these reports are shared with the Performance Assurance Committee. The modification now obliges Shippers to provide updated information where they have not fulfilled their earlier obligation to provide a monthly read in the winter read windows. Via the Xoserve Customer Account Managers we will engage with Shippers to make sure that they have all the support they need to make these updates.

Inappropriate Conversion Factors

The Conversion Factor is a component of the formula that is used to convert metered volume to energy. Sites of different sizes should have different conversion factors as specified in the Thermal Energy Regulations, which is a piece of UK legislation.

All sites with an AQ lower than 732,000 kWh should have a single standard Conversion Factor, but sites with AQ greater than 732,000 kWh should have a specific Conversion Factor based on the local altitude, temperature and pressure. Metered energy could be under or over recorded at a site with an inappropriate Conversion Factor, which would then contribute to UIG.



Potentially incorrect Conversion Factors are reported each month in the Shipper Performance Packs. In addition, the first UIG Task Force modification to successfully complete the industry governance processes has been implemented. UNC Modification 681S “Improvements to the quality of the Conversion Factor values held on the Supply Point Register” gives the Central Data Services Provider (CDSP) authority to change the Conversion Factor held on UK Link where it does not comply with legislation. The supporting Change Proposal (XRN 4932) is now scheduled for implementation in the June 2020 UKLink Release.

Sites Above the Class 1 AQ Threshold That Are Not in Class 1

EUC 9 sites where the AQ is greater than 58.6m kWh should be re-designated as Class 1 by the Shipper. The NDM profile may not be a good representation of their usage, thus contributing to UIG.



Of the above, 15 sites with a total AQ over 1.9bn kWh fully meet the UNC criteria for re-confirmation as Class 1, with at least 3 qualifying calculations over a six month period. We saw 6 sites converted to Class 1 during December, which is excellent progress but 5 new “red” category sites, which fully meet the Class 1 criteria.

There are three live Uniform Network Code (UNC) Modifications in progress related to this topic, as a result of the Task Force’s recommendations: Mod 0690 titled “Reduce qualifying period for Class 1”, Mod 0691 titled “CDSP to convert Class 3 or 4 meter points to Class 1 when G1.6.15 criteria are met” and Mod 0692 titled “Automatic updates to Meter Read Frequency.” In addition to this the Customer Advocates are continuing to discuss individual sites with Shippers.

Meter Read Submission Performance

Submitting meter readings to Xoserve is important and will contribute to reducing UIG levels. Actual metered energy will reconcile any UIG caused by the allocation algorithm, and a new meter reading will be used to calculate a new AQ, which should make allocation more accurate in the future. Read performance is a key area of focus for the Performance Assurance Committee and Xoserve will be working with Shippers to increase read submission performance where appropriate.



Figures are taken from the Performance Assurance Reports for December 2019. Meter read submission continues to be below the UNC requirements in all Classes. The total number of sites unread since Nexus Go-Live has reduced by another 30,000 this month. A number of in-flight UNC modifications aim to encourage better meter read submission levels, including:

- 0664 - Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4
- 0672 - Target, Measure and Report Product Class 4 Read Performance
- 0699 - Incentivise Read Submission Performance using additional Charges

UIG Workgroup and recommendations

At January's UIG Workgroup, we closed a further 5 lines on the Recommendation Tracker, bringing the total closed to 75. 20 recommendations remain open, of which 16 are dependent on live or suggested UNC Modifications. The total UNC Modifications drafted by Xoserve remain at eight, with four of these being live, one now approved and implemented, and one further Modification (0692S: Automatic updates to Meter Read Frequency) approved, awaiting an implementation date. All live modifications can be found on the Joint Office website [here](#), and all drafted modifications can be found on our website [here](#).

The UIG Recommendation Tracker is published on the Joint Office website and on our Xoserve website [here](#). It contains the full details 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.

Next Steps for the Task Force

The final phase of Machine Learning investigation is nearing completion. This work focused on reducing day-to-day UIG volatility, with two main strands of activity: further exploration of potential improvements to NDM Allocation that could be achieved by using a machine learning model for End User Categories 2 to 8; and investigating the relationship between daily LDZ UIG and total daily LDZ energy quantities. We will now summarise the key findings, opportunities and recommendations, and publish these during February.

This ends the main investigative activities of the UIG Task Force. We continue to support the development of the UNC Modifications that we drafted, and we are developing enhanced reporting to help Shippers understand how their performance can influence daily and annual UIG. We have transferred all the ongoing Task Force activities into our new organisation structure and we shared the new alignment at October DSC Change and Contract Management Committees.

We will take project close-down paperwork and a summary of the Task Force's findings and achievements to the DSC Change Management and Contract Management Committees in March 2020.

UIG Information and Resources

To view the latest weekly tracker of daily National UIG as a percentage of total throughput (comparing D+1 and D+5 post Gas Day) and the monthly tracker of latest UIG as a percentage of total throughput accounting for estimated phasing of meter point reconciliation, please click [here](#).

To view our published findings and recommendations to date please click [here](#). We will also continue to support the live modifications through to implementation.

To view the Investigation Tracker, where you can follow individual updates against each line of investigation, please click [here](#).

As always, we will continually update you with our progress via industry forums.

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

Kind regards

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