

Unidentified Gas Update

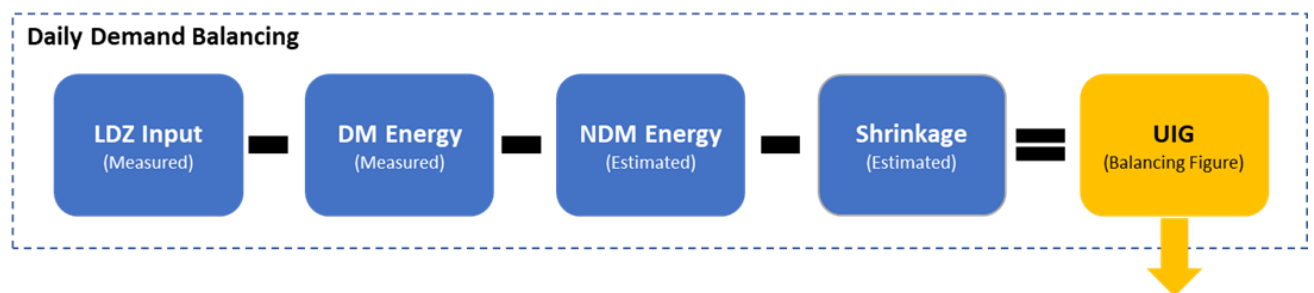
September 2024

Dear Customers and Industry Colleagues,

As we approach the start of a new Gas Year on 1st October 2024, Xserve would like to share an update regarding one of the key parameters in the daily demand balancing processes – Unidentified Gas.

The article reflects on the new Unidentified Gas (UIG) Weighting Factors, current UNC Modifications relating to UIG and observations on UIG levels from the current Gas Year 2023/24 and the outlook for Gas Year 2024/25.

Unidentified Gas (UIG): Weighting Factors – Gas Year 2024/25



Each year the AUGE (Allocation of Unidentified Gas Expert) is responsible for consulting with the [AUG Sub Committee](#) and for defining the Unidentified Gas (UIG) Weighting Factors used in the sharing out of UIG in the daily demand balancing calculations (as shown above). The UNC Committee gave final approval of the Weighting Factors for Gas Year 2024/25 below at its meeting on 18 April.

Supply Meter Point Classification	Class 1	Class 2	Class 3	Class 4
EUC 1ND	51.51	51.51	51.51	107.23
EUC 1PD	51.51	51.51	51.51	107.23
EUC 1NI	5.87	396.20	226.73	450.82
EUC 1PI	5.87	396.20	226.73	450.82
EUC 2ND	66.54	66.54	66.54	116.62
EUC 2PD	66.54	66.54	66.54	116.62
EUC 2NI	5.87	130.40	123.64	199.05
EUC 2PI	5.87	130.40	123.64	199.05
EUC Band 3	5.87	60.12	60.34	69.60
EUC Band 4	5.87	59.90	63.63	71.80
EUC Band 5	5.87	66.17	62.08	68.88
EUC Band 6	5.87	70.74	59.38	67.86
EUC Band 7	5.87	73.23	62.12	68.81
EUC Band 8	5.87	59.71	59.58	58.17
EUC Band 9	5.87	28.27	26.24	29.45

The detail behind how the values for Gas Year 2024/25 have been determined is available in the “Final Allocation of Unidentified Gas Statement” available [here](#).

Unidentified Gas (UIG): UNC Modifications

For information, the following UIG related UNC Modifications are being discussed by the industry:

- 1) **UNC Modification 0862** is looking to change the UIG reconciliation period to match the underlying Reconciliations, i.e. remove the fixed 12-month pot - more details [here](#).
- 2) **UNC Modification 0868** is proposing a move to a 3-year AUGE cycle for the production of UIG Weighting Factors – more details [here](#).
- 3) Ofgem recently approved **UNC Modification 0873** which allows for a ‘roll-over’ of the 2025/26 AUG Table to the following two Gas Years to facilitate UNC Modification 0868. The AUGE is considering whether it needs to adjust its methodology for the 2025/26 Table to reflect the longer duration. It is consulting the UNC AUG Sub-Committee and the details of those meetings can be found [here](#).

Last year we highlighted **UNC Modifications 0831** and its alternative **0831A**, which sought to permanently fix the UIG Weighting Factors and change the allocation of UIG. Both Modifications were rejected by Ofgem in February 2024.

Unidentified Gas (UIG): Reflections – Gas Year 2023/24

Following the extended period of negative UIG during Gas Year 2022/23, caused by NDM overallocation as a result of significant ‘energy price conservation’, the industry saw a return to more stable and expected levels of positive UIG during Gas Year 2023/24. Alongside this we have seen a reduction in the NDM reconciliation volumes meaning the ‘temporary UIG’ caused by NDM modelling error has also reduced significantly (see Fig.3) This will be driven by the more stable AQ levels which are a key input to the NDM Algorithm which estimates NDM demand.

The unprecedented and rapid decline in AQ in the Domestic sector in Gas Year 2022/23, a key indicator of the end consumer conservation mentioned above, has recovered slightly during Gas Year 2023/24 but still a long way from pre-energy price conservation levels. Fig.1 below shows the comparison of average AQ for Gas Year 2022/23 and 2023/24 for the Domestic Non-Prepayment EUC (“01BND”) and Fig.2 shows the month-on-month movement comparison between the two Gas Years in percentage terms.

Fig.1 Domestic AQ Trend:

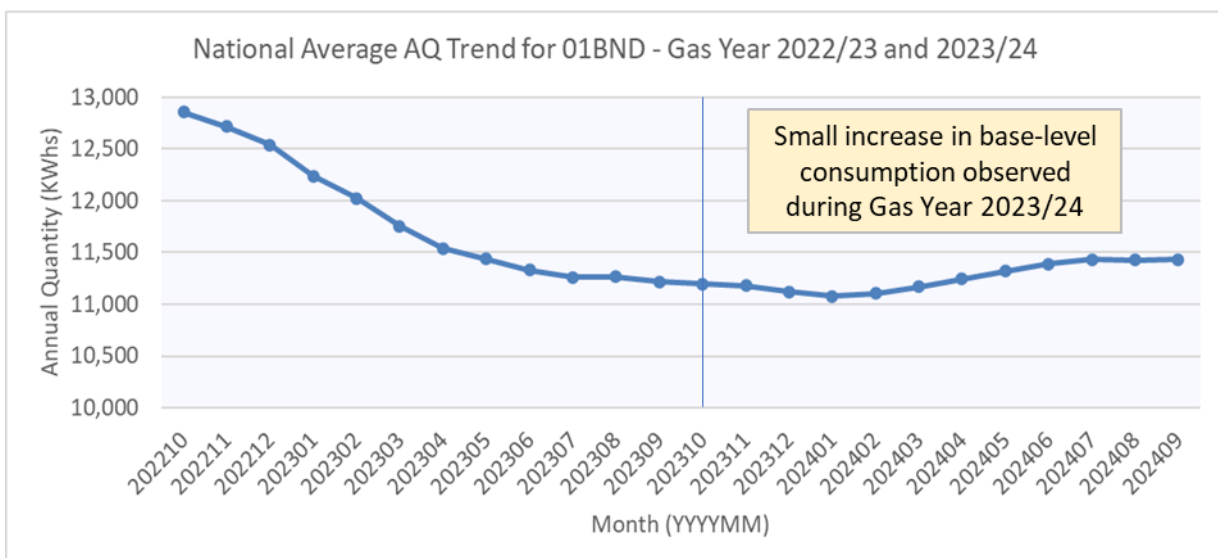


Fig.2 Domestic AQ Movement:

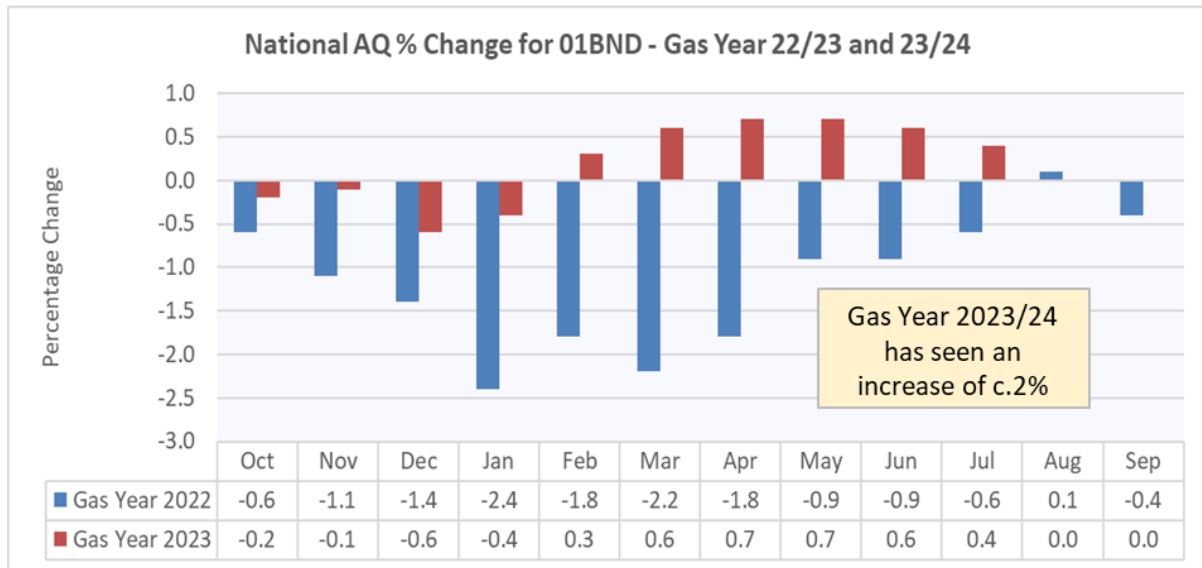


Fig.3 shows how the initial UIG allocation (blue line) compares to UIG post reconciliation (red line). The change in the 'gap' between blue and red lines for Gas Years 2022/23 and 2023/24 is quite evident and explains why there has been more stability in daily allocation and volumes of reconciliation on the Amendment Invoices this year. Chart below also available [here](#).

Fig.3 National UIG: Pre and Post Reconciliation



Demand Estimation Sub Committee (DESC) will be reviewing Gas Year 2023/24 in much more detail at its December meeting, which will incorporate a review of UIG trends and levels as one of its strands of analysis.

Unidentified Gas (UIG): Outlook – Gas Year 2024/25

It is unlikely that we will see a period of significant negative UIG as observed in Gas Year 2022/23 given that, despite recent increases, Domestic AQs remain at historically low levels. It is more likely that the patterns and trends will be closer to Gas Year 2023/24. However, we know energy prices are due to increase again in October 2024 and so we wouldn't expect AQ increases to continue, and the unknown is how much further 'price-led conservation' could impact NDM Allocation accuracy. It is therefore possible that negative UIG (NDM over-allocation) could return this winter.

We are still living through a volatile period when it comes to understanding the industry's demand levels and so, as with recent Gas Years, we expect Demand Estimation Sub Committee (DESC) when it meets to continue monitoring the trends of key metrics, such as average AQ, UIG and Reconciliation.

Unidentified Gas (UIG): Further Information

For further information please take a look at Xoserve's recently refreshed and updated dedicated web pages relating to Unidentified Gas: [Unidentified Gas](#).

If you have any follow up queries please raise a Help and Support request [here](#).