Rishi Vashani
Consumer Protection & Retail Markets Team
10 South Colonnade,
Canary Wharf,
London,
E14 4PU

E-mail: priceprotectionpolicy@ofgem.gov.uk

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CALL FOR INPUT – ENERGY PRICE CAP: ENDURING UNIDENTIFIED GAS ALLOWANCE

Dear Rishi

Xoserve has a central role in managing and sharing data on unidentified gas
As the Central Data Service Provider (CDSP) for the gas industry, Xoserve delivers essential centralised services to ensure the efficient and reliable operation of Great Britain's gas market. We provide a single, consistent point of service for our customers and make sure their data is transported securely. Our remit includes supply point administration (SPA) of the central register, which holds details on all premises that have a gas supply and maintenance of that central register and its related information flows. We process industry data for meter point administration, customer switching, data services and settlement, critical for supporting the balance of supply and demand.

Xoserve, with its central role in managing and sharing data, wants to offer support to reduce unidentified gas (UIG). As part of our role, we provide information to the industry on UIG[1], explaining what UIG is, how it is calculated and shared, and how it can be reduced. In June 2025, we updated our UIG Education Pack[2] to supplement our UIG e-learning material[3] and our guide to Data Sources for UIG[4], which summarises what UIG data is available and where to find it.

We are proud of the breadth and depth of UIG data that we publish in both the open-access and secured areas of our web-site. We provide UIG data by Local Distribution Zone (LDZ), class and End User Category (EUC) on a monthly and weekly basis. There are two online screens and one Application Programming Interface (API) through which Shippers can view both Forecast and Allocation Unidentified Gas (UIG) Quantities. We also publish UIG as a %

[1] Unidentified Gas (UIG)
[2] uig-education-pack.pdf
[3] Unidentified Gas (UIG) | Rise 360
[4] uig-data-sources.pdf

of total throughput in both graphical and tabular form[5], and it is this data that has informed Ofgem's proposed interim UIG allowance of 3.17%. We monitor UIG levels and, where necessary, provide updates to the industry on our website of any live UIG Allocation issues[6]. We also publish a 'Reconciliation by Month Report' detailing reconciliation for all class types split by the original billing month by LDZ/EUC and product class.

We welcome the interim solution put in place by Ofgem[7]

We agree that it was necessary to replace the Allocation of Unidentified Gas Expert (AUGE) forecast that was previously used. This was not intended for the purpose of estimating total UIG and its use was becoming less appropriate over time as the proportion of benchmark UIG explained by AUGE's bottom-up estimate reduced. As a result, we agree that the interim allowance proposed will improve the cost reflectivity of the cap and in doing so protect customers' interests by ensuring that suppliers who operate efficiently are able to finance their licenced activities.

Supporting the development and implementation of an enduring approach

Ofgem are considering a number of approaches as part of the Call for Input for which suppliers have suggested a range of different data sources which could be used individually or combined to provide a composite view. We note that data sources suggested by Ofgem in the Call for Input include:

- An extension of the interim approach, using the average post-reconciliation UIG as a percentage of total throughput, but recognising the potential issues with the use of AUGE weightings for the allocation of total UIG to domestic consumers.
- Bespoke, yearly, analysis that we could provide to set out the levels of post-reconciliation UIG for domestic consumers, which could be facilitated by an industry code change.
- Other data sources as suggested by suppliers such as Market Reconciliation Reporting by EUC/LDZ and Observed Supplier Reported Levels calculated from Reconciliation Invoicing backed data[8].

We have been happy to provide analysis to support Ofgem's thinking in the past and continue to offer our support to the process by, where possible, providing the data and analysis needed to inform Ofgem and wider industry thinking in this area. Equally, we stand ready to assist with supporting the implementation of whatever enduring solution that Ofgem determines is in the best interests of consumers and provides certainty to everyone in the supply chain.

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[5] UIG as % of total throughput - XOSERVE

[6] Live updates | Xoserve

[7] Energy-price-cap-interim-nidentified-gas-allowance.pdf

[8] We note that not all settlement data is available at a Supplier level - e.g. NDM / UIG Allocation in Gemini is at a Shipper level, making analysis at a Supplier level more complex and time-consuming.

XOSERVE

Shortening the reconciliation window

In paragraph 3.6 of the Call for Input, Ofgem notes that UIG can take up to four years to fully reconcile. However, modifications 0886 and 0896 to the Uniform Network Code mean that, from April 2026, the reconciliation window will be shortened, with a monthly rolling update to the code cut-off date. Therefore, rather than the current three to four year reconciliation window, it will be a rolling two years, reducing financial risk across the industry.

We hope you find our thoughts above and our question-specific responses useful. We look forward to working with Ofgem and other code parties to ensure an effective and enduring approach to determining appropriate UIG allowances.

Kind regards



Clive Nicholas
Director of Strategy and Development

ANNEX – QUESTION-SPECIFIC RESPONSES

a) **Do you have any views on data sources we should use to set an enduring allowance on UIG?**

As noted in the Call for Input, there are a number of potential data sources that could inform the calculation of an enduring UIG allowance. It is important that any data source used is reliable, accurate, consistent and regularly updated. We note that the consultation references 22 million default tariff and standard variable tariff customers, our latest analysis shows 24.5 million customers in EUC01BND and EUC 01BPD, which may suggest the number of customers on these tariffs is higher.

We have been happy to provide analysis to support Ofgem's thinking in the past and continue to offer our support to the process by, where possible, providing the data and analysis needed to inform Ofgem and wider industry thinking in this area. Equally, we stand ready to assist with supporting the implementation of whatever enduring solution that Ofgem determines is in the best interests of consumers and provides certainty to everyone in the supply chain.

We believe that the data and the methodology applied to derive an enduring allowance should be as transparent and accessible as possible to build industry trust. We would, therefore, seek to publish the methodology and results for any analysis we undertake to inform Ofgem's price cap assumptions where possible.

b) **If retaining the interim approach as the enduring approach, what are your views on keeping fixed the weighting factors to split between domestic and non-domestic based on the 2025/26 AUGE report? Are there alternative approaches we could use to retain the same data source but apply a split?**

Should Ofgem and industry stakeholders determine that retaining the interim approach is the best enduring approach, this would be simple to implement. We would be happy to engage on any alternative methods proposed.

c) **Do you have any views on the methodology we should use to set an enduring allowance on UIG? This could include:**

i. **number of years of data the calculation should be based on (eg last two gas years);**
ii. **EUCs and Profile Classes to calculate UIG on, including any evidence on which EUCs and Profile Classes price cap customers sit within;**
iii. **frequency of updates.**

We believe that using data for the last two gas years should provide sufficient accuracy, particularly in the light of the implementation of Uniform Network Code (UNC) modifications 0886 and 0896 from April 2026 which will reduce the reconciliation window from three to four years to two years.

We agree that an annual update would seem to be a proportionate solution that strikes an appropriate balance between bill stability and accuracy.

We also note Ofgem's desire to consider the extent to which setting an enduring allowance could affect any incentives to reduce UIG. The UIG Taskforce, which we created and was in place between 2018 and 2020, investigated and made recommendations to the industry on how to reduce the levels and volatility of UIG. This included reviewing the accuracy of Annual Quantities (AQs) and adjusting these where required, promptly registering unregistered sites, and supplying regular accurate monthly reads in line with read frequency for Non-Daily Metered (NDM) meter points. This will help to improve both profiling accuracy and the speed of reconciliation. Further information, including UIG Taskforce outputs, is provided on our website[9].

The remit of the new AUGE, that we recently appointed, also includes the provision of suggestions to the industry on how to reduce UIG, as well as determine the weighting factors.

[9] Unidentified Gas (UIG)