

















UNC Request		At what stage is this document in the process?
<h1>UNC 0781R:</h1> <h2>Review of the Unidentified Gas process</h2>		<div>01 Request</div> <div>02 Workgroup Report</div> <div>03 Final Modification Report</div>
<p><b>Purpose of Request:</b></p> <p>Review the process for allocating Unidentified Gas.</p>		
	<p>The Proposer recommends that this request should be assessed by a Workgroup</p> <p>This request will be presented by the Proposer to the Panel on <b>21 October 2021</b>.</p>	
	<p>High Impact:</p> <p>Shippers</p>	
	<p>Medium Impact:</p> <p>Suppliers, CDSP, AUGE</p>	
	<p>Low Impact:</p> <p>Transporters</p>	

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<b>About this document:</b> <p>This document is a Request, which will be presented by the Proposer to the panel on 21 October 2021.</p> <p>The Panel will consider the Proposer's recommendation and agree whether this Request should be referred to a Workgroup for review.</p>		 Any questions? Contact: <b>Joint Office of Gas Transporters</b>  <a href="mailto:enquiries@gasgovernance.co.uk">enquiries@gasgovernance.co.uk</a>  0121 288 2107 Proposer: <b>Dan Fittock</b> <b>Corona Energy</b>  <a href="mailto:dan.fittock@coronaeenergy.co.uk">dan.fittock@coronaeenergy.co.uk</a>  telephone 07769285306 Transporter: <b>Insert name</b>  email address.  telephone Systems Provider: <b>Xoserve</b>  <a href="mailto:UKLink@xoserve.com">UKLink@xoserve.com</a>  telephone Additional contacts: <b>Gareth Evans</b>  <a href="mailto:gareth@watersye.co.uk">gareth@watersye.co.uk</a>  07500 964447

## 1 Request

### Why is the Request being made?

Quantifying and identifying the sources of Unidentified Gas (UIG) as a concept was first brought into the UNC via UNC Modification 0229 in June 2010. Though the gas settlement processes were substantially changed through the implementation of Project Nexus, the principle for identifying Unidentified Gas (UIG) and then weighting its allocation to different market sectors (currently by EUC Band and product class) in accordance with a derived methodology compiled by the Allocation of Unidentified Gas Expert (AUGE), has not altered.

When the UIG process was first developed in 2010, the industry did not have any visibility of the potential sources of gas losses downstream from the meter. Since then, significant progress has been made in tracking and addressing gas losses arising from such areas such as gas theft and unregistered sites. The AUGE process therefore no longer represents the sole assessment of these system losses.

The UIG process as it currently exists results in highly volatile allocation with unpredictable swings in allocation on a daily as well as an annually basis owing to the various factors that ultimately comprise it and the potentially significant changes in weighting factors.

As the Smart Metering programme has been set an effective deadline of 31 December 2025, there is an opportunity to assess how UIG is managed in the gas market and whether any improvements to the process can be identified.

### Scope

The Request will be limited to the following:

- The current process for allocating UIG to shippers, including the identification, allocation, and reconciliation processes.
- The AUGE process.
- Alternative data sources to determine UIG volumes and sources.
- Different options for managing UIG costs.
- Potential market changes (such as Smart metering) that may impact UIG.
- Meter Installation information (by-pass status etc).
- upstream theft and shrinkage are out of scope.

### Impacts & Costs

Undertaking a detailed review of the UIG arrangements may necessitate input from Shippers, Gas Transporters, AUGE and the CDSP as well potentially other external parties associated with theft such as Suppliers, Theft Risk Assessment Service and the REC.

### Recommendations

Panel is requested to put in place a review of the current UIG arrangements to provide a single focus for UIG discussions under the UNC, to ensure they continue to remain fit for purpose and that the associated Meter Installation information held within industry systems remains accurate. It is anticipated that the workgroup could recommend changes to the industry arrangements and Codes if warranted by the findings of the review.

### Additional Information

None

## 2 Impacts and Costs

### Consideration of Wider Industry Impacts

#### Impacts

Impact on Central Systems and Process	
Central System/Process	Potential impact
UK Link	<ul style="list-style-type: none"> <li>Changes to how Unidentified Gas is allocated between industry parties.</li> </ul>
Operational Processes	<ul style="list-style-type: none"> <li>Change to UIG allocation factors are derived and the AUG process.</li> </ul>

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	<ul style="list-style-type: none"> <li>Changes to UIG management processes.</li> </ul>
Development, capital, and operating costs	<ul style="list-style-type: none"> <li>Changes to how UIG costs are managed and account for.</li> </ul>
Contractual risks	<ul style="list-style-type: none"> <li>Changes to how UIG costs are passed through to customers.</li> </ul>
Legislative, regulatory, and contractual obligations and relationships	<ul style="list-style-type: none"> <li>Changes to how UIG costs are managed in customer contracts.</li> </ul>

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	<ul style="list-style-type: none"> <li>None</li> </ul>
Development, capital, and operating costs	<ul style="list-style-type: none"> <li>None</li> </ul>
Recovery of costs	<ul style="list-style-type: none"> <li>None</li> </ul>
Price regulation	<ul style="list-style-type: none"> <li>None</li> </ul>
Contractual risks	<ul style="list-style-type: none"> <li>None</li> </ul>
Legislative, regulatory, and contractual obligations and relationships	<ul style="list-style-type: none"> <li>None</li> </ul>
Standards of service	<ul style="list-style-type: none"> <li>None</li> </ul>

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none"> <li>None</li> </ul>

Impact on Code Administration	
UNC Committees	<ul style="list-style-type: none"> <li>Change and/or removal of AUG sub-committee.</li> </ul>
General administration	<ul style="list-style-type: none"> <li>Minor change to the publication of AUG information</li> </ul>
DSC Committees	<ul style="list-style-type: none"> <li>None</li> </ul>

Impact on Code	
Code section	Potential impact
UNC TPD E9	<ul style="list-style-type: none"> <li>Change to Unidentified Gas process.</li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	<ul style="list-style-type: none"> <li>None</li> </ul>
General	Potential Impact
Legal Text Guidance Document	<ul style="list-style-type: none"> <li>None</li> </ul>
UNC Modification Proposals – Guidance for Proposers	<ul style="list-style-type: none"> <li>None</li> </ul>
Self-Governance Guidance	<ul style="list-style-type: none"> <li>None</li> </ul>
TPD	Potential Impact
Network Code Operations Reporting Manual (TPD V12)	<ul style="list-style-type: none"> <li>None</li> </ul>
UNC Data Dictionary	<ul style="list-style-type: none"> <li>None</li> </ul>
AQ Validation Rules (TPD V12)	<ul style="list-style-type: none"> <li>None</li> </ul>
AUGE Framework Document	<ul style="list-style-type: none"> <li>Changes to modify or remove the AUG process and Framework may be proposed.</li> </ul>
Customer Settlement Error Claims Process	<ul style="list-style-type: none"> <li>None</li> </ul>
Demand Estimation Methodology	<ul style="list-style-type: none"> <li>None</li> </ul>
Energy Balancing Credit Rules (TPD X2.1)	<ul style="list-style-type: none"> <li>None</li> </ul>
Energy Settlement Performance Assurance Regime	<ul style="list-style-type: none"> <li>None</li> </ul>
Guidelines to optimise the use of AQ amendment system capacity	<ul style="list-style-type: none"> <li>None</li> </ul>
Guidelines for Sub-Deduct Arrangements (Prime and Sub-deduct Meter Points)	<ul style="list-style-type: none"> <li>None</li> </ul>
LDZ Shrinkage Adjustment Methodology	<ul style="list-style-type: none"> <li>None</li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
Performance Assurance Report Register	<ul style="list-style-type: none"> <li>None</li> </ul>
Shares Supply Meter Points Guide and Procedures	<ul style="list-style-type: none"> <li>None</li> </ul>
Shipper Communications in Incidents of CO Poisoning, Gas Fire/Explosions and Local Gas Supply Emergency	<ul style="list-style-type: none"> <li>None</li> </ul>
Standards of Service Query Management Operational Guidelines	<ul style="list-style-type: none"> <li>None</li> </ul>
Network Code Validation Rules	<ul style="list-style-type: none"> <li>None</li> </ul>
OAD	Potential Impact
Measurement Error Notification Guidelines (TPD V12)	<ul style="list-style-type: none"> <li>None</li> </ul>
EID	Potential Impact
Moffat Designated Arrangements	<ul style="list-style-type: none"> <li>None</li> </ul>
IGTAD	Potential Impact
DSC / CDSP	Potential Impact
Change Management Procedures	<ul style="list-style-type: none"> <li>None</li> </ul>
Contract Management Procedures	<ul style="list-style-type: none"> <li>Potential changes to AUGE contract</li> </ul>
Credit Policy	<ul style="list-style-type: none"> <li>None</li> </ul>
Credit Rules	<ul style="list-style-type: none"> <li>None</li> </ul>
UK Link Manual	<ul style="list-style-type: none"> <li>None</li> </ul>

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	<ul style="list-style-type: none"> <li>None</li> </ul>
Gas Transporter Licence	<ul style="list-style-type: none"> <li>None</li> </ul>

Other Impacts	
Item impacted	Potential impact
Security of Supply	<ul style="list-style-type: none"> <li>None</li> </ul>
Operation of the Total System	<ul style="list-style-type: none"> <li>None</li> </ul>
Industry fragmentation	<ul style="list-style-type: none"> <li>None</li> </ul>

Terminal operators, consumers, connected system operators, suppliers, producers and other non-code parties	<ul style="list-style-type: none"><li>• Potential changes to how UIG costs are accounted for in supply contracts for customers.</li></ul>
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## 3 Terms of Reference

### Background

Quantifying and identifying the sources of Unidentified Gas (UIG) as a concept was first brought into the UNC via UNC Modification 0229 in June 2010. Though the gas settlement process were substantially changed through the implementation of Project Nexus, the principle for identifying Unidentified Gas (UIG) and then weighting its allocation to different market sectors (currently by EUC Band and product class) in accordance with a derived methodology compiled by the AUGE has not altered. This initial forecast allocations are then adjusted as actual meter reads are received and reconciled over time.

As part of this work, the previous work undertaken by the CDSP in this area (the “UIG taskforce”) will also be considered.

### Scope

The scope of the review should consider the end-to-end process for Unidentified Gas including but not limited to:

- UIG forecasting.
- UIG allocation.
- Reconciliation of UIG.
- The AUGE process.
- Potential alternative data sources to determine UIG.
- Potential mechanism for managing UIG.
- Potential market changes (such as Smart metering) that may impact UIG in the future.
- Meter Installation information (by-pass status etc).

### Topics for Discussion

- Understanding the objective.
- Assessment of alternative means to achieve objective.
- Development of Solution (including business rules if appropriate).
- Assessment of potential impacts of the Request and any proposed solutions.
- Assessment of implementation costs of any solution identified during the Request.
- Assessment of legal text.

## Outputs

Produce a Workgroup Report for submission to the Modification Panel, containing the assessment and recommendations of the Workgroup including a draft modification(s) where appropriate.

## Composition of Workgroup

The Workgroup is open to any party that wishes to attend or participate.

A Workgroup meeting will be quorate provided at least two Transporter and two User representatives are present.

## Meeting Arrangements

Meetings will be administered by the Joint Office and conducted in accordance with the Code Administration Code of Practice.

# 4 Recommendations

## Proposer's Recommendation to Panel

The Proposer invites the Panel to:

- DETERMINE that Request 0781R progress to Workgroup for review.