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Modification 0473 – AUGE Appointment Frequently Asked Questions

Version 1, August 2016

Background

- Modification 0473 – Project Nexus – Allocation of Unidentified Gas – approved by Ofgem in April
- Re-introduces concept of an Allocation of Unidentified Gas Expert (AUGE) in a post-Nexus world
- New AUGE will determine weighting factors for distribution of UG rather than a total UG quantity
- Implementation Date aligned to Project Nexus Implementation Date (PNID)
- An AUGE was appointed in July 2016
- This document aims to provide answers to the most Frequently Asked Questions – will be updated as required

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Glossary of Terms

- AQ – Annual Quantity
- AUGE – Allocation of Unidentified Gas Expert
- AUGS – Allocation of Unidentified Gas Statement (methodology document)
- AUG Table – a Table of Weighting Factors for use in sharing out UG
- AUG Year – a UNC defined term, the period of application of an AUGS
- DNV GL – the company appointed to be the AUGE
- the “Framework” – “Framework for the Appointment of an Allocation of Unidentified Gas Expert” document – see *FAQs 8*
- GTs – Gas Transporters
- LDZ – Local Distribution Zone
- Mod 0473 – UNC Modification 0473 “Project Nexus – Allocation of Unidentified Gas
- Project Nexus – the suite of changes being introduced with the replacement of the UKLink System, including Mods 0432, 0440, 0473
- PNID – Project Nexus Implementation Date
- UG (or UIG) – Unidentified Gas
- UNC – Uniform Network Code
- UNCC – Uniform Network Code Committee

FAQs 1 – AUGE Appointment

Question	Response
Why has an AUGE been appointed in July 2016, prior to the Project Nexus Implementation Date (PNID)?	<ul style="list-style-type: none">• UNCC supported the commencement of a procurement exercise for an AUGE immediately after the Ofgem decision on Modification 0473• To wait until PNID before starting the procurement would have meant that the Interim Table would have applied for at least 21 months• Supports the aspiration to limit the period of application of the Interim Table
Why was the appointment not delayed when the PNID was delayed past October 2016?	<ul style="list-style-type: none">• Continuing with the appointment minimises the period of application of the Interim Table
How was the AUGE selected?	<ul style="list-style-type: none">• Xoserve followed a regulated procurement process (starting with a notice in the OJEU – Official Journal of the European Union)• The Criteria for Appointment provided by UNCC were used as the basis for scoring• A panel of three industry stakeholder reps participated in the selection process including shortlisting tenders and selecting a preferred bidder

FAQs 2 – AUGE Appointment

Question	Response
Can you tell me who else bid for the new AUGE appointment?	<ul style="list-style-type: none">• No, unfortunately that is commercially confidential information
Was DNV GL the cheapest bidder?	<ul style="list-style-type: none">• Sorry, that is commercially confidential information• DNV GL was the highest scoring bidder across all Weighted Requirements as provided by UNCC
What is the relationship between the GL Noble Denton and DNV GL?	<ul style="list-style-type: none">• The previous AUGE GL Noble Denton changed its name to DNV GL following a take-over
What is the relationship between DNV GL and “Dentons”?	<ul style="list-style-type: none">• Dentons is a law firm assisting National Grid with Legal Text for Project Nexus and UNC Mod 0565 (amongst others) and has no connection with DNV GL.

FAQs 3 – AUGE Funding

Question	Response
How is the new AUGE service funded?	<ul style="list-style-type: none">• The AUGE service is funded by User Pays• Allocated 100% to Shippers based on live LDZ AQs at 1 April each year
How and when will AUGE User Pays charges be issued	<ul style="list-style-type: none">• User Pays charges will be issued via the new “Adjustment” invoice• Charges will be issued as a single bill each year, after the conclusion of the service (i.e. once the Table of Factors has been approved by UNCC)• First charges will be issued in around September 2017
How much will the annual User Pays charges be?	<ul style="list-style-type: none">• This will depend on the total cost of delivering the service, including the AUGE’s costs and Xoserve’s costs of supporting the service• In the first year this will also include the costs of procuring the service

FAQs 4 – AUGE Service Commencement

Question	Response
When will the AUGE start work?	<ul style="list-style-type: none">• The AUGE has already started work
Why has the AUGE started work before the Project Nexus implementation date?	<ul style="list-style-type: none">• UNCC supported the establishment of a new AUGE service prior to PNID, to minimise the period of application of the Interim Table
Will any User Pays charges be issued prior to PNID?	<ul style="list-style-type: none">• No, User Pays charges will not be issued until the conclusion of first year's service (after acceptance of the Table of Factors)• AUGE costs will be borne by Xoserve on behalf of the GTs until conclusion of the service
When will Shippers be involved in the new AUGE service?	<ul style="list-style-type: none">• The update to August UNCC sets out the proposed timeline for the 2016/17 service• The AUGE's first draft Statement will be published by 1st February 2017• Shippers will have 42 calendar days to submit comments on the draft Statement• Shippers can submit topic areas to the AUGE for consideration at any time.

FAQs 5 – Implications of delay to PNID

Question	Response
What happens if PNID is later than 1 February 2017 – will the AUGE still publish a draft AUGS?	<ul style="list-style-type: none">• Publication of the draft AUGS will go ahead on 1 February 2017, even if prior to PNID
What authority does the AUGE have to issue an AUGS prior to PNID?	<ul style="list-style-type: none">• Modification 0473 is an approved UNC Mod with an implementation date• The Framework document has been approved by UNCC• Xoserve now has a contract with DNV GL to provide the AUGE service• There is currently an AUG service in UNC and a live Guidelines document
What if PNID is delayed past 1 October 2017?	<ul style="list-style-type: none">• The AUGE service will proceed through all the steps set out in the Framework and UNC• An approved Table of Factors would “sit on the shelf” until PNID• In that scenario the Interim Table in Mod 0473 would not be required

FAQs 6 – Implications of delay to PNID (contd.)

Question	Response
Is it possible to have a final Table of Weighting Factors in operation any earlier than 1 October 2017 – i.e. avoid using the Interim Table at all?	<ul style="list-style-type: none"> • The AUGÉ could not deliver a first draft AUGS any earlier than 1 February 2017 • To change the AUGÉ deliverable dates would require a change to the Framework, via a UNC Mod • This would also require a change to UNC to the definition of the AUG Year
Do we need to change the definition of an AUG Year and the Framework document to align to the new PNID?	<ul style="list-style-type: none"> • The AUG Year does not need to align to PNID – the Interim Table will “bridge the gap” until the AUG Year start date • As above, a final AUGS and Table could not be produced any earlier in 2017 • An AUG Year of (say) April would mean that the AUGÉ’s first live Table would take effect on 1 April 2018 – the Interim Table would be effective for longer
Can the new AUGÉ now be tasked with updating the Interim Table?	<ul style="list-style-type: none"> • This would distract the AUGÉ from its core role and jeopardise delivery of a first draft AUGS by 1 February 2017 • The Interim Table could not be changed without a UNC Modification

FAQs 7 – AUGE's Approach and Plan

Question	Response
What is the AUGE's proposed approach to developing the Table of Weighting Factors	<ul style="list-style-type: none">• The AUGE will use a “consumption-based” approach which is similar to the approach under the previous (Mod 0229) arrangements• The final outputs will be Weighting Factors than a total amount of UG
Can the AUGE deliver to timetable?	<ul style="list-style-type: none">• The AUGE has a detailed plan to deliver to timetable, including a first draft AUGS by 1 February 2017
Are there any dependencies on other parties?	<ul style="list-style-type: none">• The AUGE's plan is dependent on receipt of data from Xoserve, including a full refresh of anonymous meter point consumption by 30 November: Xoserve has plans in place to deliver in line with the AUGE's required schedule
How can we contact the new AUGE?	<ul style="list-style-type: none">• Via email at:<ul style="list-style-type: none">• auge.software@dnvgl.com

FAQs 8 – Further information

Question	Response
Xoserve MHub Presentation on treatment of UG Post-Nexus	<ul style="list-style-type: none">• Can be found under Presentations on:<ul style="list-style-type: none">• http://www.xoserve.com/index.php/our-change-programme/uk-link-programme/uk-link-programme-documents-2/
Mod 0473 Legal Text	<ul style="list-style-type: none">• On the Joint Office website:<ul style="list-style-type: none">• http://www.gasgovernance.co.uk/0473
Mod 0432 Legal Text (Calculation and sharing of UG – Section E)	<ul style="list-style-type: none">• On the Joint Office website:<ul style="list-style-type: none">• http://www.gasgovernance.co.uk/0432
“Framework for the Appointment of an Allocation of Unidentified Gas Expert” document	<ul style="list-style-type: none">• The approved version, which will apply from the PNID, can be found on:<ul style="list-style-type: none">• http://www.gasgovernance.co.uk/tpddocs
Interim Table of Weighting Factors	<ul style="list-style-type: none">• The Interim Factors are set out in Section 8 of the “Framework for the Appointment of an Allocation of Unidentified Gas Expert” document