

UNC Distribution Workgroup 0873 Minutes
Add specific roll-over functionality for the AUG Table 2025/26
Thursday 25 April Month 2024
via Microsoft Teams

Attendees		
Dan Simons (Chair)	(DS)	Joint Office
Harmandeep Kaur (Secretary)	(HK)	Joint Office
Steve Mulinganie (Proposer)	(SM)	SEFE Energy Limited
Andy Clasper	(AC)	Cadent Gas
Catriona Ballard	(CB)	Brookgreen Supply
Charlotte Gilbert	(CG)	BU-UK
David Mitchell	(DM)	SGN
Ellie Rogers	(ER)	CDSP
Elisa Panciu	(EP)	Corona Energy
Fiona Cottam	(FC)	CDSP
James Lomax	(JLo)	Cornwall Insight
Josie Lewis	(JL)	CDSP
Kathryn Adeseye	(KA)	CDSP
Kevin Clark	(KC)	Utilita Energy
Marina Papatoma	(MP)	Wales & West Utilities
Oorlagh Chapman	(OC)	Centrica
Paul O'Toole	(PO)	NGN
Rebecca Hailes	(RHa)	Joint Office
Susan Helder	(SH)	Northern Gas Networks
Tom Stuart	(TSu)	Wales & West Utilities
<p><i>This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.</i></p> <p><i>Please note these minutes do not replicate/include detailed content provided, therefore it is recommended that the published material is reviewed in conjunction with these minutes. Copies of all papers are available at: https://www.gasgovernance.co.uk/0873/250424.</i></p> <p><i>The Workgroup Report is due to be presented at the UNC Modification Panel by 18 July 2024.</i></p>		

1.0 Outline of Modification / Request

Ellie Rogers (ER) introduced the Modification on Steve Mulinganie's (SM) behalf explaining that the Modification seeks to allow an approved AUG Table to apply for more than one AUG Year specifically for the AUG Table which will go live for AUG Year 25/26.

The clause that allowed the AUG Table rollover previously, fell away under the Project Nexus changes as the whole AUG Section was removed. The current AUG appointed by the CDSP, under the existing contract will produce their last AUG Statement and AUG Table to go live for AUG Year 2025/26. The CDSP would be required to start a procurement exercise to appoint an AUG under a new contract around May 2024 for the contract to be in place for May 2025. However, Modification 0868 seeks to extend the current annual process for the production of the AUG Statement to a 3 yearly process, this means there could be a material change in the requirements for an AUG compared to the 'as is' scope.

ER explained that in order to factor in the potential change to the AUGE scope and process, and in light of the current contract expiring in April 2025, this Modification is proposing to 'roll over' the AUG Table to be produced for AUG Year 2025/26 for a limited period of 2 years (26/27 and 27/28). As a result, the AUG Table for 2025/26 will be effective for AUG Years 2026/27 and 2027/28 as well.

Please refer to the [published papers](#) for the full details.

SM noted that there was some pushback at the UNC Panel and the Panel questioned whether the Modification needs to cover a two-year roll-over period or whether it can cover one year as procurement could happen quite rapidly once Modification 0868 has been finalised. SM explained that they are happy to consider this option if it makes other parties more comfortable. SM welcomed the Workgroup's thoughts on the point.

ER highlighted SM's point to David Mitchell (DM) for the preparation of the Legal Text. DM agreed to bear this point in mind when looking at Legal Text.

ER agreed to map out the two options of a 2-year roll-over and a 1-year roll-over which will explain why 2-years was initially proposed and will help the Workgroup to determine whether a 1-year 'roll-over' would be the better option.

Action 0401: ER to 'map out' the AUG Table timeline to demonstrate the rationale for a 2-year 'roll-over' as opposed to a 1-year 'roll-over'.

Rebecca Hailes (RHa) suggested adding a 'sunset clause' to the Transitional Rules to say that it has an end date. ER agreed and noted that adding an expiry date would be straightforward with this Modification. ER queried whether this would need to be added to the Business Rules. RHa explained that the 'sunset clause' needs to be in the Legal Text so that the UNC can be updated accordingly. RHa noted that the idea is that the Transition Rules can be cleared out easily.

SM noted that it sounds like a guidance note rather than a Business Rule. RHa added that guidance notes explaining that this Modification will operate for the minimum time possible would help to aid understanding.

ER noted that one of the Panel Members raised an issue with the use of the word 'functionality' in the Modification as it implied that the rollover of the AUG Table was in some way optional, which is not the case. ER agreed to remove the word to avoid any confusion and update the guidance note to include the sunset clause in the same update. SM noted that it is clear that the word 'functionality' does not add any specific new requirement and that removing it will avoid confusion and will not affect the Modification.

ER highlighted the tight timeline that needs to be followed for this Modification noting that the CDSP is holding off procuring a new AUGE contract while it awaits the Modification. ER confirmed that she has written to Ofgem requesting a decision before the end of August 2024. The Ofgem representative has agreed to communicate the message and the need for urgency to the relevant team.

ER explained that only two more Workgroups remain to develop and finalise the Modification, and the Legal Text will be needed by the last Workgroup in order to go to the Panel in July 2024 with a shorter consultation. Rebecca Hailes (RHa) advised that as a rule, the Panel has asked not to shorten consultation periods, but noted that in exceptional circumstances such a proposal would still be considered. DM agreed to start looking at the Legal Text once the proposer is happy with the Modification.

2.0 Initial Discussion

2.1. Issues and Questions from Panel

2.1.1 Consider asking Proposer removing the word functionality from title

ER agreed to remove the word 'functionality' from the Modification to avoid confusion.

Please refer to item 1.0 for full details.

2.1.2 Consider impact on Modification 0843

ER explained that Modification 0843 has been raised by OVO Energy to introduce an independent Shrinkage Expert who will look at the Shrinkage Model Error. Panel had asked that the Workgroup consider any potential impact of 0873 on Modification 0843.

SM noted that during the discussions in the UNC Panel, it was agreed that this Modification is unlikely to have a direct impact on 0843, however, the question was left in so that we can show in the Workgroup Report that the point has been discussed.

ER confirmed that having reviewed the timeline of 0843, the Modification is unlikely to go to the UNC Panel before September 2024 at the absolute earliest. Therefore, after addressing the question of a 1-year or 2-year rollover, this Modification might not have any impact on 0843 at all. ER noted that she is not nervous about the impact but would like to address it in detail so that the panel can see that it has been discussed. SM agreed with ER's assessment.

2.1.3 Consider any potential role for UNCC in authorising a roll-over

The Workgroup considered the UNCC's role in the AUG process noting the question raised in the Panel meeting about whether the UNCC should have a role in authorising the roll-over or determining how long it might be for. SM noted that while the UNCC does not have much input in terms of the AUG process, it is responsible for approving the AUG Table via a unanimous vote. ER proposed presenting the AUG Table agreed upon by UNCC in 2025, again in 2026. ER noted that this might resolve the element of lack of UNCC control as it allows the ability of review and unanimous approval. ER highlighted that the concern with this solution would be what happens if, for some reason, the UNCC does not approve the table.

Fiona Cottam (FC) agreed with ER's suggestion and noted that the step of re-working the table may need to be taken out. In relation to the earlier point of a 2-year rollover, FC noted that when the timeline was worked out, the CDSP decided upon a 2-year rollover because they were addressing the 3-year cycle and wanted to avoid the situation of two AUGEs working at the same time. FC noted that the new table with 0868 might not be available until April 2028. The 2-year rollover allowed a clean cut-off. ER agreed and noted that this will be covered in the visual timeline map Action.

SM queried whether the role of UNCC needs to be covered by a Business Rule. FC advised that there is a good text to steal from E9.4.3 which covered current UNCC processes for AUG table approval. ER agreed to review the text and to update the Modification accordingly.

Action 0402: ER to update the Modification further to the Workgroup discussions.

2.1.4 Consider whether the roll-over could be for fewer years

Please refer to item 1.0 for the update.

2.2. Initial Representations

None received.

2.3. Terms of Reference

Individual Workgroup Terms of Reference will apply and are available at www.gasgovernance.co.uk/0873.

3.0 Next Steps

The following next steps were confirmed:

- Draft the Workgroup Report.

- Provide the updated Modification,
- Begin Legal Text drafting.

4.0 Any Other Business

None.

5.0 Diary Planning

Distribution meetings are listed at: <https://www.gasgovernance.co.uk/Dist>

All other Joint Office events are available via: www.gasgovernance.co.uk/events-calendar/month

Time / Date	Paper Publication Deadline	Venue	Workgroup Programme
10:00 Thursday 23 May 2024	5pm Thursday 16 May 2024	Microsoft Teams	Standard Workgroup Agenda

0875 Workgroup Action Table						
Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
0401	25/04/24	1.0	ER to 'map out' the AUG Table timeline to demonstrate the 2-year 'rollover'.	May 2024	CDSP (ER)	Pending
0402	25/04/24	2.1.3	ER to update the Modification further to the Workgroup discussions.	May2024	CDSP (ER)	Pending