









UNC Modification	At what stage is this document in the process?
<div>UNC 0868:</div> <div>Change to the current Allocation of Unidentified Gas Statement frequency</div>	<div><div>01Modification</div><div>02Workgroup Report</div><div>03Draft Modification Report</div><div>04Final Modification Report</div></div>
<div>Purpose of Modification:</div> <div>This Modification proposes to extend the current annual process for the production of the Allocation of Unidentified Gas (AUG) Statement to a [3] [Three] yearly process.</div>	
<div>Next Steps:</div> <div>The Proposer recommends that this Modification should be:</div> <div><ul style="list-style-type: none">considered a material change and not subject to Self-Governanceassessed by a Workgroup for 6 months</div> <div>This Modification will be presented by the Proposer to the Panel on 15 February 2024. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</div>	
<div>Impacted Parties:</div> <div>High: Shippers, Distribution Network Operators, Consumers, Central Data Services Provider (CDSP)</div> <div>None: Independent Gas Transporters and National Gas Transmission</div>	
<div>Impacted Codes: Retail Energy Code (REC)</div>	

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Timetable			 UKLink@xoserve.com
Modification timetable:			
Pre-Modification Discussed		25 January 2024	
Date Modification Raised		02 February 2024	
New Modification to be considered by Modification Panel		15 February 2024	
First Workgroup Meeting		22 February 2024	
Workgroup Report to be presented to Modification Panel		15 August 2024	
Draft Modification Report issued for Consultation		15 August 2024	
Consultation Close-out for representations		06 September 2024	
Final Modification Report available for Modification Panel		11 September 2024	
Modification Panel recommendation		19 September 2024	

1 Summary

What

The independent Allocation of Unidentified Gas Expert (AUGE) undertakes an annual exercise to produce the Allocation of Unidentified Gas (AUG) Statement which, if not unanimously rejected, is applied from the 1st October each year. Over recent years we have seen a number of concerns raised over the current arrangements and this has included recent proposals to remove the AUGE process in its entirety. It has been acknowledged that the current process may be subject to diminishing returns as the areas of investigation have remained largely consistent with the current process essentially one of refinement.

Why

If a change is not made, then the efficiency of the current process will continue to diminish to the point where the cost benefit of retaining the independent Allocation of Unidentified Gas Expert in its current form will no longer be efficient

How

The Proposal is therefore to increase the frequency for the publication of the Allocation of Unidentified Gas (AUG) Statement from Annually to every [3] years.

We believe this provides a number of benefits: -

Predictable – enhances predictability and little risk of step change if amendments are largely refinement

Stable – enhances stability by providing a longer period of certainty in terms of factors

Transparent – retains the role of the independent expert providing confidence that the factors are set impartially

2 Governance

Justification for Authority Direction

This change is material as it has a significant commercial impact on parties, consumers, or other stakeholder(s); and therefore warrants Authority Direction

Requested Next Steps

This Modification should:

- be considered a material change and not subject to Self-Governance.
- be assessed by a Workgroup.

3 Why Change?

The independent Allocation of Unidentified Gas Expert (AUGE) undertakes an annual exercise to produce the Allocation of Unidentified Gas (AUG) Statement which, if not unanimously rejected, is applied from the 1st October each year. Over recent years we have seen a number of concerns raised over the current arrangements and this has included recent proposals to remove the AUGE process in its entirety. It has been acknowledged that the current process may be subject to diminishing returns as the areas of investigation have remained largely consistent with the current process essentially one of refinement. If a change is not made, then the efficiency of

the current process will continue to diminish to the point where the cost benefit of retaining the independent Allocation of Unidentified Gas Expert in its current form will no longer be efficient

4 Code Specific Matters

Reference Documents

TBC

Knowledge/Skills

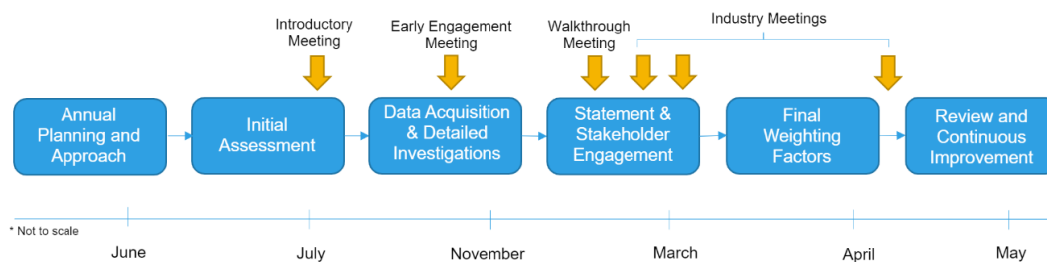
TBC.

5 Solution

The Proposal is therefore to increase the frequency for the publication of the Allocation of Unidentified Gas (AUG) Statement from Annually to every [3] years.

The current Annual Allocation of Unidentified Gas (AUG) cycle

The production of the Statement is an annual cycle, with the AUG consulting with industry in relation to the development of the Weighting Factors. The timeline below shows the stages in this process.



The Business Rule (BR) is set out below:

BR1: Change the requirement for the Allocation of Unidentified Gas (AUG) Statement from being published Annually to every [Three] [3] years.

6 Impacts & Other Considerations

Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No.

Consumer Impacts

We expect any consumer impacts to be positive as this proposal makes the existing arrangements more Predictable, Stable and Transparent.

Predictable – enhances predictability and little risk of step change if amendments are largely refinement

Stable – enhances stability by providing a longer period of certainty in terms of factors

Transparent – retains the role of the independent expert providing confidence that the factors are set impartially

What is the current consumer experience and what would the new consumer experience be?

As noted above the improvement in the arrangements would aid Predicability, Stabilitiy and Transparency

Impact of the change on Consumer Benefit Areas:	
Area	Identified impact
Improved safety and reliability	None
Lower bills than would otherwise be the case	None
Reduced environmental damage	None
Improved quality of service	None
Benefits for society as a whole	None

Performance Assurance Considerations

This change relates to an existing process and extending the period for undertaking the production of the AUG's. We have not identified any specific extra considerations at this stage.

Cross-Code Impacts

To be determined

EU Code Impacts

None

Central Systems Impacts

From a system perspective, the CDSP will be required to update the AUGs on a [three] [3] yearly basis as opposed to an annual basis

7 Relevant Objectives

Impact of the Modification on the Transporters' Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition:	Positive

(i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

The Modification furthers Relevant Objective d) Securing of effective competition:

- (i) between relevant shippers.
- (ii) between relevant suppliers; and/or
- (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.

As it reconciles UIG more efficiently than the current process it thereby furthers effective competition.

This Modification also furthers Relevant Objective f) Promotion of efficiency in the implementation and administration of the Code as it introduces a change in the frequency of the production of the AUGs which is a more efficient outcome than the current arrangements

8 Implementation

We would propose that this Modification should be implemented as soon as reasonably practicable taking into account the ongoing AUGÉ activities and relevant contractual implications.

9 Legal Text

Text Commentary

TBC

Text

TBC

10 Recommendations

Proposer’s Recommendation to Panel

Panel is asked to:

- Agree that Authority Direction should apply.
- Refer this proposal to a Workgroup for assessment.