

Representation - Draft Modification Report UNC 0758

Temporary extension of AUG Statement creation process

Responses invited by: **5pm on 04 June 2021**

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Chris Hill
Organisation:	Engage Consulting Limited (the Allocation of Unidentified Gas Expert (AUGE))
Date of Representation:	4 th June 2021
Support or oppose implementation?	Comments
Relevant Objective:	d) f)

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

As AUGE, we do not consider it appropriate to comment extensively on this modification proposal.

Instead, we provide the following limited set of comments that we hope will prove helpful to industry parties and to Ofgem:

- We provided our views in relation to many aspects of this modification proposal in our letter of 17th March 2021 addressed to the UNC and DSC Contract Management Committees and would note these again:
<https://www.gasgovernance.co.uk/sites/default/files/ggf/book/2021-03/DO%20NOT%20PUBLISH%206.2%20ENGAGE%20Letter%20-%20UNCC%20March%202021.pdf>.
- The precedent created by implementation of the modification would increase the likelihood of future challenge to the AUGE's work by industry parties on commercial grounds.
- Such challenge could potentially delay the AUGE process and timetable and would undermine the independence of the AUGE.
- In the longer term, this would result in increased risk premiums inherent in the cost of future contracts.

- Contrary to the view expressed in the modification proposal, we believe that we have had more than sufficient time to deliver a robust Statement and AUG Table, underpinned by diligent and comprehensive analytical works.

We hope these comments are helpful.

Implementation: *What lead-time do you wish to see prior to implementation and why?*

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

Modification Panel Members have requested that the following questions are addressed:

Q1: Please provide your views on whether the 2021/22 AUG Statement production process has been robust.

Q2: Please provide your views on whether the 2021/22 AUG Statement production process has delivered a robust result and provide an explanation to support your response.

Q3: With reference to the existing governance arrangements, please provide your views regarding the effectiveness of the governance of the AUG Statement approval process, including, (but not limited to), the UNC and CDSP contracting arrangements, and the application of the Framework Document, including the UNC Committee stages.

Q4: Please provide a reasoned opinion as to whether the request for a direction on this Modification could be seen as placing a validation role of the AUG Statement on the Authority.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

Please provide below any additional analysis or information to support your representation