

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:	Andrew Green
Organisation:	Total Gas & Power Ltd
Date of Representation:	27/05/21
Support or oppose implementation?	Support
Relevant Objective:	d) Positive – it will enable more accurate cost allocation and so improve competition between shippers

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

We do not believe the process has given the newly appointed AUGS enough time to carry out the AUGS process and particularly as they have fundamentally changed the methodology. As such we believe the output is questionable as it has been data-led without the support of robust enough methodology and logic to support it. For example, the conclusion that 14% of SME throughput (or 1 in 7 SME customers) can be attributed to theft is clearly incorrect. Other examples of questionable data and methodology relating in-particular to consumption and theft can be found in our response to the consultation on the final AUGS table for 2021/2022 and in the ICoSS letter providing an assessment against the framework for the 2021/2022 statement.

We do not believe that the current AUG process properly supports the appointment of a new AUGS and allows them the time to make fundamental changes with backing data and revised methodology to support and as such last year's table should be carried forward into 2021/2022 while the industry resolves the issues that have been raised.

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

A decision is required ASAP so that suppliers have clarity of cost base as soon as possible

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

There are no development and implementation costs

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

Yes

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.

We do not believe this has been done as robustly as it could have for the reason outlined in the ICoSS letter in March 21 which detailed an assessment of the process against the framework. We do not wish to see Mods raised every year and hope the industry finds a suitable way forward but as an immediate solution last year's table should apply for 2021/2022.

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.

Please see our comments in the section containing our reasons for supporting the modification. The result is not robust because the output has spurious findings, for example 14% of SME throughput cannot be attributed to theft. We have concerns regarding the significant change to a bottom-up methodology that had been utilised and the lack of time allowed to evidence this new approach.

This places great emphasis on the volumes calculated using limited and incomplete data rather than consumptions volumes recorded by Xoserve.

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.

UNCC have been unable to resolve the situation, hence the need for this modification. There is a need to fix the issues moving forward but clearly more time is required in this instance. As such we support Mod 0767 which would bring the AUG framework into the main body of the UNC.

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.

We do not believe that is the case with respect to validation of the statement because the Authority does have a role to play in this case when the process has been called into question and the output has insufficient evidence to support it.

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.*

No

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

Additional analysis we provided in our response the consultation on the final AUGE table for 2021/2022