



# **0828R - Introduction of an Independent Shrinkage Expert**

February 2023

# Actions

The following actions were captured at the last WG meeting for the CDSP to consider:

**Action Table (as of 01 February 2023)**

Action Ref	Meeting Date(s)	Minute Ref	Action	Reporting Month	Owner	Status Update
0201	01/02/23	1.3	<i>Reference UNC – IGT – UNC Cross Code Impacts – Xoserve (ER) to engage with the IGT parties to ensure suitable Cross Code monitoring is in place.</i>	February 2023	Xoserve (ER)	<b>Pending</b>
0202	01/02/23	2.1	<i>Reference Existing AUGE processes – Xoserve (ER) to provide an explanation on how the AUGE process works (inc. the feedback cycle, contractual arrangements and funding aspects).</i>	February 2023	Xoserve (ER)	<b>Pending</b>

# Action 0201

*Reference UNC – IGT – UNC Cross Code Impacts – Xoserve (ER) to engage with the IGT parties to ensure suitable Cross Code monitoring is in place.*

- Propose the wording of the action is updated within the minutes to request the CDSP to raise 0828R and the possible impacts to IGT UNC at IGT Workstream rather than ensuring suitable Cross-Code monitoring as this would be a CACoP role.
- To confirm, 0828R was discussed at IGT Workstream on Thursday 09 February under the cross-code tracker. The IGT Workstream attendees were advised when the next WG meeting was due to take place if any IGT representative were able to join.
- IGT UNC does reference Shrinkage currently however it is considered as zero. Within the latest AUG Statement, IGT Shrinkage is referenced. As IGT Shrinkage is not directly accounted for in Settlement, it could have an impact on UIG. Latest draft AUG Statement [here](#).
- The IGT Code Administrator and IGT Workstream attendees welcomed the proposer to discuss the proposal and the possible impacts to IGT Code.

# Action 0202

*Reference Existing AUGE processes – Xoserve (ER) to provide an explanation on how the AUGE process works (inc. the feedback cycle, contractual arrangements and funding aspects).*

## Contractual Arrangements

- The CDSP has an obligation in UNC to appoint an AUG Expert.
- This UNC obligation (and other activities associated to managing this process) are translated into DSC Service Lines. This includes:
  - Obligations for the CDSP to appoint an AUG Expert.
  - Obligations to share relevant data to the AUG Expert.
  - Obligation to ensure the AUG Table Weighting Factors are included in gas allocation functions.
- Xoserve in its role as the CDSP, contract with an organisation to the position of the AUG Expert and this is done in line with the Framework for the Appointment of an AUGE which is the UNC TPD Related Document.
- When an AUG Expert is appointed, this process (including the procurement / tender), is managed by the CDSP with support of the industry via a Stakeholder Evaluation Panel.

Please note, for these types of procurement events, a regulated process is likely required which involves a strict process and timeline to be followed. [Typically, this requires a minimum of 12 months and more likely 18 months to complete.] Please note, this is indicative only and the actual timeline to procure will depend on the scope of work and the procurement process required.

# Action 0202

*Reference Existing AUGE processes – Xoserve (ER) to provide an explanation on how the AUGE process works (inc. the feedback cycle, contractual arrangements and funding aspects).*

## Funding

- The DSC Service Lines come under a DSC Service Area which has an agreed funding split as per the Budget and Charging Methodology.
- For example, the Service Line to appoint the AUG Expert is a Direct Code Service under Service Area 1 which is 100% Shipper funded.
- All DSC change considers whether there is an impact on the Service Description Table and the Service Area and funding split is agreed by the DSC Change Management Committee.
- The cost of the contract between Xoserve and the AUG Expert is commercially sensitive, but this cost is included in the relevant Service Area with other charges.

# Action 0202

*Reference Existing AUGE processes – Xoserve (ER) to provide an explanation on how the AUGE process works (inc. the feedback cycle, contractual arrangements and funding aspects).*

## AUG Timeline and feedback cycle

- The AUG Expert prepare the proposed AUGS and Table of Factors between June and December the year before they go live.
- The draft AUG Statement is published end of December and the consultation on this begins until end of January.
- Typically, there are monthly meetings during the development process to discuss feedback and share the modified draft.
- Final Statement is published and voted on in April. To confirm, when voting on the AUG Statement, a unanimous vote is needed to reject or amend. Without a unanimous vote, the AUG Statement presented will be approved.
- Following final approval, the CDSP will conduct a review of the AUG Year from May to July. Feedback is requested via a letter that goes out from the Joint Office each year. The level of feedback varies depending on how the process has gone. For example, last year, official feedback was received from 2 parties (a Shipper and the AUGE), however the year before (2020/21), there were 5 responses (ICoSS, 3 Shippers and AUGE). [AUG Year Review Report for 2021/22](#) link for reference.

# Example AUG Timeline

