








UNC Modification	At what stage is this document in the process?
<p><b>UNC 0XXX:</b></p> <p><b>Temporary extension of AUG Statement creation process</b></p>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid green; background-color: #28a745; color: white; padding: 2px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">01</span> Modification         </div> <div style="border: 1px solid #17a2b8; padding: 2px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">02</span> Workgroup Report         </div> <div style="border: 1px solid #9932cc; padding: 2px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">03</span> Draft Modification Report         </div> <div style="border: 1px solid #fd7e14; padding: 2px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">04</span> Final Modification Report         </div> </div>
<p><b>Purpose of Modification:</b></p> <p>To allow the new AUGE sufficient time to develop a robust AUG Statement in accordance with the Framework for the Appointment of an Allocation of Unidentified Gas Expert, (AUGE), and to rollover the existing AUG Table, repeating the process undertaken previously for the 2013/14 &amp; 2016/17 AUG Years.</p>	
	<p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"> <li>considered a material change and not subject to self-governance.</li> <li>assessed by a Workgroup.</li> </ul> <p>This modification will be presented by the Proposer to the Panel on 18 March 2021. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>
	<p>High Impact: Shippers</p>
	<p>Medium Impact: None</p>
	<p>Low Impact: None</p>

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Timetable	
<b>The Proposer recommends the following timetable:</b>	
Initial consideration by Workgroup	25 February 2021
Presented to Panel	18 March 2021
Amended Modification considered by Workgroup	25 March 2021
Workgroup Report presented to Panel	15 April 2021
Draft Modification Report issued for consultation	15 April 2021
Consultation Close-out for representations	6 May 2021
Final Modification Report available for Panel	20 May 2021
Modification Panel decision	20 May 2021


 Any questions?


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## 1 Summary

### What

To ensure that Unidentified Gas, (UIG), is allocated between Shippers in accordance with the requirements of the UNC and its subsidiary documents, the industry must use the most accurate and verifiable UIG Allocation Adjustment Factors available to it. The AUG Statement proposed for the AUG Year 2021/22 has, owing to the limited time available, not had the same level of development as previous AUG Statements, which have gone through multiple iterations over a number of years

### Why

The proposed AUG Table for 2020/21 does not have the level of development as previous AUG Table and so does not represent the most robust view of Unidentified Gas available.

### How

Concerns in the short term could be allayed by rollover the UIG Allocation Adjustment Factors that are currently in force the 2020/2021 AUG Year to the 2021/2022 AUG Year.

## 2 Governance

### Justification for Authority Direction

According to the latest CDSP estimate of 10 February 2021,<sup>1</sup> UIG runs at approximately 2.42% of LDZ throughput, representing approximately 13TWh of gas annually, with an approximate annual materiality of £200-250m<sup>2</sup>. Any significant change to the AUG Table is therefore likely to result in the redistribution of these costs between shipper in the order of millions of pounds and so will be a material change, requiring 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 development of a robust AUG Statement is a complex and difficult undertaking, which requires the assessment of multiple data sources and engagement with the industry as the methodology is developed. The timescales, as mandated by the Framework for the Appointment of an Allocation of Unidentified Gas Expert,<sup>3</sup> are extremely tight, with the entire process to be completed in less than a year.

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<sup>1</sup> <http://www.xoserve.com/media/4068/uig-tracking-20210210.pdf>

<sup>2</sup> Using a 30 day rolling average SAP price of 1.8444p/kWh on 13 February 2021

<sup>3</sup> [Framework for the Appointment of an Allocation of Unidentified Gas Expert](#)

Historically it has been demonstrated that the creation of a robust AUG Statement from scratch within a year is not feasible. The AUGE appointment process commenced in 2011 with the first AUG Statement in 2012/13 being recognised as an interim development to replace the high-level assessment of UIG then in place. This statement was then rolled over for the 2013/14 AUG Year to allow time for a more robust consumption method to be developed for 2014/15. The AUGE Statement was rolled over again for the AUG Year 2016/17 to allow time for the AUGE tendering process to complete.

Owing to a change in the AUGE, the AUG Statement that was presented to the industry on 30 December 2020 had been developed from scratch during 2020. It represents a significant departure from previous methodology, using a bottom-up methodology to calculate UIG from individual components, rather than a top-down process.

Though in some areas the revised statement has provided some background information on their calculation and has been robustly calculated, for the majority of the UIG identified, it has not been demonstrated to the same level in the previous AUG Statement, with data still being provided for 2020/21 AUG Year after the consultation process has concluded.

Considering these concerns and being mindful of the time it took for the previous AUGE to present a robust statement that was accepted by the industry, it is clear that the process has not given sufficient time for the AUGE to develop a new statement to the standard required for the industry to rely upon with a high degree of confidence. As a fully developed and tested AUG Statement is available, (unlike at the start of the process), we believe that additional time should be given for a robust statement to be developed by the new AUGE and the AUG Table from 2020/21 should be extended to 2021/22.

## 4 Code Specific Matters

### Reference Documents

Framework for the Appointment of an Allocation of Unidentified Gas Expert.

UNC TPD Section E9

### Knowledge/Skills

None

## 5 Solution

### Business Rules

- The AUG table for the AUG Year 1 October 2021 – 30 September 2022 will be the following:

Supply Points					Metered CSEPs	
	Class 1	Class 2	Class 3	Class 4	Category	Allocation Factor
<b>EUC</b>	<b>Allocation Factor</b>				All Metered CSEPs as a single category	
<b>1ND</b>	0.22	5.28	45.30	120.98		
<b>1PD</b>	0.22	5.28	45.30	120.98		

<b>1NI</b>	0.22	5.28	45.30	120.98		
<b>1PI</b>	0.22	5.28	45.30	120.98		
<b>2ND</b>	0.22	5.28	13.68	117.79		
<b>2PD</b>	0.22	5.28	13.68	117.79		
<b>2NI</b>	0.22	5.28	13.68	117.79		
<b>2PI</b>	0.22	5.28	13.68	117.79		
<b>3</b>	0.22	4.93	9.17	15.29		
<b>4</b>	0.22	3.87	9.17	11.76		
<b>5</b>	0.22	2.47	8.56	8.04		
<b>6</b>	0.22	1.13	6.30	4.79		
<b>7</b>	0.22	0.33	5.14	2.47		
<b>8</b>	0.22	0.22	0.42	1.55		
<b>9</b>	0.22	0.22	0.22	0.22		

## 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

None as UIG is allocated at a wholesale level to shippers.

### Cross Code Impacts

None

### EU Code Impacts

None

### Central Systems Impacts

None as the process will simply rollover the AUG Table from 2020/21.

## 7 Relevant Objectives

Impact of the modification on the 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: (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.	Positive
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.	Positive
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

**8 Owing to the limited time which was available for its development, the AUG Table and accompanying statement that was presented to the industry on 30 December 2020 does not represent as detailed an assessment as the AUG Table in place for 2020/21. Extending the AUG Table for 2020/21 to cover the AUG Year 2021/22 would result in more accurate cost targeting and so further competition between shippers and will give further time for the requirements of the Framework for the Appointment of an Allocation of Unidentified Gas Expert to be discharged.**

No specific implementation date is proposed, but the modification will need to be implemented as soon as possible to provide certainty to shippers on the AUG Table for the AUG Year 2021/22.

## 9 Legal Text

### Text Commentary

As this modification will simply extend the 2020/21 AUG Table for a further 12 months, the textual change should be placed in Transitional Rules.

### Text

#### Transitional AUG Table for the AUG Year 2021/22.

The below AUG Table shall apply from 01 October 2021 until 30 September 2022, replacing any other AUG Table.

#### Annex E-1: UIG Allocation Adjustment Factors

Supply Points					Metered CSEPs	
	Class 1	Class 2	Class 3	Class 4	Category	Allocation Factor
EUC	Allocation Factor				All Metered CSEPs as a single category	
1ND	0.22	5.28	45.30	120.98		
1PD	0.22	5.28	45.30	120.98		
1NI	0.22	5.28	45.30	120.98		
1PI	0.22	5.28	45.30	120.98		
2ND	0.22	5.28	13.68	117.79		
2PD	0.22	5.28	13.68	117.79		
2NI	0.22	5.28	13.68	117.79		
2PI	0.22	5.28	13.68	117.79		
3	0.22	4.93	9.17	15.29		
4	0.22	3.87	9.17	11.76		
5	0.22	2.47	8.56	8.04		
6	0.22	1.13	6.30	4.79		
7	0.22	0.33	5.14	2.47		
8	0.22	0.22	0.42	1.55		
9	0.22	0.22	0.22	0.22		

## 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.
- Acknowledge that time is of the essence as the UNCC are due to review the AUG Statement in development on 15 April 2021 for a scheduled implementation date of 01 October 2021.