

UNC Workgroup Report		At what stage is this document in the process?
<h1>UNC 0711S:</h1> <h2>Update of AUG Table to reflect new EUC bands</h2>		<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 5px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px;">01</span> Modification         </div> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 5px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px;">02</span> Workgroup Report         </div> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 5px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px;">03</span> Draft Modification Report         </div> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 5px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px;">04</span> Final Modification Report         </div> </div>
<p><b>Purpose of Modification:</b> This modification updates the Allocation of Unidentified Gas (AUG) Table set out in UNC TPD Section E Annex E-1 to include the new End User Categories (EUC) brought in by DSC Change Proposal XRN4665 Creation of New End User Categories</p>		
	<p>The Workgroup recommends that this modification should be subject to self-governance</p> <p>The Panel will consider this Workgroup Report on <b>20 February 2020</b>. The Panel will consider the recommendations and determine the appropriate next steps.</p>	
	<p>High Impact: Shippers</p>	
	<p>Medium Impact: None</p>	
	<p>Low Impact: None</p>	

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3	Why Change?	3	 0121 288 2107
4	Code Specific Matters	4	Proposer: Steve Mulinganie Gazprom
5	Solution	4	 <a href="mailto:steve.mulinganie@gazprom-energy.com">steve.mulinganie@gazprom-energy.com</a>
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<b>Timetable</b>			 <a href="mailto:UKLink@xoserve.com">UKLink@xoserve.com</a>
<b>Modification timetable:</b>			Other: Gareth Evans
Initial consideration by Workgroup	28 November 2019		 <a href="mailto:gareth@waterswye.co.uk">gareth@waterswye.co.uk</a>
Amended Modification considered by Workgroup	17 December 2019		 0750 096 4447
Workgroup Report presented to Panel	20 February 2020		
Draft Modification Report issued for consultation	21 February 2020		
Consultation Close-out for representations	12 March 2020		
Final Modification Report available for Panel	17 March 2020		
Modification Panel decision	16 April 2020 (unless considered at short notice by March Panel)		

## 1 Summary

### What

At present the AUG Table does not fully reflect the combination of End User Categories (EUC) and Product Classes that are utilised by the CDSP to meet its Uniform Network Code (UNC) and Data Services Contract (DSC) requirements.

### Why

The AUGE is required to populate the AUG Table as set out in UNC TPD Section E Annex E-1. Any mismatch between the Adjustment Factors developed by the Allocation of Unidentified Gas Expert (AUGE) and the EUCs that are utilised by the CDSP in demand estimation processes will reduce the accuracy of the AUGE process.

### How

Update the AUG Table to reflect the new EUCs that were created by DSC Change Proposal XRN4665 Creation of New End User Categories.

## 2 Governance

### Justification for Self-Governance

This Modification is suitable for Self-Governance as the change is to update the AUG Table and not the application of adjustment factors. It is simply allowing the AUGE to reflect these new End User Categories in the AUG statement, so aligning the demand estimation and AUG processes. This change does not have a material impact in itself as it does not constrain the AUGE in the application of adjustment factors against each of the existing new sub-classes of EUC Band.

As the change is comparatively straightforward, simply aligning the two processes, it did not feel necessary to undertake any prior discussion of possible alternative solutions.

### Requested Next Steps

This Modification should:

- be considered a non-material change and subject to self-governance
- be assessed by a Workgroup

## 3 Why Change?

When the AUG Table was last revised as part of Project Nexus, there were 9 End User Categories and 4 Product Classes, which the table reflected. This allows the AUGE to align the Adjustment Factors it calculates with each End User Category.

Since then, EUC Bands 1 & 2 have each been split into four new categories by Change Proposal XRN4665 Creation of New End User Categories:

- Non-Prepayment/Domestic
- Prepayment/Domestic
- Non-Prepayment I&C
- Prepayment I&C

As a result, the AUG Table no longer fully aligns with the End User Categories in effect for demand estimation.

## 4 Code Specific Matters

### Reference Documents

Link to: UNC Related Document – [Framework for the Appointment of an Allocation of Unidentified Gas Expert](#)

Link to: [AUGE Appointment AUGE Statement Approval Process](#)

### Knowledge/Skills

Not required, though it would be advantageous if the AUGE was engaged in the finalisation of this document.

## 5 Solution

Update the AUG Table contained in UNC TPD Section E Annex E-1 by splitting EUC Band 1 & EUC Band 2 into four categories:

- Non-Prepayment/Domestic
- Prepayment/Domestic
- Non-Prepayment I&C
- Prepayment I&C

## 6 Impacts & Other Considerations

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

None

## Consumer Impacts

<b>Consumer Impact Assessment</b> <i>(Workgroup assessment of proposer initial view or subsequent information)</i>	
<b>Criteria</b>	<b>Extent of Impact</b>
Which Consumer groups are affected?	<ul style="list-style-type: none"> <li>• Domestic Consumers</li> <li>• Small non-domestic Consumers</li> <li>• Customers falling into EUC bands 01 &amp; 02</li> <li>• <del>Large non-domestic Consumers</del></li> <li>• <del>Very Large Consumers</del></li> </ul>
What costs or benefits will pass through to them?	The actual costs / benefits would only be quantifiable once the a new AUGÉ statement with the new EUC sub-bands incorporated has been produced.
When will these costs/benefits impact upon consumers?	The costs / benefits will materialise once the energy variances resulting from the new allocation adjustment factors become effective post October 2021.
Are there any other Consumer Impacts?	The workgroup view is that the customer impacts are limited to, and are a function of, the methodology adopted by shippers to recover the costs associated with the resulting energy variances costs.
<b>General Market Assumptions as at December 2016 (to underpin the Costs analysis)</b>	
<i>Number of Domestic consumers</i>	<i>21 million</i>
<i>Number of non-domestic consumers &lt;73,200 kWh/annum</i>	<i>500,000</i>
<i>Number of consumers between 73,200 and 732,000 kWh/annum</i>	<i>250,000</i>
<i>Number of very large consumers &gt;732,000 kWh/annum</i>	<i>26,000</i>

## Cross Code Impacts

Given that IGT UNC automatically adopts the prevailing UIG Allocation Adjustment Factors table, there is no requirement for a matching proposal to be raised.

## EU Code Impacts

None

## Central Systems Impacts

We anticipate there will be some changes required to align Unidentified Gas (UIG) processes to take account of the new End User Categories.

While the new EUC01 & 02 sub-bands have already been implemented for the purposes of allocation, these new EUC bands are not yet reflected in the AUG Statement Allocation Factors table in Gemini. A change to Gemini would have to be implemented before any changes to the AUG Statement adjustment factors would have any effect on shippers' allocations of Unidentified Gas.

An assessment of the Gemini impact would suggest that a change of this nature & complexity should be included in a system release that would result in the Allocation Adjustment Factors table being effective from October 2021.

**Rough Order of Magnitude (ROM) Assessment** *(Workgroup assessment of costs)*

<b>Cost estimate from CDSP</b>	<b>Change Costs (implementation):</b> An enduring solution will cost at least £ 115,500 but probably not more than £185,500 to implement.
<b>ROM Document</b>	Link to: <a href="#">Change Reference Number: XRN5068</a>

## 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.	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

This Modification should further Relevant Objective d) as the update to the AUG Table to align the new End User Categories in place will allow the AUG to provide Allocation Adjustments Factors for those new End User Categories as it sees fit. This should improve the accuracy of UIG allocation and place costs into the markets sectors where they occur. Better cost reflectivity allows costs to be placed where they are incurred and the increased level of granularity should provide better cost discovery for all market participants, and so further competition between relevant shippers and supplier.

## 8 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

The workgroup noted the documents appended in Section 4, which set out the process for the appointment of the AUG and the for agreeing the annual AUG statement. As can be seen from the schedule of events, the production of an AUG Statement is a process which takes approximately 16 months and the process for establishing the Statement to take effect on 1<sup>st</sup> October 2020 is already well underway.

However, the overarching factor was the time required to deploy the new table into Central Systems and fully integrate it into Gemini, and consequently, it is proposed that the effective implementation date is 1st October 2021.

However, it should be noted that, while the proposed effective implementation date is 1st October 2021, the implementation date for the proposal, and hence the revised table being available for associated UNC purposes, (for example being incorporated into the 2020/21 AUG Statement production timeline), should remain as 16 business days after a Modification Panel decision to implement, subject to Appeal.

Therefore, to be clear, the key dates for the integration of the new EUC 01 & 02 sub-bands into UNC processes would be as follows:

- Modification Proposal Implementation would be to be confirmed once governance is complete
- circa June 2020            Incorporation of new EUC 01 & 02 sub-bands into the AUG Statement production timeline
- 1<sup>st</sup> October 2021            Go live for new EUC 01 & 02 sub-band specific Allocation Adjustment Factors in Gemini

## 9 Legal Text

**Transitional Text:** New section to be added to TDIIC – Transitional Rules:

### 24 Transitional AUG Table to Reflect New EUC Bands

#### 24.1 AUG Table transitional period

24.1.1 The below AUG Table shall apply from 01 May 2020 until 30 September 2021, after which the new table inserted into UNC TPD E: Annex E-1 as part of Modification 0711S will apply.

**Annex E-1  
UIG Allocation Adjustment Factors**

FORM OF AUG TABLE						
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	
1						
2						
3						
4						
5						
6						
7						
8						
9						

**UNC TPD E: Annex E-1 Legal Text**

FORM OF AUG TABLE						
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						
1PD						
1NI						
1PI						
2ND						
2PD						
2NI						
2PI						
3						
4						
5						
6						
7						
8						
9						

## **Legal Text Commentary**

### **0711S Transitional Legal Text Commentary**

The current AUG Table which constitutes TPD E: Annex E-1 will be moved to new Section 24 of the Transitional Document: TDIC – Transitional Rules. The Transitional Document will allow for the current table to continue to be used until the central system changes can be implemented by Xoserve in October 2021, and the updated AUG Table is published by the AUGE.

### **0711S Legal Text Commentary**

The current AUG Table which constitutes TPD E: Annex E-1 will be replaced with a new table which includes the new End User Categories (EUC) introduced as part of Xoserve Change Proposal XRN4665, New EUC Profiles for Bands 01 and 02.

## **10 Recommendations**

### **Workgroup's Recommendation to Panel**

The Workgroup asks Panel to agree that this self-governance modification should proceed to consultation.