










| UNC Modification | At what stage is this document in the process? |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <h1>UNC 0782:</h1> <h2>Creation of Independent AUGE Assurer (IAA) role</h2> | <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;"> 01 Modification </div> <div style="border: 1px solid #17a2b8; padding: 2px; display: flex; align-items: center; justify-content: center;"> 02 Workgroup Report </div> <div style="border: 1px solid #c39bd3; padding: 2px; display: flex; align-items: center; justify-content: center;"> 03 Draft Modification Report </div> <div style="border: 1px solid #ffc107; padding: 2px; display: flex; align-items: center; justify-content: center;"> 04 Final Modification Report </div> </div> |
| <p>Purpose of Modification: Creation of an independent assurance role to verify that the output of the Allocation of Unidentified Gas Expert (AUGE) process complies with the “Framework for the Appointment of an Allocation of Unidentified Gas Expert”. The Uniform Network Code Committee (UNCC) will be required to act on any material non-compliance that is ascertained by the Independent AUGE Assurer (IAA).</p> | |
| <p>Next Steps:</p> <p>The Proposer recommends that this Modification should be:</p> <ul style="list-style-type: none"> considered a material change and not subject to Self-Governance assessed by a Workgroup <p>This Modification will be presented by the Proposer to the Panel on 21 October 2021. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</p> | |
| <p>Impacted Parties:</p> <p>High: Shippers, AUGE, CDSP</p> <p>Low: Transporters</p> <p>None: NA</p> | |
| <p>Impacted Codes:</p> <p>None</p> | |

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| Timetable | | Systems Provider: Xoserve | |
| Modification timetable: | |  UKLink@xoserve.com | |
| Pre-Modification Discussed | 23 September 2021 | Other: Gareth Evans | |
| Date Modification Raised | 15 September 2021 |  gareth@waterswye.co.uk | |
| New Modification to be considered by Panel | 21 October 2021 |  telephone | |
| First Workgroup Meeting | 28 October 2021 | 07500 964447 | |
| Workgroup Report to be presented to Panel | 20 January 2022 | | |
| Draft Modification Report issued for consultation | 21 January 2022 | | |
| Consultation Close-out for representations | 11 February 2022 | | |
| Final Modification Report available for Panel | 15 February 2022 | | |
| Modification Panel decision | 17 February 2022 (At Short Notice) | | |

1 Summary

What

The Framework for the Appointment of an Allocation of Unidentified Gas Expert ("Framework") is a Code subsidiary document that sets out how the AUGE process operates and how the AUGE Statement and AUGE table are compiled. The Framework document, it is nominally overseen by the Uniform Network Code Committee (UNCC). At the March 2021 UNCC meeting the UNCC indicated that there were no actions it could take regarding concerns raised about compliance with the Framework, which indicates that there is currently no clear governance process for compliance with the Framework and so no effective industry oversight of the AUGE.

This has compelled shippers who have concerns over the discharge of the requirements in the Framework during this year's AUGE Statement creation to raise a modification to establish remedies as there seems to be no other route for ensuring their concerns are formally assessed.

Why

The AUGE process is a critical industry activity as it leads to the apportionment of Unidentified Gas (UIG) costs between shippers, which total over £200m a year. Clear oversight and governance for the process is needed so that shippers can be confident that the Framework will be followed, and where it is not, there is a clear mechanism to identify and address any such failings.

How

Create a new role, the Independent AUGE Assurer (IAA), who would be appointed by tender, who will be responsible for determining whether the AUGE has fully complied with the Framework during the creation of the AUGE Statement, directing remedial actions where it believes there are material non-compliances and providing a report setting out its work for the year.

The UNCC will have the explicit obligation of considering any remedial actions where requested, overriding any formal direction by the IAA through a simple majority vote.

2 Governance

Justification for Authority Direction

~~Though the AUGE process derives the allocation of UIG to Shippers and so is material, this proposal in itself is limited to an oversight process of the AUGE process and so the proposal is suitable for self-governance. As the AUGE process has a material impact on the industry, this modification should be subject to Authority Decision.~~

Requested Next Steps

This Modification should:

- be considered a non-material change and not subject to Self-Governance.
- be assessed by a Workgroup

~~Please note that this modification has been delayed in formal submission awaiting the Ofgem decision on UNC Modification 0758.~~

3 Why Change?

The Framework for the Appointment of an Allocation of Unidentified Gas Expert ("Framework") is a Code subsidiary document that sets out how the AUGE process operates and the AUGE Statement and AUGE table are compiled. The Framework document, it is nominally overseen by the UNCC.

At the March 2021 UNCC meeting the UNCC indicated that there were no actions it could take regarding concerns raised about compliance with the framework, which indicates that there is currently no clear governance process for the Framework document. This has compelled some shippers who have concerns over the discharge of the Framework document during this year's AUGE Statement creation to raise a modification to introduce remedies into Code as there seems to be no other route for ensuring their concerns are formally assessed.

It would seem more efficient for the industry to be able to formally take account of issues with this industry process and have a mechanism to resolving them rather than submit change to the authority, so there is a requirement for an independent body to oversee this process.

4 Code Specific Matters

Reference Documents

- UNC TPD Section E9
- Framework for the Appointment of an Allocation of Unidentified Gas Expert.

Knowledge/Skills

- None

5 Solution

It is proposed that a new body, the Independent AUGE Assurer (IAA) is appointed to ensure the AUGE's compliance with the Framework. Its objective will be to "continuously monitor and assess the AUGE's activities to ensure compliance with the Appointment of an Allocation of Unidentified Gas Expert document, suggesting and developing proposed improvements to the AUGE's methodology and model where it deems it necessary."

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Appointment and Activities of the IAA

1. The Central Data Services Provider (CDSP) will be required to run a tender for the IAA and appoint them for a fixed term period, subject to periodic re-tenders.
2. The IAA would need to be an organisation separate to the current AUGE or the CDSP.
3. The CDSP will be expected to commence work on tendering for the IAA as soon as the modification is approved.

Activities of the IAA

4. The IAA will have the following primary functions:
 - a. Assess the AUGE's compliance with the Framework through continuous engagement with the AUGE, reporting to the industry periodically on progress.

b. Suggest any proposed improvements to the AUGE as part of its engagement under 4a.

c. Report any Non-Compliance Findings to the AUGE sub-committee (see BR 7).

d. Develop any remedies to any Non-Compliance Findings where the IAA deems it necessary.

~~2.5.~~ Once appointed the IAA ~~will be required to oversee the activities of the AUGE and~~ will have full access to all of the work undertaken by the AUGE, including its methodology process.

~~3.6.~~ The IAA will be required to sign non-disclosure agreements to protect the Intellectual property of the AUGE and the contract with the CDSP will provide suitable protections and remedies to protect both the IAA and the AUGE.

~~4.~~ The CDSP ~~will be expected to commence work on tendering for the IAA as soon as the modification is approved.~~

~~5.7.~~ Where the IAA believes that the AUGE has not complied with the Framework and has not remedied the issue, it will report this to the AUGE sub-committee as soon as its practical a "Non-Compliance Finding", setting out as a minimum

- a. The nature of the issue and its likely impact.
- b. Why the IAA believes that the AUGE has not complied with the Framework
- c. The actions that the IAA will be requiring of the AUGE to correct the non-compliance.

~~8.~~ Users will be able to report any perceived non-compliance to the IAA who will required to respond to the User in a reasonable timeframe. The IAA will not be required to act on the report by the User.

~~9.~~ The IAA will be required to provide regular reports to the industry on its findings regarding the AUGE's compliance with the Framework, in addition to issuing any Non-Compliance Findings.

Activities of the AUGE

~~6.~~

~~10.~~ The AUGE will be required to provide full access to allow the IAA to assess the AUGE's compliance with the Framework.

~~7.11.~~ The AUGE will be required to act in accordance with any direction provided to it by the IAA with regard to any Non-Compliance Finding. The AUGE may appeal to the UNCC prior to undertaking any action on any Non-Compliance Finding ~~(see BR7&8).~~

~~8.~~ ~~The IAA will be required to provide regular reports to the industry on its findings regarding the AUGE's compliance with the Framework, in addition to issuing any Non-Compliance Findings.~~

Appeal to the UNCC

~~9.12.~~ Any User, the CDSP or the AUGE will have the right to appeal to the UNCC any Non-Compliance Finding, in accordance with normal notification timescales 15 Days from the date of its publication. Any decision by the UNCC would be subject to any appeals mechanism that currently exist.

~~10.13.~~ The UNCC may request further information from the IAA to aid its decision, as long as it does not interfere with the AUGE statement timeline.

~~11.14.~~ The UNCC will be required to vote on any Non-Compliance Finding that is appealed to it, either to approve the Non-Compliance Finding or to quash it. Any vote will operate to a simple majority.

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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- this impacts the accuracy of UIG costs which are levied to shippers.

What is the current consumer experience and what would the new consumer experience be?

None – this will continue

Impact of the change on Consumer Benefit Areas:

| Area | Identified impact |
|----------------------------------------------|-------------------|
| Improved safety and reliability | None |
| Lower bills than would otherwise be the case | None |
| Reduced environmental damage | None |
| Improved quality of service | None |
| Benefits for society as a whole | None |

Cross Code Impacts

None

EU Code Impacts

None

Central Systems Impacts

None.

7 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. | None |
| 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 |

This modification will provide a clear governance and oversight route for the AUGÉ process to ensure compliance with the Framework and so promote relevant objective (f) Promotion of efficiency in the implementation and administration of the Code.

8 Implementation

Implementation should be as soon as possible after an Authority direction to do so. [It is expected that the IAA will commence activities no later than April 2023.](#)

9 Legal Text

To be provided by Transporters.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

Joint Office of Gas Transporters

- Agree that Authority Direction should apply.
- Refer this proposal to a Workgroup for assessment.