

Please find below my initial response to each of the questions from the UNC Panel on Modification UNC 0831 for discussion at the next meeting Distribution Workgroup meeting on 23 February 2023.

*Q1. Timing of the AUGE appointment and contractual interactions.*

Xoserve has provided a presentation detailing the timetable for the next few years of the current AUGE process, including timings, contractual break points and the appointment process. It is envisaged that the notice period will be given as soon as possible following a decision to implement the modification, and that the AUGE process would continue for the work included under its remit until the notice period took effect, albeit that any UIG table produced would not take effect.

*Q2. Effects of market changes (parties exiting etc.) and any need for reconciliation*

As the proposal is to replace the current or a future UIG table with a fixed table of UIG factors, then implementation of this modification has the same effect as a new annual UIG table and so there is no impact on any changes in the market or any need for a reconciliation, as things would flow through in terms of the UIG allocation process as they currently do.

*Q3. Effect on IGT UNC of the proposed to Legal Text drafting*

There is no impact on the IGT UNC as the reference from the IGT UNC to the UNC is at a higher level than the section E Paragraph 9 of the UNC TPD that would be largely removed as a result of the implementation of UNC 0831.

*Q4. Any impact/interaction on Licences*

There is no impact on Licences as the AUGE is not referenced in the Licence. The AUGE and UIG processes are detailed within the UNC.

*Q5. Consider whether this Modification would reduce the amount of information available from AUGE which currently provides industry with an opportunity to drive actions to reduce UIG*

As the AUGE process would stop then there would be no information available from the AUGE, but it is questionable as to how much information the AUGE provides that can be used and is actually used by the industry to reduce UIG. However, given the money that would be saved by not having an annual AUGE process, that money could be used by the industry on an ad-hoc basis to pay various bodies to help identify the size of each cause of UIG and to help implement actions to drive down UIG. Examples of this could be a study into shrinkage and a reconciliation exercise between the CDSP's data and Land Registry's data. Given the REC's recent analysis provided by Cap Gemini on theft and its future plans on work in this area, there may be an opportunity to work with the REC to help reduce some of the sources of UIG.

Regards,

Mark Jones