

UNC Workgroup 0782 Minutes
Creation of Independent AUGE Assurer (IAA) role
Thursday 28 October 2021
via Microsoft Teams

Attendees		
Alan Raper (Chair)	(AR)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Alison Tann	(AT)	National Grid
Anne Jackson	(AJ)	IGT (0784S only)
Carl Whitehouse	(CW)	Shell Energy
Claire Louise Roberts	(CLR)	Scottish Power
Clare Manning	(CM)	E.ON Energy
David Addison	(DA)	Xoserve
Dan Fittock	(DF)	Corona Energy
David Mitchell	(DM)	SGN
David Morley	(DMo)	Ovo Energy
Ellie Rogers	(ER)	Xoserve
Fiona Cottam	(FC)	Correla on behalf of Xoserve (0781R and 0782 only)
James Knight	(JK)	Centrica
Kate Lancaster	(KL)	Xoserve
Kundai Matiringe	(KM)	BU-UK
Louise Hellyar	(LH)	Totalenergies Gas & Power
Mark Field	(MF)	Sembcorp Energy UK
Marion Joste	(MJ)	ENI
Neil Cole	(NC)	Correla on behalf of Xoserve (0781R and 0782 only)
Ryan Prince	(RPr)	Northern Gas Networks
Shiv Singh	(SS)	Cadent
Steven Britton	(SB)	Cornwall Insight
Steve Mulinganie	(SM)	Gazprom Energy
Tracey Saunders	(TS)	Northern Gas Networks

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0782/281021>

The Workgroup Report is due to be presented at the UNC Modification Panel by 17 February 2022.

1.0 Outline of Modification

Gareth Evans (GE) noted that this Modification is proposing to create an Independent AUGE Assurance (IAA) 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 identified by the IAA.

GE explained that the proposal was that the IAA would be able to review and audit the work and assumptions made by the AUGE as well as address any concerns around their work. GE added that a formal escalation process to the UNCC was also being proposed.

On behalf of the Proposer (Dan Fittock (DF)) GE provided a presentation covering the following main topics. Where there was specific interaction regarding particular slides with the Workgroup, this has been captured within the minutes for each section of the presentation, and full details can be found on the published presentation here: [Modification 782 presentation](#)

Solution

GE explained there are two key aspects to the solution:

1. Creation of a new role, the IAA, would be appointed by tender which would be run by CDSP. This role 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. This would likely result in changes to the AUGE contract.
2. 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. The view of the proposer was that the UNCC should determine how it discharges this obligation.

GE clarified that the CDSP have confirmed there are aspects of the existing AUGE contract that may be re-opened and adjusted should the need arise

“What this is not”

GE provided clarity that the IAA role is **not** proposed to be:

- **A passive auditor** of the process as this would not provide a mechanism for addressing concerns as this would add very little to existing process
- **An AUGE 2.0.** The IAA would not be procuring data or mirror running the methodology to create a second set of scaling factors as this does not resolve the potential issue of an AUGE Statement not delivering the Framework document and would simply result in two sets of values which inevitably will result in winners being picked for their financial benefit, not whether they are better

“Timeline”

GE explained the IAA role is seen as a continuous process, with regular interaction with AUGE as it works through the production of the statement. The IAA would be expected to engage with the AUGE during development of methodology and would primarily align with the internal work schedule of the AUGE and periodically report to industry in line with the AUG timetable.

Questions arising from the presentation

Q1 David Morley (DMo) enquired what the cost would be if the contract with the AUGE was terminated.

A GE: that is for Xoserve and / or DSC Contract Management Committee to advise.

FC advised there is a cost discovery element to the impact of this but advised she is not planning to do anything just yet as AUGE would need to decide how the new arrangement would be accommodated.

SM said there is a counter argument in that contracted parties need to consider if there is any impact to their contract. FM agreed but advised she would have opening discussions with the AUGE when there is something to present to them.

It was noted there will also be a need to look at the contractual practicalities in terms of development in the modification of contractual required versus what would be left to discretion in terms of the development of the contract.

Ellie Rogers (ER) commented that Compliance needs to be in the Modification and the actual role defining the scope of the IAA to facilitate the CDSP's procurement.

Q2 DMO enquired how the IAA could perform their role if they do not have access to any data.

GE responded that the IAA do not need to look at line-by-line data in order to have a view of whether the data the AUGE is using is appropriate. He added the IAA should not need to go through the data line-by-line as that level of granularity would not be required and added that the AUGE would be required to provide a description of the data is being used and its source.

When DA suggested there would need to be a Job Role Specification created at the end of this process, GE advised he is happy to work with CDSP to work on that.

DF clarified that, as Proposer, it is not his intention to look at modifying the Framework. That is out of scope of the Modification.

Q3 DMO questioned when the Framework review took place, it took quite some time and enquired why it was not made clear at the time, (2010 to 2015)

SM advised that under the previous arrangements, at that time, it was sufficiently clear and acceptable to all parties, whereas under the current arrangements that is not the case.

AR enquired if the introduction of an IAA was simply just a mechanism to force the AUGE to the table and does it lead to a requirement for arbitration.

GE responded that the AUGE would have the right of appeal against IAA instructions by requesting a ruling from the UNCC.

When GE asked why the Dispute Terms of the AUGE contract are not accessible to UNC parties, DA advised he was unsure why this was the case.

SM noted his concern that there are two contracting parties to the AUGE contract and UNC parties are not one of them. AR responded that this is a feature of the current Code where CDSP are given Code responsibilities but not party to it.

Q4 DMO enquired if there a dispute process in the electricity industry.

The response was that there is a mechanism for review the electricity equivalent of the allocation of a case-by-case basis.

There then followed a discussion in relation to the Framework, to the extent that it is sufficiently clear and whether or not it should it include more detail and guidance for the AUGE.

DA expressed a view that Framework, should be exactly that, and that the AUGE, by very appointment being the expert, should have a degree freedom to deliver the output while observing the imposed timeline, and associated checkpoints.

GE advised he expects the IAA to have every access with the AUGE rather than at steps in timeline as it has to be flexible approach for it to work.

GE agreed that the checkpoints could provide a framework for the IAA to express its views as to how the AUGE is performing and added failure to perform or adhere should result in financial consequences for the AUGE.

A further discussion revolved around the need to amend the Framework, alongside the Modification Legal Text

Despite earlier statements to the contrary, a general concern was raised that the Framework may need to be amended. It was asked if the Framework is clear in terms of the IAA interaction with the AUGE and whether the scope of the IAA role should be included alongside that of the AUGE to provide context.

GE reiterated his concern that this could open the Framework to a rewrite by the Workgroup and would undermine the simpleness of the assurance role being created and, as such saw the Framework document as out of scope.

This concluded the Workgroup discussion for October 2021.

2.0 Initial Discussion

2.1. Issues and Questions from Panel

2.1.1. Consider alignment of other work being carried out in respect of AUGE process

Workgroup are yet to consider this Panel question.

2.2. Initial Representations

Citizen Advice:

It is unclear why the material issue of 0782 is not included as part of the issues to be reviewed under 0781R when 0781R is intended as an extensive review - especially as both Modifications are proposed by the same proposer.

As the issue in 0782 is a proposal which could be considered within 0781R, there appears a high risk that progressing both Modifications would lead to a duplication of work for all parties involved. The advancement of 0782 also presupposes any potential discussions that would take place in the workgroup of 0781R.

Both Modifications progressing simultaneously appears to be an ineffective use of panel, JO and industry time and resources.

2.3. Terms of Reference

As matters have been referred from Panel, and Joint Office are in receipt of an initial representation from Citizen Advice, a specific Terms of Reference will be published alongside the Modification at <http://www.gasgovernance.co.uk/0782>

3.0 Next Steps

AR confirmed that Panel Questions and the Initial Representation will be considered at the next Workgroup.

4.0 Any Other Business

None.

5.0 Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/events-calendar/month

Workgroup meetings will take place as follows:

Time / Date	Paper Publication Deadline	Venue	Programme
Thursday 10:00 25 November 2021	5pm 16 November 2021	Microsoft Teams	Standard Agenda
Monday 10:00 13 December 2021	5pm 02 December 2021	Microsoft Teams	Standard Agenda

Action Table (as at 28 October 2021)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
No outstanding actions					