

**UNC Workgroup 0873**  
**Allow specific roll-over for the AUG Table 2025/26**  
**Thursday 23 May 2024**  
**via Microsoft Teams**

<b>Attendees</b>		
Dan Simons (Chair)	(DS)	Joint Office
Nikita Bagga (Secretary)	(NB)	Joint Office
Andy Clasper	(AC)	Cadent Gas
Charlotte Gilbert	(CG)	BU-UK
David Mitchell	(DMi)	Southern Gas Networks
David Morley	(DMo)	Ovo Energy
Edward Allard until 13:02	(EA)	Cadent Gas
Ellie Rogers	(ER)	CDSP
Fiona Cottam	(FC)	CDSP
Helen Bennett	(HB)	Joint Office
James Lomax	(JLo)	Cornwall Insight
Josie Lewis	(JL)	CDSP
Kathryn Adeseye	(KA)	CDSP
Louise Hellyer	(LH)	Total Energies
Mark Jones	(MJ)	SSE
Martin Attwood	(MA)	CDSP
Oorlagh Chapman	(OC)	Centrica
Rebecca Hailes	(RHa)	Joint Office
Steve Mulinganie	(SM)	SEFE Energy Limited
Susan Helders	(SH)	Northern Gas Networks
Tom Stuart	(TSu)	Wales & West Utilities

*This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.*

*Please note these minutes do not replicate detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of papers are available at: <https://www.gasgovernance.co.uk/Dist/230524>.*

**1. Introduction and Status Review**

Dan Simons (DS) welcomed all parties to the meeting.

**1.1 Approval of Minutes (01 May 2024)**

The previous minutes were approved.

**1.2 Approval of Late Papers**

No late papers to approve.

**1.3 Review of Outstanding Actions**

**0401:** ER to ‘map out’ the AUG Table timeline to demonstrate the 2-year ‘rollover’.

**Update:** Ellie Rogers (ER) provided an overview of the CDSP responses to the 4 questions from Panel. This document is available on the [0873 page](#) of the Joint Office website.

**Question 1 – Consider asking the Proposer to remove the word ‘functionality’ from the title.**

The use of the word “functionality” was considered misleading and has subsequently been removed from the Modification.

**Question 2 – Consider the impact on Modification 0843.**

This question relates to the potential impact of 0873 on Modification 0843 - Establishing the Independent Shrinkage Charge and the Independent Shrinkage Expert. This Modification seeks to incentivise the reduction of greenhouse gas emissions and lower customer bills, and to introduce the role of an Independent Shrinkage Expert (ISE) who will establish:

- the Independent Shrinkage Model (ISM),
- the Independent Shrinkage Model Methodology (ISMM), and
- the Independent Shrinkage Charge (ISC).

ER noted that in terms of considering the impacts of rolling over the 2025/26 AUG Table for 2026/27 and 2027/28, the AUGE process and the AUG Table do not determine the amount of UIG, it simply provides an independent way of allocating/distributing it.

Modification 0843 if implemented could see the amount of UIG reduce if the ISE identifies a Shrinkage Model error and Ofgem approves their statement. This will be accounted for under the process to calculate UIG and the AUG Table will continue, via the weighting factors, to distribute UIG.

Under the AUGE process, the AUGE will assess contributors to UIG which typically include IGT Shrinkage.

Based on the current timescale for Modification 0843, the earliest Ofgem can make a decision is end of September 2024. ER noted that the CDSP typically requires a 12-month period to undertake a regulated procurement exercise to appointment, however due to this being a new role, the CDSP expects to undertake a two-phased approach to initially understand what bidders can offer, followed by a more targeted second-phase. Based on this, a more realistic minimal lead time is estimated to be 18 months. Taking this into account, the earliest point for an ISE to be appointed would be April 2026. The ISE would then need a year to develop the outputs meaning the first delivery would be April 2027. This is the earliest timeline possible for Modification 0843.

As a result, the maximum interaction between 0873 and 0843 would be one year, 2027/28.

The AUGE will continue to assess and consider known contributors to accurately create the AUG Table and weighting factors, based on the current UNC rules and any known future changes. Based on this, ER advised that she was confident that there would be no adverse impact on 0843.

No questions were raised by the Workgroup.

**Question 3 – Consider any potential role for UNCC in authorising a roll-over.**

Under the existing UNC, TPD Section E9.4.3 and 9.4.4 sets out the involvement of the UNCC in ‘approving’ the AUG Table, specifically within 9.4.3 (h). This clause confirms that UNCC will ‘approve’ the final AUG Table, unless, the UNCC unanimously approve a modified AUG Table, or unanimously decide a further iteration of a step is required.

This sets a ‘high bar’ for the UNCC to do anything other than approve the presented AUG Table because anything different requires unanimous approval from the UNCC. Because of this clause, the final step at UNCC has been unofficially deemed as the process to allow the ‘disapproval’ of the proposed AUG Table as it will apply unless a unanimous decision not to.

In terms of Modification 0873 and the question about UNCC authorising the roll-over of the table, it is proposed that the step to present the AUG Table which will apply for the AUG Year, will still

be presented/notified at the April 2025 UNCC, however, this will not require further approval. The reason for this is that it has already been approved when the 2025/26 AUG Table was presented.

ER noted that if the UNCC had the responsibility to authorise the rollover, this would create uncertainty in terms of the AUG Table to apply for the AUG Year. Whereas having the confirmation that the AUG Table for 2025/26 will apply for 2026/27 and 2027/28, provides certainty and is the most efficient way of managing the potential change in the AUG process, whilst maintaining compliance with the obligation to provide an AUG Table.

The CDSP does not believe this removes the UNCC visibility of the process but considers that adding a step for the UNCC to authorise the AUG Table rollover would add complexity and uncertainty.

Steve Mulinganie (SM) highlighted that people are at liberty to raise a Modification in relation to a new table at any time, ER confirmed that this position was correct.

#### **Question 4 – Consider whether the rollover could be for fewer years.**

ER provided an overview of whether the rollover could be for fewer years noting that the current AUG is contracted to produce one more AUG Table for AUG Year 2025/26.

ER noted that the development of Modification 0868 - Change to the current Allocation of Unidentified Gas Statement frequency & scope, is currently scheduled until September 2024 with the possibility that a decision could be made as early as October 2024. Assuming that Modification 0868 was approved, there would need to be approximately 12 months to allow for the procurement and mobilisation of the new AUG scope.

Following the appointment of the AUG, under the 0868 proposed process, there would be a longer lead time for the AUG activities. Subsequently, the minimum rollover would need to be 2 years. If it was any less, it doesn't give enough time for the new AUG process to be completed.

ER noted that the CDSP will need to be clear regarding the procurement requirements and, in the event that 0868 was rejected, the CDSP would need to mobilise the procurement based on the current scope.

No questions were raised by the Workgroup.

In light of this presentation, it was agreed that this action would be closed.

**Closed.**

**0402:** ER to update the Modification further to the Workgroup discussions.

**Update:** Please see a review of the discussions in section 2 below. It was agreed that this action could be closed.

**Closed.**

## **2. Consideration of Amended Modification**

ER provided an overview of the Amendments to the Modification.

The word “functionality” has now been removed from the document, due to the comments from Panel advising that it was misleading.

### Business Rule 1

This Business Rule remains the same with the addition of the word “also” to provide further clarity.

### Business Rule 2

This now sets out where the rollover period is in place, which clauses in the Code will not apply.

There has also been the addition of a guidance note to end date the clauses once the transitional period is complete.

Business Rule 3

For the transitional period where there is a rollover, reference to the AUG year should apply to a period of more than 1 year.

There has also been the addition of a guidance note stating that the rollover clauses should be removed following completion of the 2027/28 AUG Year.

Business Rule 4

Instead of obtaining UNCC approval as per TPD 9.4.3, no later than the April, which is the standard meeting for the UNCC regarding AUG related business, the UNCC will be notified of the AUG table that will apply from the start of that AUG year. ER referred to the high bar which was discussed in relation to the outstanding action 0401.

There has also been the addition of a guidance note. It was highlighted that where something is transitional or happening for a specified period of time, a Sunset Clause will be required.

Framework Document

ER provided an overview of the Framework document, advising that only minimal changes had been made.

In relation to Section 6, the proposal is that this section would not apply during the specified roll-over years.

ER referred to Section 7, highlighting that this has been kept simple and that only steps 12 (amended), 14 (amended) and 16 within clause 7.1 will apply in relation to AUG Years 2026/27 and 2027/28.

DS asked if Dave Mitchell (DMi) was satisfied that the Business Rules were sufficiently developed to commence the development of the Legal Text. DMi confirmed that he was satisfied that the Business Rules were sufficiently developed and took action to produce Legal Text for discussion at the June Workgroup meeting.

**Action 0501:** DMi to develop Legal Text for discussion at the June Workgroup meeting.

**3. Development of Workgroup Report**

Deferred to the next Workgroup Meeting.

**4. Next Steps**

Workgroup to consider the following at the next meeting:

- Review of the Legal Text; and
- Review of the Workgroup Report.

**5. Any Other Business**

None.

**6. Diary Planning**

0873 Meetings are listed at: <https://www.gasgovernance.co.uk/0873/230524>

Further details of planned meetings are available at: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

Time / Date	Paper Publication Deadline	Venue	Workgroup Programme
10:00 Thursday 27 June 2024	5pm Wednesday 18 June 2024	Microsoft Teams	• Completion of Workgroup Report

<b>0873 Workgroup Action Table</b>						
<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Reporting Month</b>	<b>Owner</b>	<b>Status Update</b>
<b>0401</b>	25/04/24	1.0	ER to 'map out' the AUG Table timeline to demonstrate the 2-year 'rollover'.	May 2024	CDSP (ER)	<b>Closed</b>
<b>0402</b>	25/04/24	2.1.3	ER to update the Modification further to the Workgroup discussions.	May2024	CDSP (ER)	<b>Closed</b>
<b>0501</b>	23/05/24	2.0	DMi to develop Legal Text for discussion at the June Workgroup meeting.	June 2024	SGN (DMi)	<b>Pending</b>