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| UNC Workgroup Report | At what stage is this document in the process? |
| UNC 0873:  Allow specific roll-over for the AUG Table 2025/26 |  |
| **Purpose of Modification:**  The Modification seeks to allow an approved AUG Table to apply for more than one AUG Year specifically for the AUG Table which will go live for AUG Year 25/26. | |
| **Next Steps:**  The Workgroup recommends that this Modification should be considered a material change and not be subject to Self-Governance.  The Workgroup asks Panel to agree that this Modification should proceed to consultation.  The Panel will consider this Workgroup Report on 18 July 2024. The Panel will consider the recommendations and determine the appropriate next steps. | |
| **Impacted Parties:**  High: None  Medium: Shippers, Consumers, Allocation of Unidentified Gas Expert (AUGE)  Low: Central Data Service Provider (CDSP)  None: Distribution Network Operators (DNOs), Independent Gas Transporters (IGTs) and National Gas Transmission (NGT) | |
| **Impacted Codes:**  [N/A] - [Assume no consequential impact on any other codes – verify with WG] | |

**Update version number and date in footer – likely to be v1.0 and workgroup date (27 June)**

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Summary

#### What

UNC TPD Section E 9 sets out the obligation for an AUGE to be appointed (by the CDSP), to prepare an AUG Statement and AUG Table in relation to each year (period from 01 October until and including the following 30 September, known as an AUG Year).

The Framework for the appointment of the AUGE (‘Framework’), sets out the lower-level process including the appointment of an AUGE and the procedures for preparing the AUG Statement and AUG Table.

Previously within the UNC, there was a clause which allowed for the most recent values to be applied if there was a scenario where the AUGE does not produce the required values. This was introduced within [Modification 0229 – Mechanism for Correct Apportionment of UIG](https://www.gasgovernance.co.uk/0229) in May 2010.

The clause to allow this rollover subsequently fell away under the Project Nexus changes as the whole AUGE section was removed, and reintroduced when [Modification 0473 - Project Nexus – Allocation of Unidentified Gas](https://www.gasgovernance.co.uk/0473) amended the AUGE role but without this clause.

This Modification seeks to reinstate the ability for an approved AUG Table to be ‘rolled over’ for a further agreed period. This would be to allow the AUG Table for 2025/26 specifically, to be ‘rolled over’ so that it applies for AUG Years 2026/27 and 2027/28.

#### Why

The current AUGE appointed by the CDSP, under the existing contract, will produce their last AUG Statement and AUG Table to go live for AUG Year 2025/26.

In order to ensure an AUG Table is produced after this point, the CDSP would be required to start a procurement exercise to appoint an AUGE under a new contract. This exercise would ordinarily need to commence around May 2024, in order for the contract to be in place by May 2025. This is to ensure the required time for the AUGE to follow the procedure set out in the Framework to produce the AUG Statement and AUG Table for 2026/27.

With [Modification 0868](https://www.gasgovernance.co.uk/0868) being raised on 7 February 2024, which seeks to extend the current annual process for the production of the AUG Statement to a [3] [Three] yearly process, this means there could be a material change in the requirements for an AUGE compared to the ‘as is’ scope.

In order to factor in the potential change to the AUGE scope and process, and in light of the current contract expiring in April 2025, this Modification is proposing to ‘roll over’ the AUG Table to be produced for AUG Year 2025/26 for a limited period of 2 years (26/27 and 27/28). As a result, the AUG Table for 2025/26 will be effective for AUG Years 2026/27 and 2027/28 as well.

This allows for the development and outcome of Modification 0868 to be determined, whilst remaining compliant with the obligation to have an AUG Table without proceeding with a procurement event which has potentially redundant requirements.

#### How

To achieve this, a clause should be added to the UNC (expected to be TPD Section E or transitional text), to allow the AUG Table for 2025/26 to be effective for AUG Year 2026/27 and 2027/28.

This allows for the development and outcome of Modification 0868 to be determined, whilst remaining compliant with the obligation to have an AUG Table without having to go ahead with procurements with potentially redundant requirements.

Governance

#### Justification for Authority Direction

The AUG Table sets out the UIG weighting factors. Daily throughput is multiplied by the relevant weighting factors which are used to give a weighted throughput. UIG is the balancing figure in each LDZ and is then shared out based on each User’s share of total LDZ weighted throughput. Based on this, any change to the AUG Table or process can have an impact in the redistribution of UIG which is considered material.

That being said, as the proposed roll over is for a limited period of 2 years (26/27 and 27/28), we believe the impact is more limited but should still be considered by the Authority.

#### Requested Next Steps

This Modification should:

* be considered a material change and not subject to Self-Governance.
* be assessed by a Workgroup for 3 months.

#### Workgroup’s Assessment

The Workgroup agreed with the Proposers assessment that Authority Direction is warranted for this Modification.

[Verify with Workgroup]

Why Change?

The current AUGE appointed by the CDSP in 2020, under the existing contract will produce their last AUG Statement and AUG Table to go live for AUG Year 2025/26.

In order to ensure an AUG Table is produced after this point, the CDSP would be required to start a procurement exercise to appoint an AUGE under a new contract. This exercise would need to commence around May 2024, in order for the contract to be in place by May 2025. This is to ensure the required time to appoint a successful bidder, who can follow the procedure set out in the Framework to produce the AUG Statement and AUG Table for 2026/27.

With Modification 0868 being raised, which seeks to extend the current annual process for the production of the AUG Statement to a [3] [Three] yearly process, this means there could be a material change in the requirements for an AUGE compared to the ‘as is’ scope.

In order to factor in the potential change to the AUGE scope and process, and in light of the current contract expiring in April 2025, we are proposing to ‘roll over’ the AUG Table to be produced for AUG Year 2025/26 for a limited period of 2 years (26/27 and 27/28). As a result, the AUG Table for 2025/26 will be effective for AUG Years 2026/27 and 2027/28 as well.

This allows for the development and outcome of Modification 0868 to be determined, whilst remaining compliant with the obligation to have an AUG Table without proceeding with a procurement which has potentially redundant requirements.

There have been previous instances where the AUG Table has been rolled over under the pre-Nexus AUGE arrangements (where each Table applied from April to the following March):

* The initial AUG Table created for 2012/13 was also utilised for 2013/14 to allow time to implement a major change of approach which went live for 2014/15 and;
* The AUG Table for 2016/17 was a rolled over version due to the impending implementation of Project Nexus. In the event the Table was rolled over a second time for a further two months up to the revised Project Nexus implementation date of 1 June 2017.

In both of these scenarios, there was a specific reason that it was deemed appropriate for the AUG Table to be rolled over.

Additionally, within the UNC previously, there was a clause which allowed for the most recent values to be applied if there was a scenario where the AUGE does not produce the required values. This was introduced within Modification 0229 – Mechanism for Correct Apportionment of UIG in May 2010.

The clause to allow this rollover, subsequently fell away under the Project Nexus changes as the whole AUGE section was removed, and reintroduced when Modification 0473 amended the AUGE role.

Based on this, we believe there is precedent to allow the rollover of an AUG Table in the right circumstance.

In this particular case, we think allowing the 2025/26 AUG Table to roll over, so it is effective for 2026/27 and 2027/28 is beneficial and required to ensure the obligation to have an AUG Table is maintained, whilst preventing the need for an immediate procurement exercise which may become redundant.

If this Modification were not raised and implemented, the CDSP would need to progress with a procurement event based on the ‘as is’ requirements. Due to Modification 0868 being in development and therefore potentially making material changes to the current requirements, any AUGE procurement issued is at risk of requiring subsequent change. As the procurement of the AUGE must be undertaken based on regulated procurement rules, which are based on the principles of ‘Transparency, Equal Treatment, Non-discrimination, Proportional’, any changes to requirements would result in the procurement advert being withdrawn and reissued under a new procurement.

Depending on the timing of this, there is a risk that the CDSP would not be able to procure a successful AUGE to follow the procedure set out within the Framework in time, resulting in a ‘gap’ to fill from the last AUG Table (25/26), until the new contract is put in place. As well as the timing issue, starting a procurement exercise which subsequently becomes redundant would involve effort from both the industry and the CDSP and does not feel like an efficient use of time and funds.

We believe that a limited rollover of the AUG Table 2025/26 for 2 years is the most efficient way of managing the potential change in the AUGE process, whilst maintaining compliance with the obligation to provide an AUG Table.

We note the view within Ofgem’s decision letter for Modifications 0831/A, that having an AUGE, and the AUG Table is necessary to ensure the allocation of UIG is allocated in a fair, accurate and independent manner. We also note the urge for UNC Parties to consider how the processes of the AUGE and AUG Table can be improved to ensure the continued equitable allocation of UIG across all classes.

We believe raising Modification 0868 does look at how the processes of the AUGE and AUG Table can be improved. Although this Modification suggests a limited period for the AUG Table to rollover, this is only for a specific period to allow the development of Modification 0868 which seeks to improve the process, and it also avoids unnecessary procurements which become redundant.

For clarity, this Modification is independent of Modification 0868 and **should not** be treated as an Alternate. This is because they seek to deliver different solutions and both Modifications can be implemented. To support Modification 0868 development, the intention is for this Modification to be implemented before.

Code Specific Matters

#### Reference Documents

UNC TPD Section E paragraph 9 can be found here: <https://www.gasgovernance.co.uk/TPD>

“Framework for the Appointment of an AUGE” UNC Related Document can be found on this page <https://www.gasgovernance.co.uk/tpddocs>

[Modification 0868 - Change to the current Allocation of Unidentified Gas Statement frequency](https://www.gasgovernance.co.uk/index.php/0868)

#### Knowledge/Skills

Understanding of the current AUGE process.

Solution

**[ACCEPT UPDATES OR ENSURE THIS SECTION MATCHES CURRENT MOD SECTION 5]**

BR1: The AUG Table that is approved by the UNC Committee (UNCC), under TPD E9.4.3 and E9.4.4 for AUG Year 2025/26, to also apply for AUG Year 2026/27 and 2027/28.

BR2: Clauses TPD E9.4.1, 9.4.2, 9.4.3 and 9.4.4 should still apply for AUG Years 2026/27 and 2027/28 where the 2025/26 AUG Table will apply. For this transitional period, the reference to an AUG Year in those clauses should be a period of more than one year.

BR3: Rather than obtaining UNCC approval as per TPD 9.4.3, no later than the April Uniform Network Code Committee (UNCC), the UNCC will be notified of the AUG Table that will apply from the start of that AUG Year.

BR4: The Central Data Services Provider (CDSP) will notify the UNCC of the AUG Table which will apply for the upcoming AUG Years in April 2026 and April 2027.

BR1, 2, 3 and 4 guidance note – The clauses associated to the 2025/26 AUG Table applying for 2 further years, should be end dated following the completion of 2027/28 AUG Year.

*For the avoidance of doubt – the AUG Table for 2025/26, is expected to be approved by the UNCC in April 2025 as per UNC TPD E 9.4.3(g).*

*For the avoidance of doubt – the relevant updates will be made to the Framework for the Appointment of an Allocation of Unidentified Gas Expert to reflect this change.*

Impacts & Other Considerations

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

No impacts identified.

#### Consumer Impacts

The Proposer expects any consumer impacts to be marginally positive as this proposal maintains the existing arrangements whilst giving the flexibility to explore process improvements which could be beneficial to consumers. It retains the role of an independent expert but avoids additional costs on procurements based on potentially changing requirements. It would also give stability of UIG weighting factors for a 3-year period which could be easier for consumers to plan for.

Verify: Workgroup Participants broadly agreed with the Proposer’s statement above.

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

No fundamental change to the consumer experience is expected as a result of this change.

|  |  |
| --- | --- |
| 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 |

**Performance Assurance Considerations**

No anticipated impacts on Settlement. This Modification does not add any new obligations on Shippers or DNOs therefore Workgroup participants did not believe there is anything additional for PAC to monitor.

[Verify with Workgroup]

#### Cross-Code Impacts

No Cross-Code impacts are anticipated. The AUG Table does apply to IGT Supply Meter Points, but the understanding of Workgroup participants was that the IGT UNC points across to the UNC for this section therefore any updates would apply with change to UNC.

[This should be checked and confirmed during Workgroup.]

#### EU Code Impacts

No impacts identified.

#### Central Systems Impacts

The Modification wouldn’t have a central system impact, but it would have a positive impact on the CDSP process to meet the obligation to appoint an AUGE. This Modification ensures the compliance with UNC requirement to have an AUG Table created by the AUGE, whilst avoiding the CDSP proceeding with a procurement with potentially redundant requirements. This reduces both potential CDSP and industry effort and regret spend.

**Rough Order of Magnitude (ROM) Assessment**

N/A.

**Initial Representations**

None Received**.**

#### Panel Questions

The Panel put forward 4 questions for consideration by the Workgroup:

1. Consider asking Proposer to remove the word functionality from the title.
2. Consider the impact on Modification 0843.
3. Consider any potential role for UNCC in authorising a roll-over.
4. Consider whether the roll-over could be for fewer years.

A summary of the Workgroup discussions and conclusions in relation to the 4 questions posed by the Panel is included in the table below:

|  |  |
| --- | --- |
| Panel Question | Workgroup Review Comments |
| 1. Consider asking Proposer to remove the word functionality from the title. | Workgroup participants noted the concern that the word ‘functionality’ in the Modification title could imply that the roll-over of the AUG table was in some way optional, which isn’t the intention.  The Proposer subsequently submitted an updated version of the Modification with an updated title: ‘Allow specific roll-over for the AUG Table 2025/26’, to avoid any confusion. |
| 1. Consider the impact on Modification 0843. | The Workgroup considered the potential impact on Modification 0843 and a response to the Panel question, provided by the CDSP:  Modification 0843 - Establishing the Independent Shrinkage Charge and the Independent Shrinkage Expert seeks to incentivise the reduction of greenhouse gas emissions and lower customer bills, this Modification introduces the role of the Independent Shrinkage Expert (ISE) who will establish:   * the Independent Shrinkage Model (ISM), * the Independent Shrinkage Model Methodology (ISMM), and * the Independent Shrinkage Charge (ISC).   In terms of considering impacts of rolling over the 2025/26 AUG Table for 2026/27 and 2027/28, to confirm, the AUGE process and the AUG Table **does 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 Shrinkage Model error and Ofgem does not disapproves 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 does typically include iGT Shrinkage.  Based on the current timescale for Modification 0843, the earliest Ofgem can make a decision to approve implementation of the Modification is end of September 2024. The CDSP advised that they typically require a 12-month period to undertake a regulated procurement exercise to appointment, however due to this being a new role, they are expecting to undertake a two-phased approach to initially understand what bidders can offer, followed by a more targeted second-phase. Based on this, the CDSP would anticipate a more realistic minimal lead time 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, we do not think there is an adverse impact on Modification 0843.  No questions were raised by the Workgroup. |
| 1. Consider any potential role for UNCC in authorising a roll-over. | Workgroup participants considered the response to the Panel question, provided by the CDSP:  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):  A white background with black text  Description automatically generated  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 a further approval. The reason for this is because it has already been approved when the 2025/26 AUG Table was presented.  If the UNCC had the responsibility to authorise the roll-over, we believe 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, we believe provides certainty and is the most efficient way of managing the potential change in the AUGE process, whilst maintaining compliance with the obligation to provide an AUG Table.  We do not believe this removes the UNCC visibility of the process, but we do believe adding a step for the UNCC to authorise the AUG Table roll-over would add complexity and uncertainty.  Workgroup participants were in agreement with the CDSP response, with one Workgroup participant highlighting that parties were at liberty to raise a Modification in relation to a new table at any time, should they wish to do so. |
| 1. Consider whether the roll-over could be for fewer years. | The Workgroup considered whether the roll-over period could be less than 2 years.  The CDSP provided the following response:   * The current AUGE is contracted to produce one more AUG Table for AUG Year 2025/26. * Modification 0868 development is currently scheduled until September 2024. * Decision could be as early as October 2024.   *Development / decision of Modification 0868 is tbc so this is an earliest estimate only.*   * If Modification 0868 is approved, there will need to be approximately 12 months to allow procurement and mobilisation of the new AUGE scope. * Following appointment of the AUGE, under the 0868 proposed process, there is a longer lead-time for the AUGE activities. * Based on this, the minimum roll-over would need to be 2-years. If it was any less, it doesn’t give enough time for the new AUGE process to be completed.   If Modification 0868 was rejected by Ofgem, the CDSP will need to mobilise the procurement for an AUGE based on the current scope. Based on the timeline to procure and appoint an AUGE and the current Modification 0868 timeline, we would expect successful appointment would be early 2026 to prepare the AUG Table for AUG Year 2027/28  No questions were raised by the Workgroup. |

#### Workgroup Impact Assessment (Joint Office to complete)

The Modification was discussed at the following Workgroup meetings:

* <https://www.gasgovernance.co.uk/0873/250424>
* <https://www.gasgovernance.co.uk/0873/230524>
* <https://www.gasgovernance.co.uk/Dist/270624>

**April Workgroup Meeting (25 April 2024)**

The Proposer and CDSP provided an overview of the Modification and explained that in order to factor in the potential change to the AUGE scope and process, and in light of the current contract expiring in April 2025, the Modification is proposing to ‘roll over’ the AUG Table to be produced for AUG Year 2025/26 for a limited period of 2 years (26/27 and 27/28). As a result, the AUG Table for 2025/26 will be effective for AUG Years 2026/27 and 2027/28 as well.

A Workgroup participant suggested adding a ‘sunset clause’ to the Transitional Rules to say that it has an end date. The proposer agreed to add a guidance note to the Business Rules to help aid understanding.

The CDSP highlighted the tight timeline that needs to be followed for this Modification noting that the CDSP is holding off procuring a new AUGE contract while it awaits the Modification. The CDSP has written to Ofgem requesting a decision before the end of August 2024. The Ofgem representative has agreed to communicate the message and the need for urgency to the relevant team.

The CDSP explained that only two more Workgroups remain to develop and finalise the Modification, and the Legal Text will be needed by the last Workgroup in order to go to the Panel in July 2024 with a shorter consultation. The Joint Office advised that as a rule, the Panel has asked not to shorten consultation periods, but noted that in exceptional circumstances such a proposal would still be considered. The SGN representative agreed to start looking at the Legal Text once the proposer is happy with the Modification.

The workgroup noted and discussed the 4 questions put forward by Panel for consideration by the Workgroup:

***Q1 - Consider asking Proposer to remove the word functionality from the title.***

The Workgroup noted that one of the Panel Members had raised an issue with the use of the word ‘functionality’ in the Modification as it implied that the rollover of the AUG Table was in some way optional, which is not the case. The Proposer agreed to remove the word from the Modification title to avoid any confusion.

***Q2 - Consider the impact on Modification 0843.***

The CDSP explained that Modification 0843 has been raised by OVO Energy to introduce an independent Shrinkage Expert who will look at the Shrinkage Model Error and that Panel had asked that the Workgroup consider any potential impact of 0873 on Modification 0843.

The CDSP confirmed that having reviewed the timeline of 0843, the Modification is unlikely to go to the UNC Panel before September 2024 at the absolute earliest and therefore subject to addressing the question of a 1-year or 2-year rollover, this Modification might not have any impact on 0843 at all.

***Q3 - Consider any potential role for UNCC in authorising a roll-over.***

The Workgroup also discussed the potential role for the UNCC in authorising a roll-over. A Workgroup participant noted that the UNCC is currently responsible for approving the AUG Table via a unanimous vote.

The CDSP observed that a possible solution might be to present the AUG Table agreed upon by UNCC in 2025, again in 2026, noting that this might resolve the element of lack of UNCC control as it allows the ability of review and unanimous approval. However, the concern with this solution would be what happens if, for some reason, the UNCC does not approve the table.

A Workgroup participant noted that the step of UNCC approval of the table may need to be taken out, and if so, this may require the inclusion of an additional Business Rule.

The Proposer agreed to review whether an additional Business Rule is required to cover this scenario, and if so, to update the Modification accordingly.

***Q4 - Consider whether the roll-over could be for fewer years.***

In relation to the point of a 2-year rollover, the CDSP noted that when the timeline was worked out, the CDSP decided upon a 2-year rollover because they were addressing the 3-year cycle and wanted to avoid the situation of two AUGEs working at the same time. The CDSP noted that the new table with 0868 might not be available until April 2028. The 2-year rollover allowed a clean cut-off.

The CDSP took an action to map out the two options of a 2-year roll-over and a 1-year roll-over which will explain why 2-years was initially proposed and will help the Workgroup to determine whether a 1-year ‘roll-over’ would be the better option.

**May Workgroup Meeting (23 May 2024)**

The Workgroup discussed the CDSP responses to the 4 Panel questions (see summary table in the ‘Panel Questions’ section above).

The Workgroup also discussed a revised version of the Modification which had been updated following feedback and discussion at the April Workgroup meeting. The word ‘functionality’ had been removed from the Modification title following Panel feedback that it was misleading. The following revisions were also made to the Business Rules:

Business Rule 1

This Business Rule remained 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 AUGE related business, the UNCC will be notified of the AUG table that will apply from the start of that AUG year.

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.

Workgroup Participants were satisfied that the Business Rules were sufficiently developed and SGN took an action to produce the Legal Text for discussion at the June Workgroup meeting.

**June Workgroup Meeting (27 June 2024)**

[Add high-level summary of June Workgroup discussions]

[The Workgroup reviewed an updated version of the Modification including some minor amendments to the Business Rules resulting from the development of the Legal Text.]

[The Workgroup reviewed the Legal Text provided by SGN and were satisfied that it meets the intent of the solution defined in the Business Rules.]

[The Workgroup also undertook a review of the draft Workgroup Report and were satisfied that it provided an accurate reflection of Workgroup discussions.]

#### Reference Documents

*Workgroup to consider if changes will be required to any Code Related Documents or Guidance Documents and whether such proposed modifications shall be submitted to the Uniform Network Code Committee and considered by the Uniform Network Committee or any relevant sub-committee where the Uniform Network Code Committee so decide by majority vote in accordance with the requirements set out in paragraph 12 of Section V of the UNC Transportation Principal Document*

[Framework for the Appointment of an Allocation of Unidentified Gas Expert?

[Verify with Workgroup]

Relevant Objectives

|  |  |
| --- | --- |
| Impact of the Modification on the Transporters’ 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 |

The Modification furthers Relevant Objective *f) Promotion of efficiency in the implementation and administration of the Code.*

As it ensures compliance with existing obligations and processes to have an AUG Table to determine UIG weighting factors for the allocation of UIG, whilst allowing the flexibility to consider and development improvements to the existing process. This also avoids potential regret spend on a procurement exercise based on ‘as is’ requirements that could subsequently change.

#### Workgroup Assessment of Relevant Objectives

[Workgroup participants agreed with the Proposers assessment above in relation to Relevant Objective f).]

[Validate with Workgroup]

Implementation

Implementation is requested as soon as possible to provide certainty on the AUG Table to be effective from October 2025/26 and avoid a potentially redundant procurement advert being progressed.

Typically, the procurement exercise to appoint an AUGE is around 12 months. Based on this, the CDSP would start the procurement in around May 2024. This Modification negates the need to commence that procurement exercise until the outcome of Modification 0868 is known and the requirements and scope are confirmed.

Considering the Modification process, a decision will be required no later than **31 August 2024**, to provide the CDSP enough time to appoint an AUGE from May 2025 if this Modification is rejected, whilst allowing the flexibility to develop the existing process without potential regret spend.

#### Workgroup Assessment

Decision Date.

In order to ensure that the CDSP is not in breach of its obligation under Code to provide the industry with an AUGE and the associated AUGE table which allocates UIG via weighting factors, a decision on 0873 needs to be made as early as possible. At the June 2024 Panel Meeting, the Panel Ofgem representative Matthew Brown asked for the drop dead decision date, CDSP confirm this was 31 August 2024 to ensure that the CDSP have sufficient time to procure an AUGE to be in place by May 2025 to produce an AUG Table for AUG Year 26/27. This procurement (if 0873 is rejected by Ofgem) would be to fill the two-year gap between the existing AUGE contract and potential 0868 AUGE (if approved). This will require Panel to consider the Final Modification Report in August. To meet this August date, the Panel would either need to approve a shortened consultation period (the recommendation is 10 days) or to agree that the Final Modification Report will be considered at short notice.

[Workgroup Participants agreed that a 10-day consultation was adequate and would allow the required timescales.]

Scope of an AUGE procurement if Ofgem reject Modification 0873:

If Ofgem decides to reject Modification 0873, then it will be necessary for the CDSP to procure an AUGE on the existing AUGE scope due to the tight timescales. With the reduced procurement timeline, CDSP will have less time to conduct industry engagement to gather requirements. CDSP will still have a Stakeholder Evaluation Panel but expect that the scope of the AUGE will mirror that of the existing AUGE.

Legal Text

Legal Text has been provided by SGN and is published alongside this report: [Legal Text 0873](https://www.gasgovernance.co.uk/sites/default/files/related-files/2024-06/10_tdiic_-_transitional_rules_UNC%20873%20Legal%20Text%20v0.4.pdf).

#### Workgroup Assessment

[The Workgroup has considered the Legal Text and is satisfied that it meets the intent of the Solution.]

[Verify with Workgroup]

#### Text Commentary

[Insert text here.]

#### Text

[Insert text here.]

#### Insert subheading here (if required for UNC Related Documents)

[Insert text here.]

Recommendations

#### Workgroup’s Recommendation to Panel

The Workgroup asks Panel to agree that this Modification should proceed to consultation, with a shortened consultation period of, for example, 10 days.

[Verify with Workgroup at appropriate time]

Appended Representations

Initial Representations – None.