

**UNC Workgroup 0868
Change to the current Allocation of Unidentified Gas Statement
frequency**

Thursday 22 August 2024

via Microsoft Teams

| Attendees | | |
|--------------------------|-------|------------------------|
| Kate Elleman (Chair) | (KE) | Joint Office |
| Nikita Bagga (Secretary) | (NB) | Joint Office |
| Paul McKie (Observer) | (PM) | Joint Office |
| Andy Clasper | (AC) | Cadent Gas |
| Andy Knowles | (AK) | Utilitia Energy |
| Catriona Ballard | (CB) | Brookgreen Supply |
| Charlotte Gilbert | (CG) | BU-UK |
| David Mitchell | (DMi) | Southern Gas Networks |
| David Morley | (DMo) | OVO Energy |
| Edward Allard | (EA) | Cadent Gas |
| Elisa Panciu | (EP) | Corona Energy |
| Fiona Cottam | (FC) | CDSP |
| John Harris | (JH) | CDSP |
| Josie Lewis | (JL) | CDSP |
| Kathryn Adeseye | (KA) | CDSP |
| Kevin Clarke | (KC) | Utilitia Energy |
| Lauren Jauss | (LJ) | RWE |
| Lee Greenwood | (LG) | Centrica |
| Matthew Atkinson | (MA) | Gazprom Energy |
| Marina Papatoma | (MP) | Wales & West Utilities |
| Mark Jones | (MJ) | SSE |
| Michelle Niits | (MI) | Correla |
| Nicky Kingham | (NK) | Correla |
| Steve Mulinganie | (SM) | SEFE Energy Limited |
| Susan Helders | (SH) | Northern Gas Networks |
| Tracey Saunders | (TS) | Northern Gas Networks |
| Tino Timire | (TT) | Joint Office |

The Workgroup Report is due to be presented at the UNC Modification Panel by 15 August 2024 but is pending request for an extension for 21 November 2024.

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/0868/220824>.

1. Introduction and Status Review

Kate Elleman (Chair) welcomed all parties to the meeting.

1.1 Approval of Minutes (25 July 2024)

The previous minutes were approved.

1.2 Approval of Late Papers

No late papers to approve.

1.3 Review of Outstanding Actions

0601: Joint Office (DS) to request a 3- month extension for this Modification.

Update: KE advised that this extension request had been approved. Therefore this action can be closed.

Closed.

0602: Joint Office (DS) to focus on the role and voting requirements of the new AUGE Committee.

Update: Steve Mulinganie (SM) provided an update advising that no comments or objections have been put forward. Workgroup will be discussing a further version of the Modification during this meeting to reflect the discussions at the last meeting. It was therefore agreed to close this action.

Closed.

0701: CDSP to raise the ROM once the voting/decision-making framework has been updated (expected after August Workgroup meeting).

Update: KE recommended to carry forward this action for discussion at the meeting in September 2024.

Carried Forward.

2. Amended Modification

Workgroup considered the amended Modification and SM advised that there had been significant improvements since the last review. SM provided his apologies for the confusion with the version numbers on the document, advising that due to the number of amendments, a clean version was utilised instead.

SM provided an overview of the Business Rules.

Business Rule 2 has been amended and is placed as a holding statement dependant on the decision for Modification 0873. The decision on Modification 0873 will determine whether this Business Rule is retained.

Business Rule 3 has been removed to provide clarity for the Legal Text provider.

The Business Rules are driving the Legal Text and the Consequential Rules have been included which are not relevant to the Legal Text but are important in terms of the consequential impacts on the Framework and the Terms of Reference documents. SM therefore provided an overview of the Consequential Rules to Workgroup.

Consequential Rule 1

This Rule has not been changed, it clearly sets out the “Value Added” activities and clarifies which activities replace the existing services.

Consequential Rule 2

Some adjustments will need to be made to the AUG Committee and as a result, the Terms of Reference will need to be amended. The Terms of Reference have not been considered in detail due to the governance piece around the voting arrangements, however, it is likely that any amendments to this document will be ‘light touch’. This Rule therefore acts as a checkpoint to go back and review the Terms of Reference.

Consequential Rule 3

This rule considers the Committee considering proposals made by the AUG.

Consequential Rule 4

This rule discussed the AUG Committee and approving the development of the initial proposal which relates to the additional activities of Market Engagement, UIG Initiative and Discovery.

Consequential Rule 5

The AUG have the ability to bring proposals to be considered by the AUG Committee. In the event that the proposal is rejected, this Rule allows for the right to appeal the decision via the UNCC as it is recognised that the AUG are trying to deliver against their obligations.

Kathryn Adeseye (KA) highlighted the offline discussion regarding whether the right to appeal should extend to other Code parties or just the AUG Expert (AUGE). It was concluded between SM and KA that this option should just remain with the AUGE however, they wanted to bring this to the attention of the Workgroup for further consideration.

The UNCC are constituted to determine if a proposal should move forward and the option to appeal may create the opportunity to frustrate the process. SM advised that if Workgroup have any objections, SM is happy to re-consider this Rule.

Consequential Rule 6

This Rule relates to the issue of voting. The Committee does not ultimately determine the outcome of a proposal, they provide a recommendation so there is no need to constitute an elected committee. The UNCC will have the final say in determining if a proposal is approved. Being considered by the Committee first means the process is fair and equitably balanced.

Consequential Rule 7

This Rule allows for the UNCC to recall, amend or discontinue an approved proposal dependant on the performance. SM referred to the yellow highlighting which notes that the UNCC approved Committee may delegate some arrangement activities back to the AUG Sub-Committee as considered reasonable.

KA further added that the Rule considers the role of the UNCC in managing how the formal proposal is developed. From a procurement and contract perspective, the CDSP would need to consider how to hold the AUGE to account.

SM highlighted the agreed timelines for reporting to the UNCC and how this is managed is a matter for the UNCC. SM suggested adding the yellow highlighting as a “for the avoidance of doubt” note at the end of this Rule.

KA highlighted the present role of the Performance Assurance Committee (PAC) who are provided autonomy to make decisions outside of the UNCC. A similar idea could be adopted for the AUG Committee.

Consequential Rule 8

In the event that the UNCC believes the proposal does not have merit to be approved, this Rule confirms that there is no right of appeal beyond the UNCC. There is no concept of referring to the Authority.

Consequential Rule 9

This rule provides additional protection in the event that the funding of the activity exceeds as a single item or as an aggregate. The exceeding value will be subject to further approval and this is where Consequential Rule 9 will apply. Approval will need be sought via the DSC Contract Management Committee (CoMC). SM advised he is happy to amend if alternative opinions are provided by the Workgroup.

Consequential Rule 10

This Rule summarised the arrangements at a high level as to what SEFE Energy Limited are looking to achieve with the Framework document.

SM highlighted that a number of the amendments in the Framework document are required for

housekeeping. SM put forward the idea of creating a further Consequential Rule to reflect the number of housekeeping changes made to the Framework document instead of creating a further Modification. In the event that Modification 0868 is not approved, the housekeeping Consequential Rules could be lifted and shifted into a new Modification to progress separately as self-governance.

KE highlighted that this is similar to Modification 0841 which was the CDSP Budget Modification. KA therefore agreed with this proposal, adding that there is no indication from procurement that this needs to be implemented imminently.

KE queried whether the Consequential Rules will be reflected in the Framework document and SM confirmed they would be. SM highlighted that with an amended Framework, the rationale for the various amendments may have been lost. The Consequential Rules therefore act as an audit trail.

KE requested that as Workgroup get closer to finalising the Modification, it would be useful to consider the Legal text against the Solution and conduct a comparison of the Consequential Changes against the Framework document.

SM highlighted the Terms of Reference which will be considered once the Framework document has been completed.

3. AUG Framework Overview

The Workgroup considered the amended Framework.

KA explained that amendments had been made to various sections of the Framework but the changes to the Consequential Rules in the Modification link closely to Section 5 of the Framework.

KA drew attention to the green highlighting, explaining that this represents the additions made by SM which had been added in the earlier version of the Modification. The amendments have been highlighted to indicate the earlier tweaks and subsequent tweaks.

Section 5.1.4 (old)

It was noted that Section 5.1.3 and 5.1.4 were duplications. Therefore, it was proposed to strike out Section 5.1.4 and retain Section 5.1.3 for ease.

Section 5.1.4 (new)

Due to the change of AUG Year to AUG Period, it was discussed previously that it would be beneficial for Industry to have an indicative view of what the AUG Statement will be at an earlier point in time. The proposal in the Consequential Rules was to provide the Table and Statement at a 1-year point within the AUG Period. A new definition for the AUG Table and Statement has not been created due to already being defined within the UNCC.

Section 5.1.5

This section is a new addition which allows the AUG Sub-Committee to carry out a data refresh ahead of creating the final AUG Table and AUG Statement which will be available to Industry as per the timeline outlined in Section 7 which still needs to be finalised.

Section 5.1.6 and Section 5.1.7

These Sections introduce the concept of the final AUG Statement and AUG Table. These are clearly defined to differentiate against the indicative versions.

Section 5.2

This is a new section. KA explained that the changes in red reflect the changes made since the last review. Previous changes had been accepted.

Section 5.2.1

This Section seeks to introduce further detail regarding what Market Engagement, UIG Initiative and Discovery will look like with descriptive definitions on what they could encompass.

Section 5.2.2

The changes to this Section seek to add further qualifying detail. The initial number of proposals the AUGE is expected to propose has not been defined. This is to ensure that the work conducted is efficient and economical and to ensure quality over quantity. Although the number of proposals is not defined, this Section calls out the sufficient information that needs to be provided to the Committee to demonstrate the merit of the proposal.

KA highlighted that the red and blue highlighting demonstrates amendments made by both herself and Dave Addison.

Section 5.2.3

The wording in this Section has been tweaked to demonstrate what is expected to be seen in the initial proposal. Several Working Days would be required to create the AUG value. Procurement is considering 15 days to be included in the contract for the initial proposal work however, this is yet to be finalised.

Section 5.2.4

KA highlighted the previous discussions regarding approval of proposals and in the last Workgroup, the group landed on the Committee being able to approve or reject proposals, and those rejected would not progress. The AUGE reserves the right to appeal the decision of the AUG Technical Committee to the UNCC.

Section 5.2.5

This Section calls out that where the UNCC reject the appeal, there is no further course of appeal. The UNCC also have the ability to override the decisions of the AUG Technical Committee.

Section 5.2.5.1

A recommendation as opposed to a decision will go to the UNCC to determine if work can commence on the "Value Added" activity.

The sub-points in this Section break down the logistical steps allowing responsibilities to be delegated to the AUG Technical Committee as captured under Section 5.2.5.6.

Section 5.2.6

Once the approved final proposal has been received by the AUGE, work can commence. The AUGE will need to report back on the progress at regular intervals. The AUG Technical Committee will report to the UNCC regarding the progression and request additional support, if required.

Section 5.2.8

This Section states the Performance Management measure in place and highlights that the CDSP would be acting on UNC instructions.

Section 5.2.9

This Section outlines the output shared with the AUG Technical Committee and UNCC alongside any other relevant Industry Workgroups who may benefit. The UNC retains responsibility for determining that the milestones are met. Where milestones are not being met, remedial action will need to be undertaken to ensure that deliverables are met.

Section 5.2.10

The Workgroup will review the activity once completed against the deliverables and timeline and consider whether any remedial actions are required. Lessons Learnt will be devised to apply to future activities.

Section 5.3

This Section was considered by Workgroup last month which is the formalisation of the Lessons Learnt.

The reference to “at start” has been removed to allow application to the entire process.

Section 5.4

This section relates to the existing obligations on the AUGGE in relation to data handling.

KE highlighted from a tracking version control perspective, it is suggested that changes are not accepted as these will not have been reviewed by Industry and signed off by the UNCC.

The current version reviewed by Workgroup was Version 10.10, KA advised that this needs to be amended to a draft version.

KE requested for the version to be updated to ensure that any changes to the document and summary table are baselined against the approved published version. Changes from last month and this month will need to be included in the summary table. KE highlighted that Workgroup do not have the authority to approve changes, this needs to be done by the UNCC.

KA explained that the changes were accepted for ease of reading but understood KE’s point regarding version control.

Section 6

KE explained that the addition of this section was further to discussions last month.

SM highlighted that there did not appear to be concerns from the Workgroup in respect of the proposed changes. However, it is likely that the Rough Order of Magnitude (ROM) will be raised and considered in September 2024.

KE highlighted the timeline, explaining that there are only 2 further Workgroups until this Modification reports to Panel.

SM highlighted that in relation to the Legal Text, he does not envisage this to be challenging. Most of the changes are consequential to the Framework document. The only challenging Business Rule was 3 which has now been removed. Andy Clasper (AC) agreed, advising that the Legal Text appears to be straightforward, but he will leave this to the Lawyers to consider. AC will liaise with the Lawyers to commence the work on the Legal Text.

New Action 0801: SEFE Energy Limited (SM) to consider whether any changes need to be made to the AUG Terms of Reference.

4. Ongoing consideration of 3-year Benefit Panel Question

This item was deferred until September 2024.

5. Rough Order of Magnitude (ROM)

This item was deferred until September 2024.

6. Development of Workgroup Report

This item was deferred until September 2024.

7. Next Steps

- To update the Modification and clarify the version control;
- To update the Framework and clarify the version control;
- To consider and update the AUG Terms of Reference;
- To commence work on the Workgroup Report;

- To draft the Legal Text; and
- To draft the ROM.

8. Any Other Business

None.

9. Diary Planning

0868 Meetings are listed at: <https://www.gasgovernance.co.uk/0868>.

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

| Time / Date | Paper Publication Deadline | Venue | Workgroup Programme |
|-------------------------------------|----------------------------------|-----------------|----------------------------------|
| 10:00 Thursday 26 September 2024 | 5pm Tuesday 17 September 2024 | Microsoft Teams | • Completion of Workgroup Report |

| Workgroup 0868 Action Table | | | | | | |
|-----------------------------|--------------|------------|---|-----------------|--------------------------|-----------------|
| Action Ref | Meeting Date | Minute Ref | Action | Reporting Month | Owner | Status Update |
| 0601 | 27/06/24 | 7.0 | Joint Office (DS) to request a 3-month extension for this Modification. | 22/08/24 | Joint Office (DS) | Closed |
| 0602 | 27/06/24 | 7.0 | Joint Office (DS) to focus on the role and voting requirements of the new AUGE Committee. | 22/08/24 | Joint Office (DS) | Closed |
| 0701 | 29/07/24 | 5.0 | CDSP to raise the ROM once the voting/decision-making framework has been updated (expected after August Workgroup meeting). | 26/09/24 | CDSP | Carried Forward |
| 0801 | 22/08/24 | 3.0 | SEFE Energy Limited (SM) to consider whether any changes need to be made to the AUG Terms of Reference. | 26/09/24 | SEFE Energy Limited (SM) | Pending |