









UNC Modification	At what stage is this document in the process?
<h1 data-bbox="134 324 655 414">UNC 0868:</h1> <h2 data-bbox="129 454 1121 663">Change to the current Allocation of Unidentified Gas Statement frequency & scope</h2>	<div data-bbox="1209 309 1468 627"> <div style="border: 1px solid #008000; padding: 5px; margin-bottom: 5px; display: inline-block;">01 Modification</div> <div style="border: 1px solid #0000FF; padding: 5px; margin-bottom: 5px; display: inline-block;">02 Workgroup Report</div> <div style="border: 1px solid #800080; padding: 5px; margin-bottom: 5px; display: inline-block;">03 Draft Modification Report</div> <div style="border: 1px solid #FF8C00; padding: 5px; display: inline-block;">04 Final Modification Report</div> </div>
<p>Purpose of Modification:</p> <p>This Modification proposes to extend the current annual process for the production of the Allocation of Unidentified Gas (AUG) Statement to a [Three] [3] yearly process. It also changes the scope of activities due to the extended period available to undertake the production of the Allocation of Unidentified Gas (AUG) Statement.</p>	
<p>Next Steps:</p> <p>The Proposer recommends that this Modification should be:</p> <ul style="list-style-type: none"> • considered a material change and not subject to Self-Governance • assessed by a Workgroup for 6 months <p>This Modification will be presented by the Proposer to the Panel on 15 February 2024. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</p>	
<p>Impacted Parties:</p> <p>High: Shippers, Distribution Network Operators, Consumers, Central Data Services Provider (CDSP)</p> <p>None: Independent Gas Transporters and National Gas Transmission</p>	
<p>Impacted Codes: Retail Energy Code (REC)</p>	

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Timetable		
Modification timetable:		
Pre-Modification Discussed	25 January 2024	
Date Modification Raised	02 February 2024	
New Modification to be considered by Modification Panel	15 February 2024	
First Workgroup Meeting	22 February 2024	
Workgroup Report to be presented to Modification Panel	15 August 2024	
Draft Modification Report issued for Consultation	15 August 2024	
Consultation Close-out for representations	06 September 2024	
Final Modification Report available for Modification Panel	11 September 2024	
Modification Panel recommendation	19 September 2024	
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1 Summary

What

The independent Allocation of Unidentified Gas Expert (AUGE) undertakes an annual exercise to produce the Allocation of Unidentified Gas (AUG) Statement and Table which is the final AUG Table applied from the 1st October for the AUG Year, unless the Uniform Network Code Committee (UNCC) unanimously agree to approve a modified AUG Table or that a further iteration of any step in the process is required (as set out in UNC TPD E 9.4.3). Over recent years we have seen a number of concerns raised over the current arrangements and this has led to recent proposals to remove the AUGE process in its entirety. It has been acknowledged that the current arrangements may be subject to diminishing returns as the current process of producing the table has remained largely consistent with the current arrangements essentially one of refinement.

Why

If a change is not made, then the overall efficiency of the current process will continue to diminish to the point where the cost benefit of retaining the independent Allocation of Unidentified Gas Expert in its current form will no longer be justified

How

The Proposal is therefore to decrease the frequency for the publication of the Allocation of Unidentified Gas (AUG) Statement from Annually to every three (3) years.

We believe this provides a number of benefits: -

Predictable – enhances predictability and little risk of step change if amendments are largely refinement

Stable – enhances stability by providing a longer period of certainty in terms of factors

Transparent – retains the role of the independent expert providing confidence that the factors are set impartially

Enhanced services – by extending the production period we allow for further enhancements including: -

1. Additional Market Engagement allowing the ability to engage with parties outside the immediate industry e.g. Electricity, Water etc.
2. The introduction of a UIG Reduction initiative and
3. Discovery Service replacing the current Innovation and Advisory Services

2 Governance

Justification for Authority Direction

This change is material as it has a significant commercial impact on parties, consumers, or other stakeholder(s); and therefore warrants Authority Direction

Requested Next Steps

This Modification should:

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

3 Why Change?

The independent Allocation of Unidentified Gas Expert (AUGE) undertakes an annual exercise to produce the Allocation of Unidentified Gas (AUG) Statement which is the final AUG Table applied from the 1st October for the AUG Year, unless the Uniform Network Code Committee (UNCC) unanimously agree to approve a modified AUG Table or that a further iteration of any step in the process is required (as set out in UNC TPD E 9.4.3), Over recent years we have seen a number of concerns raised over the current arrangements and this has included recent proposals to remove the AUGE process in its entirety. It has been acknowledged that the current process may be subject to diminishing returns as the areas of investigation have remained largely consistent with the current process essentially one of refinement. If a change is not made, then the efficiency of the current process will continue to diminish to the point where the cost benefit of retaining the independent Allocation of Unidentified Gas Expert in its current form will no longer be efficient

4 Code Specific Matters

Reference Documents

TBC

Knowledge/Skills

TBC.

5 Solution

The Proposal is therefore to decrease the frequency for the publication of the Allocation of Unidentified Gas (AUG) Statement and Table from Annually (AUG Year) to every three (3) years. It also enables changes to the scope of current activities due to the extended period available to undertake the production of the Allocation of Unidentified Gas (AUG) Statement and Table.

For the avoidance of doubt, as the changes to the Uniform Network Code are relatively minor, the consequential changes will be largely addressed in a revised version of the Framework for the Appointment of an Allocation of Unidentified Gas Expert (Working document) which is included for completeness

The Following Business Rules (BRs) require amendment to the Uniform Network Code and therefore are relevant to the production of Legal Text

The Business Rule (BR) is set out below:

BR1: Change the requirement for the Allocation of Unidentified Gas (AUG) Statement and Table from being published Annually (current AUG Year) to every three (3) years.

Note 1: Scope: As noted above although changes to Code may be limited, we will need to also amend the Framework for the Appointment of an Allocation of Unidentified Gas Expert. To aide understanding the relevant text including amendments is included as Annexe 1 to this Modification

Note 2: Frequency: In considering a suitable frequency to replace the existing annual process we have determined that, on balance, increasing the publication from annually to biannually whilst being more efficient than the current annual arrangements is not as efficient as undertaking the activity on a three yearly basis. Undertaking the activity on a three (3) yearly basis reduces the administrative burden of producing the final table whilst also providing a year's indicative notice of the draft final table giving stakeholders more advance notice of the potential table that will apply from Year three (3) at the end of Year two (2). Conversely going beyond three (3) years may create too long a period for a table to apply noting the requirement to roll over the final table under the old arrangements. It would also mean a longer delay on the publication and application of the first AUGE table under the new regime.

BR2: The last approved AUG Table will continue to have effect until a new AUG Table is approved

Note 1: **AUG Table Rollover:** We need to ensure that the previously approved AUG Table will continue to be applied until the new AUG Table is approved. This business rule may or may not be superseded if Modification 0873 – Allow specific roll-over for the AUG Table 2025/26 is approved. It is therefore left in for completeness so a cross check on the relevant legal text requirements takes place to ensure suitably addressed i.e. it may not generate new legal text.

The Following Consequential Rules (CRs) DO NOT require amendment to the Uniform Network Code and therefore NOT relevant to the production of Uniform Network Code Legal Text. They are provided to inform the amendments required to associated documents such as the AUG Framework and AUG Sub Committee Terms of Reference.

Governance of Value-Added Activities (Referenced as AUG VA Activities in Framework)

CR1: The Value-Added Activities are:

Market Engagement - As part of discussions over the years we have considered the ability for the AUGE to be able to engage with parties outside the industry. So for example to engage with Electricity and Water as examples of comparable utilities. The concept of broader market engagement may be focused on the start of the cycle and would inform other aspects of the AUGE's work.

UIG Reduction Initiative(s) - The current arrangements do not provide a role for the AUGE in seeking to proactively reduce the overall level of UIG. It is worth noting that the AUGE has identified areas of interest to the PAC that has led to initiatives that have positively impacted Settlement risk e.g. open bypasses. The concept of a UIG Reduction Initiative would provide a role for the AUGE in not only determining the best share of UIG but also seeking to reduce its overall scale

Discovery Service(s) - The current arrangements for innovation and advisory services allow for the AUGE to bring forward areas for further consideration and or investigation and this now falls under the general heading of Discovery.

For the avoidance of doubt Market Engagement, UIG Reduction Initiative(s) and Discovery Services supersede and amalgamate the existing Innovation and Advisory Services

CR2: It is proposed that the existing AUG Sub Committee is enhanced so it can oversee the management of the AUGE in relation to its amended future activities. This will require the Terms of Reference for the AUG Sub Committee to be amended accordingly.

CR3. The AUG Sub Committee will consider initial proposals and determine if they can progress to be developed into a final proposal.

CR4. If the AUGE Sub Committee approves the development of an initial proposal it will support relevant stakeholders and the AUGE with the development of approved initial proposals in relation to Market Engagement, UIG Reduction Initiative(s) and Discovery activities

CR5: If the AUG Committee rejects an initial proposal the AUG will have the right to appeal the decision to reject to the UNCC.

CR6: Final Proposals will be considered by the AUG Sub Committee and a recommendation will be given to the UNCC who will have determine if the Final Proposal is approved.

CR7: If the UNCC determines that the final proposal including the associated funding requests and cost benefit analysis have merit it will approve the final proposal. The UNCC will also agree a suitable development timetable to ensure the approved proposal is delivered in a timely fashion and will keep the delivery of approved proposals under review to ensure they are efficiently managed. For the avoidance of doubt the UNCC will be able to reconsider any approved proposal during its development and may choose to amend, discontinue, or extend the timetable in relation to the approved proposal.

[Note: It may be that the UNCC can delegate some of these *management* activities back to the AUG Sub Committee]

CR8: If the UNCC determines that the final proposal including the associated funding requests and cost benefit analysis does not have merit it not approve the final proposal. For the avoidance of doubt no route of appeal will exist beyond the UNCC determination.

CR9: Any final proposals that receive Approval by the UNCC and whose final Funding Request is greater than [a value agreed by DSC Change Management Committee] or if the additional cost will exceed the aggregate cap of [a value agreed by DSC Change Management Committee] will be subject to further approval by [DSC CoMC]

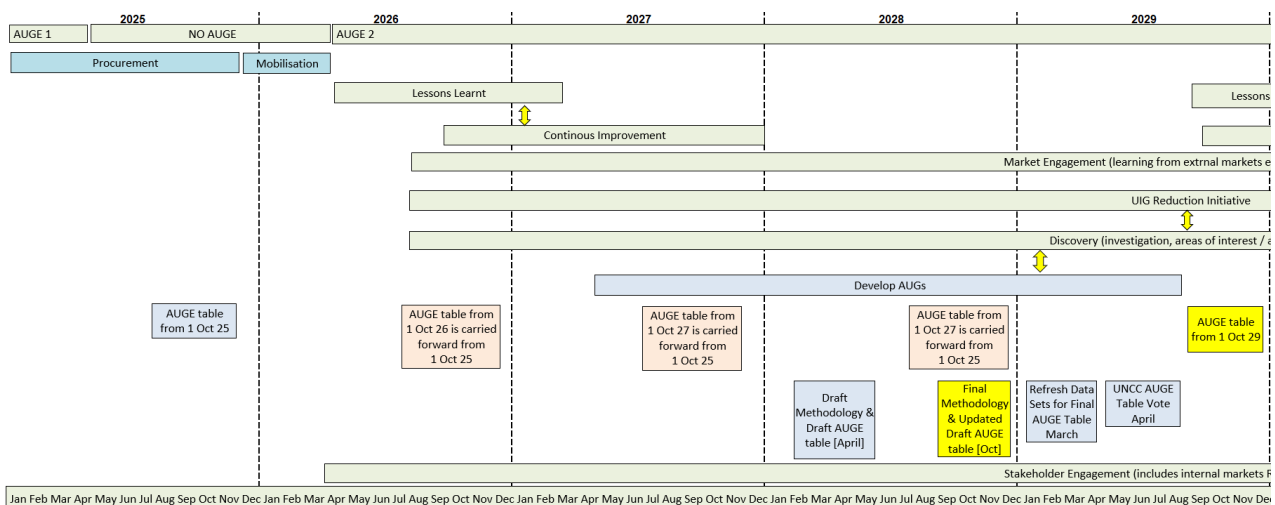
Amendments to the Framework Document

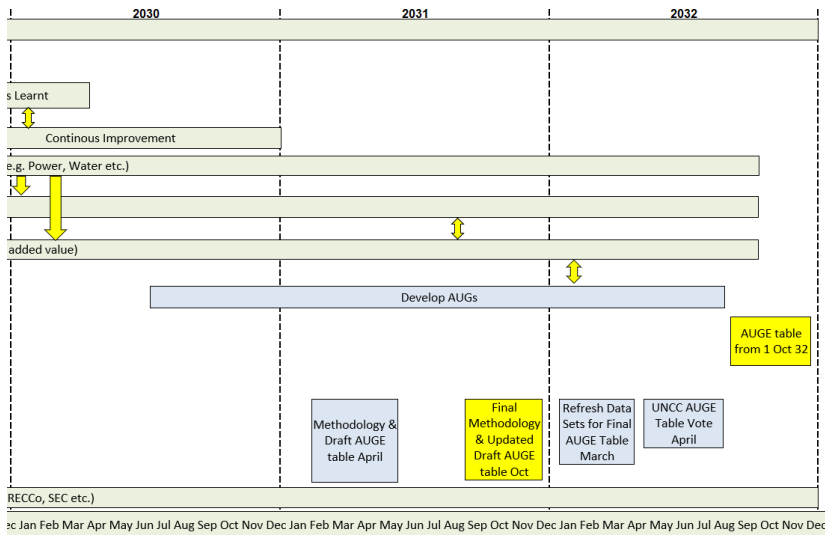
CR10: A number of Amendments will be required to the Framework Document to give effect to the changes proposed by this Modification and for ease the amended Framework Document is included below for completeness. The key changes are:

- The change to a 3 yearly cycle for the production of the AUG Table
- A new requirement at Y-1 to provide an initial indicative view of the AUG Table
- The introduction of Market Engagement, UIG Reduction Initiative(s) and Discovery Services that supersede and amalgamate the existing Innovation and Advisory Services
- A more structured approach to Lessons Learnt & Continuous Improvement

[SUGGEST WE INSERT THE UPDATED FRAMEWORK HERE WHEN UPDATED]

Overview of Timelines





6 Impacts & Other Considerations

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

No.

Consumer Impacts

We expect any consumer impacts to be positive as this proposal makes the existing arrangements more Predictable, Stable and Transparent.

Predictable – enhances predictability and little risk of step change if amendments are largely refinement

Stable – enhances stability by providing a longer period of certainty in terms of factors

Transparent – retains the role of the independent expert providing confidence that the factors are set impartially

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

As noted above the improvement in the arrangements would aid Predictability, Stability and Transparency

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

This change relates to an existing process and extending the period for undertaking the production of the AUG's. We have not identified any specific extra considerations at this stage.

Cross-Code Impacts

To be determined

EU Code Impacts

None

Central Systems Impacts

From a system perspective, the CDSP will be required to update the AUGs on a [three] [3] yearly basis as opposed to an annual basis.

Although not system related, the CDSP will also be required to procure and manage an AUG under a contract which aligns to the updated scope as set out under Modification 0868.

7 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.	Positive
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.	None
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 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.

As it reconciles UIG more efficiently than the current process it thereby furthers effective competition.

This Modification also furthers Relevant Objective f) Promotion of efficiency in the implementation and administration of the Code as it introduces a change in the frequency of the production of the AUGs which is a more efficient outcome than the current arrangements

8 Implementation

We would propose that this Modification should be implemented as soon as reasonably practicable taking into account the ongoing AUGE activities and relevant contractual implications.

9 Legal Text

Text Commentary

TBC

Text

TBC

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Authority Direction should apply.
- Refer this proposal to a Workgroup for assessment.

11 Appendix 1 - Framework for the Appointment of an Allocation of Unidentified Gas Expert (Working document)