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Modification 0473 – AUGE Arrangements for 2016/17

UNCC Update 18 August 2016

Background

- Modification 0473 – Project Nexus – Allocation of Unidentified Gas – approved by Ofgem in April 2015
- Re-introduces concept of an Allocation of Unidentified Gas Expert in a post-Nexus world
- New AUGE will determine weighting factors for distribution of UG rather than a total UG quantity
- Implementation Date aligned to Project Nexus Implementation Date (PNID)

Appointment of a new AUGE

- GT obligation under Mod 0473 to procure a new AUGE service to operate post-Nexus
- Obligation passed to Xoserve to procure on behalf of GTs
- AUGE Evaluation Panel established to ensure Shipper/GT involvement in selection process
- DNV GL appointed as AUGE in July 2016
- AUGE's first deliverable is a Draft AUG Statement (Methodology) and Table on 1st February 2017
- An Interim Table of Weighting Factors will apply from PNID until the AUGE's first Table becomes effective

Today's Objectives

- Address a number of questions relating to the AUGE appointment
- Review impacts of delay to Project Nexus on AUGE service
- Set out proposed timeline for 2016/17 Statement and Table

Mod 0473 AUGE FAQs

- Most common Frequently Asked Questions covered on following 3 slides
- Longer set of FAQs published alongside this month's material covering:
 - Glossary of terms
 - AUGE Appointment
 - AUGE Selection
 - AUGE Funding
 - Commencement of AUGE service
 - Implications of delay to PNID
 - AUGE's Approach and Plan
 - Sources of further information
- FAQ document will be published on JO website under "AUGE" and kept up to date with further questions and answers

FAQs – AUGE Appointment

Question	Response
Why has an AUGE been appointed in July 2016, prior to the Project Nexus Implementation Date (PNID)?	<ul style="list-style-type: none">• UNCC supported the commencement of a procurement exercise for an AUGE immediately after the Ofgem decision on Modification 0473• To wait until PNID before starting the procurement would have meant that the Interim Table would have applied for at least 21 months• Supports the aspiration to limit the period of application of the Interim Table
Why was the appointment not delayed when the PNID was delayed past October 2016?	<ul style="list-style-type: none">• Continuing with the appointment minimises the period of application of the Interim Table
When will the AUGE start work?	<ul style="list-style-type: none">• The AUGE has already started work
Why has the AUGE started work before the Project Nexus implementation date?	<ul style="list-style-type: none">• UNCC supported the establishment of a new AUGE service prior to PNID, to minimise the period of application of the Interim Table

FAQs – Implications of delay to PNID

Question	Response
What happens if PNID is later than 1 February 2017 – will the AUGE still publish a draft AUGS?	<ul style="list-style-type: none">• Publication of the draft AUGS will go ahead on 1 February 2017, even if prior to PNID
What authority does the AUGE have to issue an AUGS prior to PNID?	<ul style="list-style-type: none">• Modification 0473 is an approved UNC Mod• The Framework document has been approved by UNCC• Xoserve now has a contract with DNV GL to provide the AUGE service• There is currently an AUG service in UNC and a live Guidelines document
What if PNID is delayed further?	<ul style="list-style-type: none">• The AUGE service will proceed through all the steps set out in the Framework and UNC• If ready before PNID, an approved Table of Factors would “sit on the shelf” until needed
Can the AUGE deliver to timetable?	<ul style="list-style-type: none">• The AUGE has a detailed plan to deliver to timetable, including a first draft AUGS by 1 February 2017

FAQs – Implications of delay to PNID (contd.)

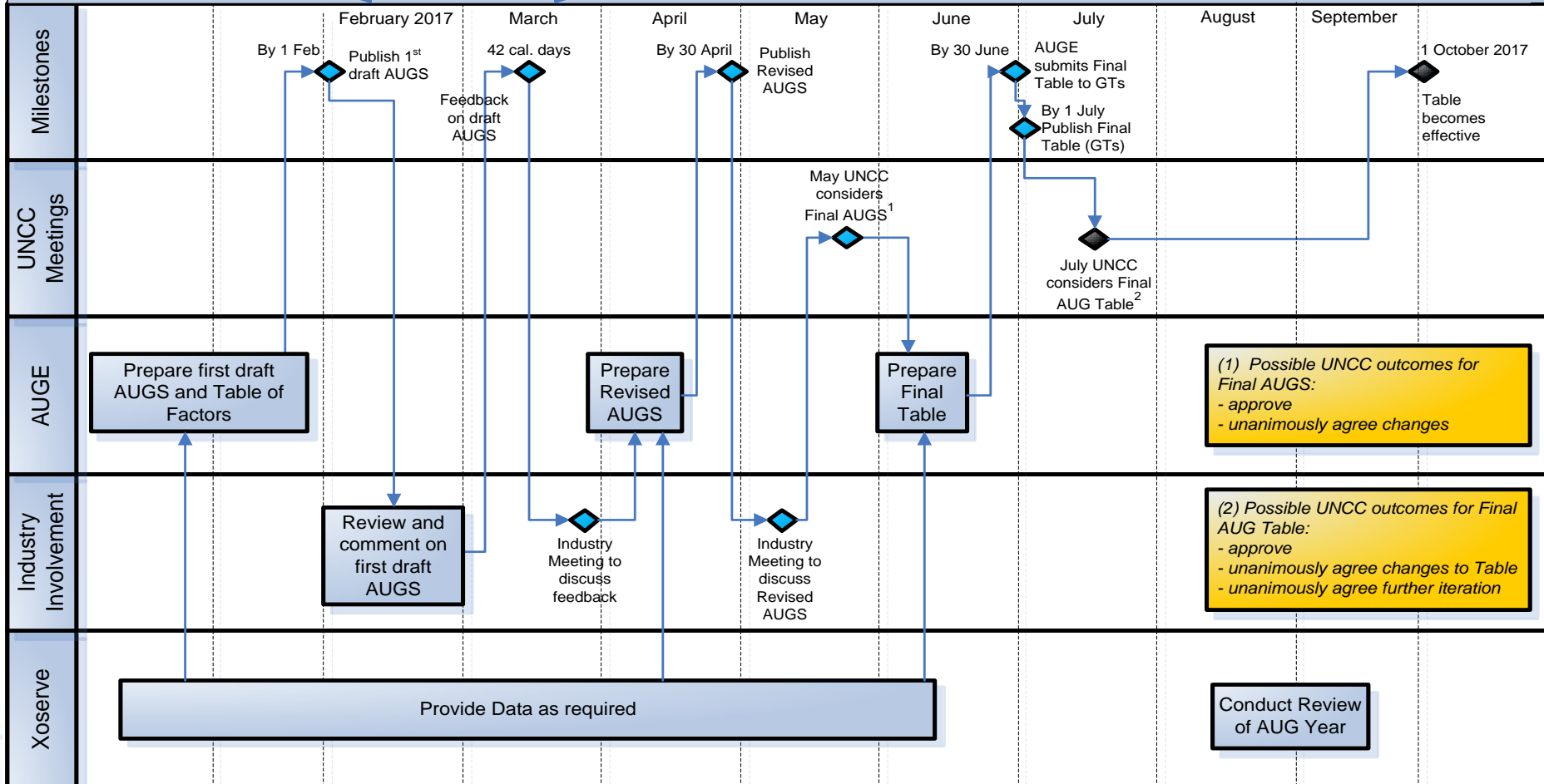
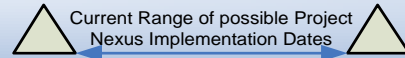
Question	Response
Is it possible to have a final Table of Weighting Factors in operation any earlier than 1 October 2017 – i.e. avoid using the Interim Table at all?	<ul style="list-style-type: none">• The AUGÉ could not deliver a first draft AUGS any earlier than 1 February 2017• To change the AUGÉ deliverable dates would require a change to the Framework, via a UNC Mod• This would also require a change to UNC to the definition of the AUG Year
Do we need to change the definition of an AUG Year and the Framework document to align to the new PNID?	<ul style="list-style-type: none">• The AUG Year does not need to align to PNID – the Interim Table will “bridge the gap” until the AUG Year start date• As above, a final AUGS and Table could not be produced any earlier in 2017• An AUG Year of (say) April would mean that the AUGÉ’s first live Table would take effect on 1 April 2018 – the Interim Table would be effective for longer
Can the new AUGÉ now be tasked with updating the Interim Table?	<ul style="list-style-type: none">• This would distract the AUGÉ from its core role and jeopardise delivery of a first draft AUGS by 1 February 2017• The Interim Table could not be changed without a UNC Modification

Proposed Timeline for 2016/17 Service

Proposed AUGE Timeline for 2017/18 Statement and Table – Mod 0473

Updated following Approval of
UNC Mod 0572

Version 2.1, 01/08/2016



(1) Possible UNCC outcomes for Final AUGS:
- approve
- unanimously agree changes

(2) Possible UNCC outcomes for Final AUG Table:
- approve
- unanimously agree changes to Table
- unanimously agree further iteration

Legend

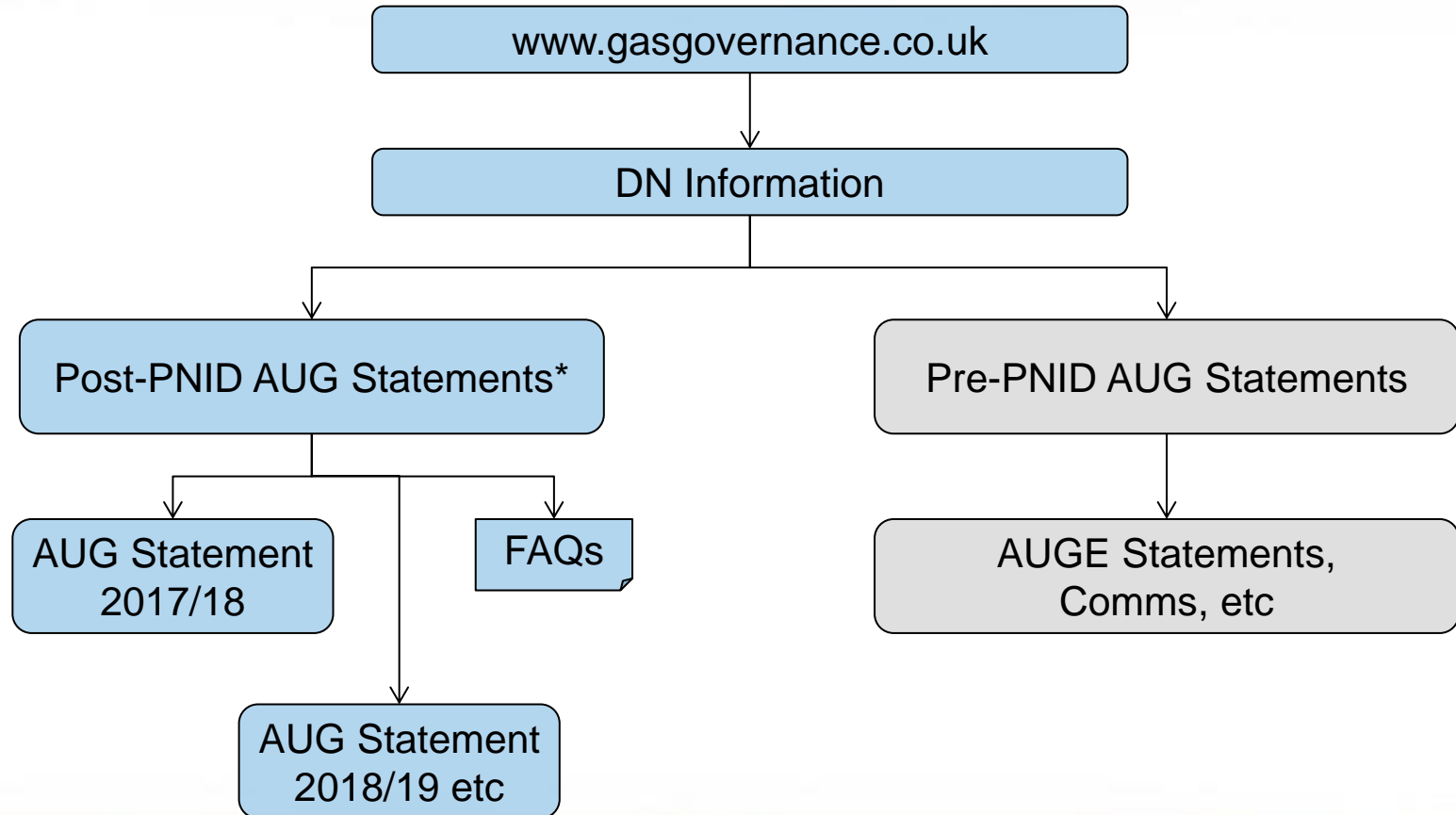
- UNC Requirement
- AUGE Framework Milestone

Notes

- UNC/AUGS Guidelines Milestones are **latest** dates
- Diagram is for illustration only – in event of conflict with UNC/ AUGS Guidelines, then the relevant formal document prevails

Publication of AUG Documents

- Proposed page structure on JO website



* After PNID this sub-heading can be removed, to reduce the number of clicks to get to the latest Table

Appendix – Further information sources

Topic	Location
Xoserve MHub Presentation on treatment of UG Post-Nexus	<ul style="list-style-type: none"> Can be found under Presentations on: <ul style="list-style-type: none"> http://www.xoserve.com/index.php/our-change-programme/uk-link-programme/uk-link-programme-documents-2/
Mod 0473 Legal Text	<ul style="list-style-type: none"> On the Joint Office website: <ul style="list-style-type: none"> http://www.gasgovernance.co.uk/0473
Mod 0432 Legal Text (Calculation and sharing of UG – Section E)	<ul style="list-style-type: none"> On the Joint Office website: <ul style="list-style-type: none"> http://www.gasgovernance.co.uk/0432
“Framework for the Appointment of an Allocation of Unidentified Gas Expert” document	<ul style="list-style-type: none"> The approved version, which will apply from the PNID, can be found on: <ul style="list-style-type: none"> http://www.gasgovernance.co.uk/tpddocs
Interim Table of Weighting Factors	<ul style="list-style-type: none"> The Interim Factors are set out in Section 8 of the “Framework for the Appointment of an Allocation of Unidentified Gas Expert” document