

| Framework for the Appointment of an Allocation of Unidentified Gas Expert and the provision of the Allocation of Unidentified Gas Statement

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Document Control

| Version | Date | Reason for Change |
|------------|--------------------|--|
| 2.0 | 17 June 2010 | Approved by Uniform Network Code Committee |
| 3.0 | 24 February 2011 | Additions following first AUGÉ appointment process |
| 4.0 | 19 March 2014 | Updated to take account of UNC Modification 0473 |
| 4.1 | 28 March 2014 | Updated to take account of 19 March Meeting |
| 4.2 | 01 April 2014 | Updated to take account of Xoserve comments |
| 4.3 | 14 April 2014 | Updated to take account of 02 April meeting |
| 5.0 | 15 April 2014 | Baselined |
| <u>5.1</u> | <u>06 May 2014</u> | <u>Incorporation of Transition process.</u> |

Development of Rules

- 1 The requirement to publish the “**Allocation of Unidentified Gas Document**” is specified in Section V12.2 of the Transportation Principal Document (TPD) of the Uniform Network Code (UNC). This section also provides for the document to be published and revised from time to time. The provision reads:
“Each Document shall be kept up to date and published by the Transporters on the Joint Office of Gas Transporters website
- 2 The Rules set out below meet the Gas Transporter’s obligation to prepare the Framework, while the Document Control Section records changes which have been made to the Framework. The document is published on the Joint Office of Gas Transporters website, www.gasgovernance.co.uk
- 3 This Framework can only be modified in accordance with the requirements set out in paragraph 12 of Section V of the UNC Transportation Principal Document, which reads as follows:

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“UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT SECTION V – GENERAL

12 GENERAL PROVISIONS RELATING TO UNC RELATED DOCUMENTS

12.1 Purpose

The purpose of this Section is to establish generic governance arrangements in respect of

the following UNC Related Documents (each a “**Document**” and collectively the “**Documents**”):-

- a) Network Code Operations Reporting Manual as referenced in Section V9.4;
- b) Network Code Validation Rules referenced in Section M1.5.3;
- c) ECQ Methodology as referenced in Section Q6.1 .1(c); and
- d) Measurement Error Notification Guidelines for NTS to LDZ and LDZ to LDZ Measurement Installations as referenced in OAD Section D 3.1.5
- e) the Allocation of Unidentified Gas Document referenced in Section E10.1.1

12.2 Publication Requirements

Each Document shall be kept up to date and published by the Transporters on the Joint Office of Gas Transporters website.

12.3 Modifications

Should a User or Transporter wish to propose modifications to any of the Documents, such proposed modifications shall be submitted to the Uniform Network Code Committee and considered by the Uniform Network Code Committee or any relevant sub-committee where the Uniform Network Code Committee so decide by majority vote.

12.4 Approved Modifications

12.4.1 In the event that a proposed modification is approved by a majority vote of the Uniform Network Code Committee, the modification shall be implemented. Where the Uniform Network Code Committee fails to achieve majority approval the proposed modification shall be considered in accordance with the provisions set out in Section 7 of the Uniform Network Code Modification Rules unless the Uniform Network Code Committee determines otherwise.

12.4.2 Each revised version of a Document shall be version controlled and retained by the Transporters. It shall be made available on the Joint Office of Gas Transporters website.

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1. Definitions

1.1 Unless otherwise stated, terms in this “**Allocation of Unidentified Gas Document**” (“**this Framework**”) shall have the meanings given to them in the Uniform Network Code. Such terms will be capitalised within quotation marks where first used in the Framework.

1.2 In these Framework:

Allocation of Unidentified Gas Expert year – the year where the AUGS being compiled relates to, commencing on the 1st October each year

“The Committee” - The Uniform Network Code Committee (UNCC), or an authorised technical workstream or sub committee appointed by the UNCC to administer the AUGE process.

“Code Parties” – signatories to the Uniform Network Code

“Generic Terms of Reference” – the standard terms of reference to be applied as basis of the contracts between the Gas Transporters and the *AUGE* for the compilation of an *AUGS*.

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2. **The framework**

The [process described here](#) sets out the means by which the AUGS is appointed, how the AUGS is published on the Joint Office of Gas Transporters website (www.gasgovernance.co.uk) and outline the high level process to be followed for the creation of a methodology to calculate the allocation factors to apportion Unidentified Gas.

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3. Responsibilities under the tender process for the position of AUGE

3.1 The Committee will:

3.1.1 Produce a clear set of criteria for the appointment of the AUGE detailing (without limitation);

- (a) the ability of the AUGE to produce a methodology and subsequent AUGS which shall be in line with the Generic Terms of Reference, contained in [this Framework](#) plus any other criteria agreed by The Committee;
- (b) the evaluation of the cost of undertaking the role of the AUGE over the period stated in the tender document;
- (c) the consideration of the relevant knowledge and expertise of the candidates;
- (d) ability of the prospective AUGES to follow and take into account relevant industry developments; and
- (e) Details of how much weight/percentage should be placed for each set of criteria.

3.1.2 Review [this Framework](#) and submit for approval to the UNC Modification Panel any proposed amendments.

3.2 The Gas Transporters will use all reasonable endeavours to:

3.2.1 use the criteria developed by The Committee to assess each submitted tender bid;

3.2.2 where more than one prospective candidate responds to the tender for the position of AUGE (“the Interested Parties”) the Gas Transporters shall:

- (a) Assess the Interested Parties from the criteria specified in the tender document;
- (b) Select and Appoint the appropriate Interested Party as the “Prospective AUGE”.

3.2.5 identify any improvements that may be made to the tender process, and detail those improvement to The Committee;

3.2.6 organise any meetings held in relation to the AUGE appointment;

3.2.7 provide legal resource to prepare a tender document;

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- 3.2.8 organise the advertisement of the tender to all Interested Parties, in accordance with national and European legislation;
 - 3.2.9 communicate to Users the progress and outcome of the tender process;
 - 3.2.10 invite the Prospective AUGE to take up the appointment;
 - 3.2.11 where the selected AUGE does not accept the appointment, invite the next most favoured AUGE in turn; and
 - 3.2.12 upon acceptance of appointment, establish the contract with the Prospective AUGE, in accordance with the Generic Terms of Reference.
- 3.3 The Gas Transporters will require the AUGE:
- 3.3.1 to act with all due skill, care and diligence when performing of its duties as the AUGE and shall be impartial when undertaking the function of the AUGE, ensuring that any values derived will be equitable in their treatment of Code Parties.
 - 3.3.2 to compile the methodology and AUGS in accordance with [this Framework](#)

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4. Tendering process

4.1 This section details the processes undertaken by the Gas Transporters, to appoint an AUGE using a tender process.

4.1.1 The Gas Transporters will prepare a tender document to be sent when required to all Interested Parties by the 1st April.

4.1.2 The tender will detail:

- (a) that the aim of the tender is to appoint a Party, the AUGE, to compile a publicly available methodology and the AUGS;
- (b) that the AUGE will use the methodology to populate the AUG Table for AUG Year within the UNC;
- (c) that the AUGE must provide the necessary information to the Gas Transporters in good time to allow the update of the AUG Table by the 31st July each year. ;
- (d) the AUGE must hold a public consultation to provide an opportunity to allow Code Parties to discuss the methodology and the AUGS, in accordance with the timetable contained within [this Framework](#);
- (e) the requirement to allow Users to submit representations and queries with regard to the methodology and the AUGS in accordance with the timetable contained within [this Framework](#);
- (f) that the AUGE must consider adjusting methodology and the AUGS in response to those representations;
- (g) that the AUGE must adhere to the Generic Terms of Reference contained within [this Framework](#), as well as any other criteria The Committee notifies to the Gas Transporters prior to the tender document being issued; and
- (h) that the AUGE maintain good relations with The Committee and the Gas Transporters, to be available for discussion with Users on any relevant issues, and to answer any general queries promptly.

4.1.3 When issued, the tender will be for an initial 1-5 year contract, as determined by the Gas Transporters.

4.1.4 The Gas Transporters will go through a tender process and will conduct it in accordance with all relevant legislation and generally accepted best practice.

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4.1.5 Each tender response will in particular detail:

- (a) how the prospective AUGÉ will comply with the Generic Terms of Reference and any other criteria agreed prior to the tender;
- (b) an outline of the method to be used by the prospective AUGÉ, and why such a proposed solution would be suitable;
- (c) an outline of the data that would need to be collated for such use, and the methods to be used for acquiring such data;
- (d) the likely time for such work to be carried out;
- (e) the cost of performing the services;
- (f) contact details that a Code Party may use to query any aspect of the tender or the methodology and the AUGS when produced. The AUGÉ shall confirm to the Gas Transporters before their appointment that they do not hold any interest or duty which would or potentially would conflict with the performance of their duties under their contract with the Gas Transporters; and
- (h) their independence and impartiality.

4.1.6 Once all tenders have been received the Gas Transporters will select in accordance with the evaluation criteria the top-ranked tender for appointment.

4.1.7 Once the tender process has been completed the Gas Transporters will use reasonable endeavours to contract with the highest ranked acceptable party that wishes to become the AUGÉ by the 1st August. Gas Transporters will consider contracting with the next highest ranked party if they fail to reach agreement with the immediately previous higher ranked party.

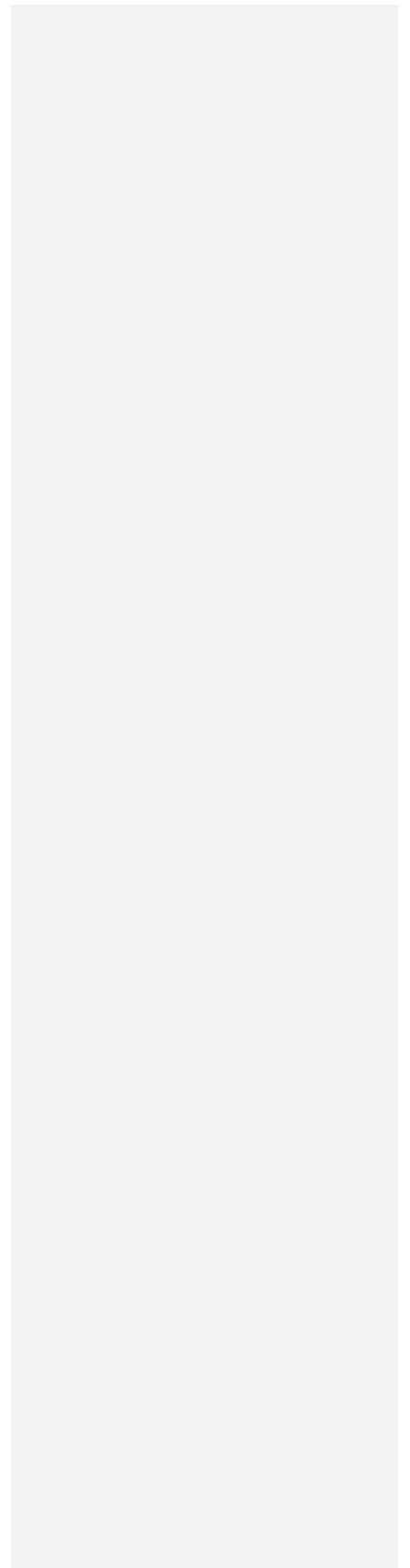
4.1.8 In the event that the 1st August deadline is not met, The Committee will decide by a majority vote on whether to:

- (a) maintain the current AUGS for another year; or
- (b) grant additional time to the Gas Transporters on the understanding that any additional time granted will not jeopardize the publication of the Draft AUGS.

4.1.9 Alternatively by unanimous vote to apply allocation factors that The Committee decides as appropriate;

4.1.10 Once the tender process has been completed and the Gas Transporters have contracted with an interested party to be the AUGÉ, the Gas Transporters

and The Committee will review the tender process, and incorporate any updates that are believed are required to this document.



5. Generic Terms of Reference for Appointed AUGE

- 5.1 This section will include the main principles the AUGE will operate under, once appointed.
- 5.1.1 The AUGE will create the AUGS by developing appropriate, detailed methodologies and collecting necessary data.
- 5.1.2 The decision as to the most appropriate methodologies and data will rest solely with the AUGE taking account of any issues raised during the development and compilation of the AUGS.
- 5.1.3 The AUGE will determine what data is required from Code Parties in order to ensure appropriate data supports the evaluation of Unidentified Gas.
- 5.1.4 The AUGE will determine what data is available from parties in order to ensure appropriate data supports the evaluation of Unidentified Gas.
- 5.1.5 The AUGE will determine what relevant questions should be submitted to Code Parties in order to ensure appropriate methodologies and data are used in the evaluation of unidentified error.
- 5.1.6 The AUGE will use the latest data available where appropriate.
- 5.1.7 Where multiple data sources exist the AUGE will evaluate the data to obtain the most statistically sound solution, will document the alternative options and provide an explanation for its decision.
- 5.1.8 Where data is open to interpretation the AUGE will evaluate the most appropriate methodology and provide an explanation for the use of this methodology.
- 5.1.9 Where the AUGE considers using data collected or derived through the use of sampling techniques, then the AUGE will consider the most appropriate sampling technique and/or the viability of the sampling technique used.
- 5.1.10 The AUGE will present the AUGS in draft form (the “Draft AUGS”), to Code Parties seeking views and will review all the issues identified submitted in response.
- 5.1.11 The AUGE will provide the Draft and Final AUGS to the Gas Transporters for publication.
- 5.1.12 The AUGE’s final determination shall be binding on Users except in the event of fraud, material breach, or where The Committee unanimously considers it is so clearly erroneous for it to be applicable.
- 5.1.13 The AUGE will undertake to ensure that all data that is provided to it by all parties

will not be passed on to any other organisation, or used for any purpose other than the creation of the methodology and the AUGS.

5.1.14 The AUGS shall ensure that all data provided by Code Parties will be held confidentially, and where any data, as provided or derived from that provided, is published then it shall be in a form where the source of the information cannot be reasonably ascertained.

6. Responsibilities for the creation of the AUGS

6.1 Gas Transporters

At the end of each AUGE year, regardless of any AUGS outcome, the Gas Transporters shall seek feedback from the industry, including the AUGE, on the activities and performance of the AUGE and industry for the creation of the AUGS. The Gas Transporters shall produce a report for The Committee

6.2 Code Parties provision of data or information to the AUGE

Where, the AUGE requests data from Code Parties for the purpose of preparing the AUGS, the Code Parties shall use reasonable endeavours to provide the information requested within the timescales requested. Such timescales having being previously notified to the Code Parties.

6.3 Code Raising issues for consideration during the consultation period.

Code Parties may submit topic areas for consideration by the AUGE during the consultation process. The submission must include a clear explanation of the topic, the reasons why this topic is relevant to the AUGS, any accompanying data or suggestions as to how the data may be obtained by the AUGE. Each topic submitted by a Code Party will be published (including the details of the Code Party) to the industry as part of the AUGE's consultation response.

The AUGE will provide a response to the topic detailing whether it is in or out of the scope of work and the rationale to support this.

6.4 Code Raising issues for consideration outside of the consultation period.

Code Parties may submit topic areas for consideration by the AUGE outside the consultation process. The submission must include a clear explanation of the topic, the reasons why this topic is relevant to the AUGS, any accompanying data or suggestions as to how the data may be obtained by the AUGE. Each topic submitted by a Code Party will be published (including the details of the Code Party) to the industry as part of the AUGE's consultation response.

The AUGE will log the topic detailing and will consider it during the development of the next applicable AUGS

6.5 The Committee – AUGE submissions review actions

6.5.1 The AUGE shall submit documents e.g. AUGS, to The Committee for approval.

6.5.2 The Committee shall either:

6.5.2.1 Approve the submission in full

6.5.2.2 Approve the submission subject to the completion of non-material revisions

6.5.2.3 Reject the submission in full

6.5.3 Where The Committee rejects the submission by the AUGE, The Committee shall prepare a report, approved by The Committee, for submission to the AUGE explaining in full the reasons for such rejection. Any rejection report shall be

provided to the AUGE within 10 Business Days of The Committee's decision to reject the submission. The rejection report will be published to Code Parties.

6.5.4 If the AUGE wishes to challenge the rejection report it may do so within 10 Business Days of the receipt of the rejection report and may re-submit the document with revisions or further explanation as it sees fit.

6.6 Provision of and publication of data

A copy of all data and information requests from the AUGE will be published to the industry as and when the request is made e.g. date, information request, request made to, data required by.

A record of all responses by organisation name (not anonymised), will be maintained and published. The report will show the response as one of "provided", "not provided" (i.e. request acknowledged but reason for no provision provided), or "no response to request".

Where applicable, a copy of the data provided to the AUGE by the Gas Transporters will be provided to the industry, most likely published on UK Link documents. Where data is confidential or commercially sensitive, the fact that the data had been provided will be published, an organisation may request a copy of the information pertaining to them from the Gas Transporters. For example:

- a) The AUGE requests throughput totals for an LDZ. This would be provided to the AUGE and published to the industry.
- b) The AUGE requests a breakdown of shipper market shares. This would be provided to the AUGE and a publication of the provision of this data made to the industry. A shipper may then request a copy of the data relating to their business

7. Creation of AUGS Document

- 7.1 This section covers the activities and timescales for the creation, submission to The Committee and publication of the AUGS by the AUGE.
- 7.1.1 The AUGE must provide a Draft AUGS to the Gas Transporters for presentation and publication by the 1st February each year.
- 7.1.2 The Draft AUGS and presentation must detail:
- (a) How the AUGE has adhered to the Generic Terms of Reference and to any other relevant provisions within its contract;
 - (b) The methodology to be used by the AUGE, and why such a process would be suitable;
 - (c) The data has been collated so far for such use, and the methods to be used for acquiring any further data; and
 - (d) Draft allocation factors for use in populating the AUG table.
- 7.1.3 Once published, any responses to the AUGE must be received by the Gas Transporters within 42 calendar days. The Gas Transporters will then provide these responses to the AUGE as they are received or no later than 15th March.
- 7.1.4 The AUGE will consider any submissions made, and will provide feedback for discussion at the meeting, which is to be held as soon as possible after the 15th March.
- 7.1.5 The AUGE will review the AUGS in light of any comments (received in 7.1.3 & 7.1.4), and will adjust the AUGS where it believes appropriate.
- 7.1.6 The Draft AUGS document, as revised by the AUGE in accordance with 7.1.4, will be republished by the 30th April on the Joint Office of Gas Transporters website.
- 7.1.7 The AUGE will arrange a meeting to discuss the Draft AUGS (as revised), along with any changes made, to be held as soon as possible after the Draft AUGS document, as revised has been published.
- 7.1.8 Once the Draft AUGS(as revised) document have been published, the Gas Transporters will organise a meeting with The Committee and the AUGE for approval of the final document before the 1st June. The Committee shall approve the DraftAUGS, in the form presented by the AUGE, unless they unanimously agree changes to any part of the document.

Any changes directed by The Committee in this fashion will be implemented by the AUGE immediately. The approved Draft AUGS will be treated as the Final AUGS.

7.1.9 Once approved by the Committee, the AUGE will produce the Unidentified Gas allocation factors in a format consistent with the UNC requirements, and send them to the Gas Transporters for inclusion in the AUG Table for AUG Year by the 30th June .

7.1.10 The Gas Transporters will publish the populated AUG table by the 1st July

7.1.11 If the AUGE does not submit Unidentified Gas allocation factors to the Gas Transporters, for whatever reason, then the Gas Transporters will treat the indicative Unidentified Gas volumes as the final Unidentified Gas volumes.

8. Contract Agreement, Termination or Extension

- 8.1 Any decisions to terminate or extend the contract with the incumbent AUGE shall be the Gas Transporters. The report (see section 6.1) shall be referred to in any decisions taken by the Gas Transporter

- 8.2 Nothing in the process shall require the Transporters to enter into an AUG Expert Contract on terms which in the Transporters' reasonable opinion:
 - a) would be unlawful for the Transporters; or
 - b) would risk the Transporters incurring any liability, other than in respect of their wilful misconduct, gross negligence or fraud

- 8.3 The Transporters may enter into a AUG Expert Contract on terms which:
 - a) limit or exclude the liability (as to such matters as may be provided in such contract) of the AUG Expert, and/or
 - b) provide that if a User or any supplier or consumer makes any claim or takes any legal proceedings (as to such matters as may be provided in such contract) against the AUG Expert, the Transporters will indemnify the AUG Expert in respect of such claim or proceeding;

- 8.4 The Transporters may agree among themselves, upon such terms as they may so agree, that the AUG Expert Contract shall be entered into by any one of the Transporters alone; but in the absence of such agreement they shall enter jointly into such contract.

- 8.5 For the avoidance of doubt, the Transporters do not act as agent or trustee of any User or Users in entering into the AUG Expert Contract, and owe no duties or responsibilities to any User in respect of the AUG Expert Contract other than as provided here in these business and [Framework](#) for the Appointment of an Allocation of Unidentified Gas Expert

9. Transition Provisions

- 9.1 This section of the framework document will only apply until the first publication of the AUG table as described in 7.1.10
- 9.2 Until the circumstances in 7.1.10 first occurs, the AUG Table contained in section 9.3 shall be used by the Gas Transporters in determining the Allocation Factors for apportioning Unidentified Gas:
- 9.2 AUG Table:

| <u>Supply Meter Point Classification</u> | <u>Allocation Factor (by AQ)</u> | |
|--|----------------------------------|----------------------|
| | <u>0 – 73,200 kWh</u> | <u>>73,200kWh</u> |
| <u>Class 1</u> | <u>0</u> | <u>0</u> |
| <u>Class 2</u> | <u>0</u> | <u>0</u> |
| <u>Class 3</u> | <u>1.17</u> | <u>1.28</u> |
| <u>Class 4</u> | <u>1.17</u> | <u>1.28</u> |

- 9.3 The Committee may at any time, resolve by unanimous vote, to require the Gas Transporters to use a revised AUG table as derived by the Committee, giving 28 calendar days’ notice when doing so.