

Stage 01: Modification

0473A:

Project Nexus – Allocation of Unidentified Gas

At what stage is this document in the process?



Modification



Workgroup Report



Draft Modification Report



Final Modification Report

This modification proposal provides an alternative solution to Mod 0473, to determine the extent to which Unidentified Gas should be allocated following the implementation of Project Nexus.



The Proposer recommends that this modification should be:

· assessed by a Workgroup



High Impact:

Shipper organisations holding a supply point portfolio



Medium Impact:

None



Low Impact: None

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- 7 Recommendation

About this document:

This modification will be presented by the proposer to the panel on 15 May 2014.

The panel will consider the proposer's recommendation and agree whether this modification should be referred to a workgroup for assessment.



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Any questions?

Contact:

Code Administrator





Proposer: **Graham Wood**





Transporter:
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Systems Provider: **Xoserve**



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1 Summary

Is this a Self-Governance Modification?

The proposer does not consider that this modification meets the self governance criteria as it is likely to have a material impact upon the following self-governance criteria

(i) (bb) competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes.

Is this a Fast Track Self-Governance Modification?

No as Self Governance is not proposed.

Why Change?

UNC Modification Proposal 0432 was approved by Ofgem on 21 February 2014. 0432 was raised following many years of development activity and the production of a series of agreed Business Requirements Documents, including the introduction of the 'Allocation Scaling Adjustment' methodology. The approved proposal removes the existing arrangements associated with the Allocation of Unidentified Gas Expert (AUGE) with effect from the implementation date of Project Nexus.

UNC Modification Proposal 0473 has been raised seeking to re-introduce AUGE style arrangements to determine the extent to which Unidentified Gas should be shared between market sectors.

The new individual supply point reconciliation arrangements being introduced by Project Nexus are significantly different to the incumbent RbD arrangements, therefore it is not appropriate to take a simplistic approach of re-instating the current AUGE processes and arrangements. Any future independent expert role should be suitably developed to support the new Project Nexus arrangements.

This modification proposal provides a different approach to that which is proposed by 0473, which a number of Users believe will provide a more appropriate and equitable solution.

Solution

It is proposed that a new Independent Expert be appointed in readiness for Project Nexus go live Day 1. The Expert will be responsible, if required following assessment and analysis of evidence/data, for the development of a methodology for correcting Project Nexus allocation arrangements, which subject to consultation and approval processes will be modified and applied on an annual basis.

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Relevant Objectives

Implementation of this modification proposal would be expected to positively impact the following Relevant Objective:

- d) Securing of effective competition
 - (i) between relevant Shippers and
 - (ii) between relevant Suppliers

The changes would result in a more accurate allocation of costs between Shippers and Suppliers.

Implementation

No implementation timescales are proposed. However, the appointment of the independent expert is proposed to be undertaken in readiness for Project Nexus Go live Day 1, with the expert's role and activities commencing from this date.

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2 Why Change?

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UNC Modification Proposal 0473 has been raised seeking to re-introduce AUGE style arrangements to determine the extent to which Unidentified Gas should be shared between market sectors.

The new individual supply point reconciliation arrangements being introduced by Project Nexus are significantly different to the incumbent RbD arrangements, therefore it is not appropriate to take a simplistic approach of re-instating the current AUGE processes and arrangements. Any future independent expert role should be suitably developed to support the new Project Nexus arrangements.

This modification proposal provides a different approach to that which is proposed by 0473, which a number of Users believe will provide a more appropriate and equitable solution. In particular:

- Sufficient time will be available to facilitate an appropriately robust appointment process, ahead of Project Nexus Go-Live Day 1.
- Any adjustment required to allocation volumes will only be made following appropriate analysis of sufficiently matured and actually observed information/data.
- There will be a transparent fact based approach, with no attempt to presuppose the outcome of brand new settlement arrangements in the absence of any supporting evidence/data.
- Robustness of solution, no estimate of the total balancing number is required this would be actually measured.
- Intervention only if demonstrably required, following detailed assessment and analysis by the Expert.
- No product class or AQ banding is advantaged or disadvantaged by design.
- All industry participants are appropriately incentivised to reduce Unidentified Gas in the market.

3 Solution

The purpose of this modification is to introduce a new Independent Expert (Unidentified Gas Independent Expert) in readiness for Project Nexus Go Live Day 1. They will be responsible for assessing the quantity of Unidentified Gas, based on the actual evidence/data following the replacement of the UK Link system.

The output of the UGIE will be to make a recommendation, as to whether any further intervention over and above the 'Allocation Scaling Adjustment' is required. If required the UGIE will recommend an appropriate mechanism for allocating Unidentified Gas across industry participants.

The overall aim of this proposal is to introduce an independent, evidenced-based assessment, for the correct allocation of Unidentified Gas cost, to ensure that all industry participants are equally incentivised to reduce it.

The UGIE Framework is set out in Appendix 1.1.

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User Pays

Classification of the modification as User Pays, or not, and the justification for such classification.

This proposal will introduce new arrangements for the introduction of a new independent expert, which will result in Xoserve incurring costs associated with procurement and appointment, thus resulting in User Pays charges.

Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view.

100% Users

Proposed charge(s) for application of User Pays charges to Shippers.

To be confirmed

Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.

To be confirmed

4 Relevant Objectives

Impact of the modification on the 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	

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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	None
	Agency for the Co-operation of Energy Regulators.	

Implementation of this modification proposal would be expected to positively impact Relevant Objective d) Securing of effective competition (i) between relevant Shippers and (ii) between relevant Suppliers, as the changes are would result in a more accurate allocation of costs between Shippers and Suppliers.

5 Implementation

No implementation timescales are proposed. However, the appointment of the independent expert is proposed to be undertaken in readiness for Project Nexus Go live Day 1, with the expert's role and activities commencing from this date.

6 Legal Text

Legal Text will be provided by the relevant Gas Transporter upon completion of modification proposal development.

7 Recommendation

The Proposer invites the Panel to:

- Determine that this modification should not be subject to self-governance; and
- Progress to Workgroup assessment

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8 Appendix 1.1 – UGIE Framework

Process framework for the Appointment of an Unidentified Gas Independent Expert and the provision (where required) of an Unidentified Gas Allocation Statement

1. Definitions

Unless otherwise stated, terms in this "Unidentified Gas Independent Expert 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 this Framework:

"Unidentified Gas Independent Expert year" – the year where the Unidentified Gas Allocation Statement (UGAS) 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 Unidentified Gas Independent Expert (UGIE) 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 UGIE for the compilation of any required Unidentified Gas Allocation (UGA) Methodology.

2. The Framework

The Framework process described here sets out the means by which the UGIE is appointed, how any required UGA Methodology is published on the Joint Office of Gas Transporters website (www.gasgovernance.co.uk) and outlines the high level process to be followed for the creation of a methodology (where required) to calculate the allocation factors to apportion Unidentified Gas.

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

- 3.1 The Committee will:
 - 3.1.1 Produce a clear set of criteria for the appointment of the UGIE detailing (without limitation);

(a) the ability of the UGIE to produce a UGA Methodology and subsequent UGAS (where required) 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 UGIE over the

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- (c) the consideration of the relevant knowledge and expertise of the candidates;
- (d) ability of the prospective UGIEs 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 UGIE ("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 UGIE".
 - 3.2.3 identify any improvements that may be made to the tender process, and detail those improvement to The Committee;
 - 3.2.4 organise any meetings held in relation to the UGIE appointment;
 - 3.2.5 provide legal resource to prepare a tender document;
 - 3.2.6 organise the advertisement of the tender to all Interested Parties, in accordance with national and European legislation;
 - 3.2.7 communicate to Users the progress and outcome of the tender process;
 - 3.2.8 invite the Prospective UGIE to take up the appointment;
 - 3.2.9 where the selected UGIE does not accept the appointment, invite the next most favoured UGIE in turn; and
 - 3.2.10 upon acceptance of appointment, establish the contract with the Prospective UGIE, in accordance with the Generic Terms of Reference.
- 3.3 The Gas Transporters will require the UGIE:
 - 3.3.1 to act with all due skill, care and diligence when performing of its duties as the UGIE and shall be impartial when undertaking the function of the UGIE, ensuring that any values derived will be equitable in their treatment of Code Parties.
 - 3.3.2 to compile any required UGA Methodology and UGAS 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 UGIE 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 UGIE, to compile a publicly available UGA Methodology and an UGAS (where required);
 - (b) that the UGIE will use any required methodology to populate the UG Table for UG Year within the UNC;
 - (c) that the UGIE must provide the necessary information to the Gas Transporters in good time to allow the update of the UG Table by the [31st July] each year;
 - (d) the UGIE must hold a public consultation to provide an opportunity to allow Code Parties to discuss any required UGA Methodology and UGAS, in accordance with the timetable contained within this Framework;
 - (e) the requirement to allow Users to submit representations and queries with regard to any required UGA Methodology and UGAS in accordance with the timetable contained within this Framework;
 - (f) that the UGIE must consider adjusting any required UGA Methodology and UGAS in response to those representations;
 - (g) that the UGIE 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 UGIE 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 [3-5] 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

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4.1.5 Each tender response will in particular detail:

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(a) how the prospective UGIE will comply with the Generic Terms of

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Reference and any other criteria agreed prior to the tender;

- (b) an outline of the method to be used by the prospective UGIE, 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 any required UGA Methodology and UGAS when produced. The UGIE 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 UGIE 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 any current UG Statement 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 UGAS.
- 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 UGIE, 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 UGIE

5.1 This section will include the main principles the UGIE will operate under, once appointed.

5.1.1 The UGIE will undertake an assessment of the quantity of Unidentified Gas, within the Gas industry, for all market sectors resulting from theft, late confirmations, meter errors etc, based upon actual evidence/data.

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- 5.1.2 The period for undertaking the assessment (under 5.1.1) 'the measurement period', will commence on the day which the new UNC settlement arrangements are implemented (Day 1) and will end following 365 calendar days (from Day 1). A 12 month period is required to allow for full seasonality.
- 5.1.3 The UGIE will submit interim (quarterly) reports and final reports (annually) to The Committee for approval. By the end of the first quarter it should set out its methodology and approach. Should the UGIE consider within the first year that it is necessary for the 'measurement period' to be extended (longer than the period detailed within 5.1.2), to enable it's assessment to be satisfactorily completed, the UGIE will be required to report to the The Committee the length of any extension required, along with the reasons for this, for approval.
- 5.1.4 The UGIE will be responsible for requesting and gathering all data it considers necessary during the period stipulated in 5.1.2 and 5.1.3, for performing the required assessment analysis.
- 5.1.5 Following completion of their assessment, the UGIE will produce a report detailing the results of the data gathered and the analysis conducted, making an independent recommendation as to whether or not further amendment to the 'Allocation Scaling Adjustment' mechanism, as applied via Mod 0432 arrangements, is required.
- 5.1.6 The UGIE will need to clearly demonstrate within the report, their independent recommendation, either:
 - a) that the existing unidentified gas allocation arrangements vary materially from the results of their assessment activity and that a need for intervention is required; or
 - b) that the existing unidentified gas allocation arrangements do not vary materially from the results of their assessment activity and that a need for intervention is not required.
- 5.1.7 Any recommendation made by the UGIE (under 5.1.5 & 5.1.6) will ensure that each supply point sector/product class/AQ banding is fairly and equitably affected by the allocation arrangements.
- 5.1.8 Where under 5.1.6 the UGIE recommends that there is a requirement for intervention, subject to the approval of the The Committee, the UGIE will produce an Unidentified Gas (UG) Methodology for approval to correct the existing 'Allocation Scaling Adjustment' arrangements, after the completion of the 'data maturity' period.
- 5.1.9 The 'data maturity' period referred to within 5.1.8 is required to allow for sufficient reconciliation of the initial 12 month 'measurement period'. The UGIE will provide a report at the end of the measurement period stating what the data maturity period should be giving details reasons for their conclusions. However it is expected that the data maturity period will be no longer than 12 months.
- 5.1.10 The UG Methodology produced by the UGIE under 5.1.8 will be subject to a robust, transparent consultation process, in line with UNC Modification rules, as detailed within the Framework document and UNC.

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5.1.11 Following completion of the consultation process the UGA Methodology and UGAS will be subject to approval by the The Committee, as detailed within the Framework document and UNC.

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- 5.1.12 Following approval, the UGAS allocation table will go live on the 1st October of each relevant gas year. .
 - 5.1.13 The UGIE will determine what data is required from relevant parties including Code Parties and IGTS parties in order to ensure appropriate data is available to support their assessment activities.
 - 5.1.14 The UGIE will determine what data is available from parties in order to ensure appropriate data supports the evaluation of Unidentified Gas.
 - 5.1.15 The UGIE will determine what relevant questions they need to ask to the relevant parties, including Code Parties and IGTS parties to ensure that appropriate methodologies and data are used.
 - 5.1.16 The UGIE will use the latest data available where appropriate.
 - 5.1.17 Where multiple data sources exist the UGIE will evaluate the data to obtain the most statistically sound solution, will document the alternative options and provide an explanation for its decision.
 - 5.1.18 Where data is open to interpretation the UGIE will evaluate the most appropriate methodology and provide an explanation for the use of this methodology.
 - 5.1.19 Where the AUGE considers using data collected or derived through the use of sampling techniques, then the UGIE will consider the most appropriate sampling technique and/or the viability of the sampling technique used.
 - 5.1.20 The UGIE will present the UGAS in draft form (the "Draft UGAS"), to Code Parties seeking views and will review all the issues identified submitted in response.
 - 5.1.21 The UGIE will provide the Draft and Final UGAS to the Gas Transporters for publication.
 - 5.1.22 Following the UGIE's final determination being signed off by The Committee, it shall be binding on Users. In the event of fraud, material breach, or where The Committee considers the statement to be so clearly erroneous, it will have the authority to reject the UGIE's findings by majority vote.
 - 5.1.23 The UGIE 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 UGA Methodology and the UGAS.
 - 5.1.24 The UGIE shall ensure that all data provided by relevant parties including Code Parties and IGTS 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 any required UG Statement

6.1 Gas Transporters

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

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6.2 Code Parties provision of data or information to the UGIE

Where, the UGIE requests data from Code Parties for the purpose of preparing any required UGAS, 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 Parties Raising issues for consideration during the consultation period.

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

The UGIE 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 Parties Raising issues for consideration outside of the consultation period.

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

- 6.5 The Committee UGIE submissions review actions
 - 6.5.1 The UGIE shall submit documents e.g. any required UGAS, 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; or
 - 6.5.2.3 Reject the submission in full
 - 6.5.3 Where The Committee rejects the submission by the UGIE, The Committee shall prepare a report, approved by The Committee, for submission to the UGIE explaining in full the reasons for such rejection. Any rejection report shall be provided to the UGIE within 10 Business Days of The Committee's decision to reject the submission. The rejection report will be published to Code Parties at the same time.
 - 6.5.4 If the UGIE 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.

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6.6 Provision of and publication of data

A copy of all data and information requests from the UGIE 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 UGIE by the Gas Transporters will be provided to the industry, most likely published on UK Link extranet. 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 UGIE requests throughput totals for an LDZ. This would be provided to the UGIE and published to the industry.
- b) The UGIE requests a breakdown of Shipper market shares. This would be provided to the UGIE 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 any required UG Statement Document

- 7.1 This section covers the activities and timescales for the creation, submission to The Committee and publication of any required UGAS by the UGIE.
 - 7.1.1 The UGIE must provide a Draft UGAS to the Gas Transporters for presentation and publication by the [1st February] each year.
 - 7.1.2 Any required Draft UGAS and presentation must detail:
 - (a) How the UGIE 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 UGIE, and why such a process would be suitable;
 - (c) The data that 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 any required UG Table.
 - 7.1.3 Once published, any responses to the UGIE must be received by the Gas Transporters within 42 calendar days. The Gas Transporters will then provide these responses to the UGIE as they are received or no later than [15th March].
 - 7.1.4 The UGIE 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 UGIE will review the UGAS in light of any comments (received in 7.1.3 & 7.1.4), and will adjust the UGAS where it believes appropriate.

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- 7.1.6 The Draft UGAS document, as revised by the UGIE 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 UGIE will arrange a meeting to discuss the Draft UGAS document (as revised), along with any changes made, to be held as soon as possible after the Draft UGAS document (as revised) has been published.
- 7.1.8 Once the Draft UGAS document (as revised) has been published, the Gas Transporters will organise a meeting with The Committee and the UGIE for approval of the final document before the [1st June].

The Committee shall approve the Draft UGAS, in the form presented by the UGIE, 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 UGIE immediately. The approved Draft UGAS will be treated as the Final UGAS.

- 7.1.9 Once approved by the Committee, the UGIE 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 UG Table for UG Year by the [30th June].
- 7.1.10 The Gas Transporters will publish the populated UG Table by the [1st July].
- 7.1.11 If the UGIE 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 UGIE 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 UGIE 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 UGIE Contract on terms which:
 - a) limit or exclude the liability (as to such matters as may be provided in such contract) of the UGIE, 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 UGIE, the Transporters will indemnify the UGIE in respect of such claim or proceeding;

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8.4 The Transporters may agree among themselves, upon such terms as they may so agree, that the UGIE 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 UGIE Contract, and owe no duties or responsibilities to any User in respect of the UGIE Contract other than as provided here in this Framework for the Appointment of an Unidentified Gas Independent Expert.

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