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# **Modification 0473 – AUGE Appointment Frequently Asked Questions**

## **Version 1, August 2016**

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# Background

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- Modification 0473 – Project Nexus – Allocation of Unidentified Gas – approved by Ofgem in April
- Re-introduces concept of an Allocation of Unidentified Gas Expert (AUGE) 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)
- An AUGE was appointed in July 2016
- This document aims to provide answers to the most Frequently Asked Questions – will be updated as required

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# Glossary of Terms

- AQ – Annual Quantity
- AUGE – Allocation of Unidentified Gas Expert
- AUGS – Allocation of Unidentified Gas Statement (methodology document)
- AUG Table – a Table of Weighting Factors for use in sharing out UG
- AUG Year – a UNC defined term, the period of application of an AUGS
- DNV GL – the company appointed to be the AUGE
- the “Framework” – “Framework for the Appointment of an Allocation of Unidentified Gas Expert” document – see *FAQs 8*
- GTs – Gas Transporters
- LDZ – Local Distribution Zone
- Mod 0473 – UNC Modification 0473 “Project Nexus – Allocation of Unidentified Gas
- Project Nexus – the suite of changes being introduced with the replacement of the UKLink System, including Mods 0432, 0440, 0473
- PNID – Project Nexus Implementation Date
- UG (or UIG) – Unidentified Gas
- UNC – Uniform Network Code
- UNCC – Uniform Network Code Committee

# FAQs 1 – 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"><li>• UNCC supported the commencement of a procurement exercise for an AUGE immediately after the Ofgem decision on Modification 0473</li><li>• To wait until PNID before starting the procurement would have meant that the Interim Table would have applied for at least 21 months</li><li>• Supports the aspiration to limit the period of application of the Interim Table</li></ul>
Why was the appointment not delayed when the PNID was delayed past October 2016?	<ul style="list-style-type: none"><li>• Continuing with the appointment minimises the period of application of the Interim Table</li></ul>
How was the AUGE selected?	<ul style="list-style-type: none"><li>• Xoserve followed a regulated procurement process (starting with a notice in the OJEU – Official Journal of the European Union)</li><li>• The Criteria for Appointment provided by UNCC were used as the basis for scoring</li><li>• A panel of three industry stakeholder reps participated in the selection process including shortlisting tenders and selecting a preferred bidder</li></ul>

# FAQs 2 – AUGE Appointment

Question	Response
Can you tell me who else bid for the new AUGE appointment?	<ul style="list-style-type: none"><li>• No, unfortunately that is commercially confidential information</li></ul>
Was DNV GL the cheapest bidder?	<ul style="list-style-type: none"><li>• Sorry, that is commercially confidential information</li><li>• DNV GL was the highest scoring bidder across all Weighted Requirements as provided by UNCC</li></ul>
What is the relationship between the GL Noble Denton and DNV GL?	<ul style="list-style-type: none"><li>• The previous AUGE GL Noble Denton changed its name to DNV GL following a take-over</li></ul>
What is the relationship between DNV GL and “Dentons”?	<ul style="list-style-type: none"><li>• Dentons is a law firm assisting National Grid with Legal Text for Project Nexus and UNC Mod 0565 (amongst others) and has no connection with DNV GL.</li></ul>

# FAQs 3 – AUGE Funding

Question	Response
How is the new AUGE service funded?	<ul style="list-style-type: none"><li>• The AUGE service is funded by User Pays</li><li>• Allocated 100% to Shippers based on live LDZ AQs at 1 April each year</li></ul>
How and when will AUGE User Pays charges be issued	<ul style="list-style-type: none"><li>• User Pays charges will be issued via the new “Adjustment” invoice</li><li>• Charges will be issued as a single bill each year, after the conclusion of the service (i.e. once the Table of Factors has been approved by UNCC)</li><li>• First charges will be issued in around September 2017</li></ul>
How much will the annual User Pays charges be?	<ul style="list-style-type: none"><li>• This will depend on the total cost of delivering the service, including the AUGE’s costs and Xoserve’s costs of supporting the service</li><li>• In the first year this will also include the costs of procuring the service</li></ul>

# FAQs 4 – AUGE Service Commencement

Question	Response
When will the AUGE start work?	<ul style="list-style-type: none"><li>• The AUGE has already started work</li></ul>
Why has the AUGE started work before the Project Nexus implementation date?	<ul style="list-style-type: none"><li>• UNCC supported the establishment of a new AUGE service prior to PNID, to minimise the period of application of the Interim Table</li></ul>
Will any User Pays charges be issued prior to PNID?	<ul style="list-style-type: none"><li>• No, User Pays charges will not be issued until the conclusion of first year's service (after acceptance of the Table of Factors)</li><li>• AUGE costs will be borne by Xoserve on behalf of the GTs until conclusion of the service</li></ul>
When will Shippers be involved in the new AUGE service?	<ul style="list-style-type: none"><li>• The update to August UNCC sets out the proposed timeline for the 2016/17 service</li><li>• The AUGE's first draft Statement will be published by 1<sup>st</sup> February 2017</li><li>• Shippers will have 42 calendar days to submit comments on the draft Statement</li><li>• Shippers can submit topic areas to the AUGE for consideration at any time.</li></ul>



# FAQs 5 – 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"><li>• Publication of the draft AUGS will go ahead on 1 February 2017, even if prior to PNID</li></ul>
What authority does the AUGE have to issue an AUGS prior to PNID?	<ul style="list-style-type: none"><li>• Modification 0473 is an approved UNC Mod with an implementation date</li><li>• The Framework document has been approved by UNCC</li><li>• Xoserve now has a contract with DNV GL to provide the AUGE service</li><li>• There is currently an AUG service in UNC and a live Guidelines document</li></ul>
What if PNID is delayed past 1 October 2017?	<ul style="list-style-type: none"><li>• The AUGE service will proceed through all the steps set out in the Framework and UNC</li><li>• An approved Table of Factors would “sit on the shelf” until PNID</li><li>• In that scenario the Interim Table in Mod 0473 would not be required</li></ul>

# FAQs 6 – 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"><li>• The AUGÉ could not deliver a first draft AUGS any earlier than 1 February 2017</li><li>• To change the AUGÉ deliverable dates would require a change to the Framework, via a UNC Mod</li><li>• This would also require a change to UNC to the definition of the AUG Year</li></ul>
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"><li>• The AUG Year does not need to align to PNID – the Interim Table will “bridge the gap” until the AUG Year start date</li><li>• As above, a final AUGS and Table could not be produced any earlier in 2017</li><li>• 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</li></ul>
Can the new AUGÉ now be tasked with updating the Interim Table?	<ul style="list-style-type: none"><li>• This would distract the AUGÉ from its core role and jeopardise delivery of a first draft AUGS by 1 February 2017</li><li>• The Interim Table could not be changed without a UNC Modification</li></ul>

# FAQs 7 – AUGE’s Approach and Plan

Question	Response
What is the AUGE’s proposed approach to developing the Table of Weighting Factors	<ul style="list-style-type: none"><li>• The AUGE will use a “consumption-based” approach which is similar to the approach under the previous (Mod 0229) arrangements</li><li>• The final outputs will be Weighting Factors than a total amount of UG</li></ul>
Can the AUGE deliver to timetable?	<ul style="list-style-type: none"><li>• The AUGE has a detailed plan to deliver to timetable, including a first draft AUGS by 1 February 2017</li></ul>
Are there any dependencies on other parties?	<ul style="list-style-type: none"><li>• The AUGE’s plan is dependent on receipt of data from Xoserve, including a full refresh of anonymous meter point consumption by 30 November: Xoserve has plans in place to deliver in line with the AUGE’s required schedule</li></ul>
How can we contact the new AUGE?	<ul style="list-style-type: none"><li>• Via email at:<ul style="list-style-type: none"><li>• <a href="mailto:auge.software@dnvgl.com">auge.software@dnvgl.com</a></li></ul></li></ul>

# FAQs 8 – Further information

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