

Framework for the Appointment of an Unidentified Gas Independent Expert (UGIE)

Document Control

Version	Date	Reason for Change
0.1	25 th August 2014	New document to take account of UNC Modification 0473A – UGIE Appointment

Development of Rules

- 1 The requirement to publish the “**Unidentified Gas Independent Expert 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:

“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 Unidentified Gas Independent Expert Document referenced in Section E10.1.1
- f) the Customer Settlement Error Claims Process Guidance Document referenced in Section E1.3.1

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 “**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:

“**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 Unidentified Gas Independent Expert (UGIE) for the compilation of any required Unidentified Gas Allocation (UGA) Methodology.

“**Measurement Period**” –

“**Unidentified Gas Independent Expert**” –

“**Unidentified Gas Allocation Statement**” -

2. The Framework

The Framework process described here sets out the means by which the Unidentified Gas Independent Expert is appointed, how any required methodology, UGA Statement or UGA Table 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 and statement (where required) to calculate the allocation factors to apportion Unidentified Gas.

3. Responsibilities under the tender process for the position of Unidentified Gas Independent Expert

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 methodology and subsequent UGA Statement (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 period stated in the tender document;
- (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 and to 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 methodology and UGA Statement in accordance with this Framework.

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.
- 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 methodology and an UGA Statement where required;
 - (b) that the UGIE will use any required methodology to populate the UGA Table for the relevant 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 UGA Table by 1st August each year;
 - (d) the UGIE must hold a public consultation to provide an opportunity to allow Code Parties to discuss any required methodology and UGA Statement, 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 methodology and UGA Statement in accordance with the timetable contained within this Framework;
 - (f) that the UGIE must consider adjusting any required methodology and UGA Statement 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 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.
- 4.1.5 Each tender response will in particular detail:
- (a) how the prospective UGIE 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 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 methodology and UGA Statement 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 the prevailing arrangements 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 UGA Statement.
- 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 Unidentified Gas Independent Expert

- 5.1 This section includes the main principles the Unidentified Gas Independent Expert (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 sector and will make an assessment as to whether any further intervention is required to the incumbent Unidentified Gas Allocation Factors.
 - 5.1.2 The UGIE will create the UGA Statement by developing appropriate, detailed methodologies and collecting necessary data. For the avoidance of doubt, should the UGIE recommend that no further intervention is required to the incumbent Unidentified Gas Allocation Factors, the UGIE will be required to submit the previously approved UGA Statement.
 - 5.1.3 The decision as to the most appropriate methodologies and data will rest solely with the UGIE taking account of any issues raised during the development and compilation of the UGA Statement.
 - 5.1.4 The UGIE will determine what data is required from Code Parties (and other parties as appropriate) in order to ensure appropriate data supports the evaluation of Unidentified Gas.
 - 5.1.5 The UGIE will determine what data is available from parties in order to ensure appropriate data supports the evaluation of Unidentified Gas.
 - 5.1.6 The UGIE 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 Gas.
 - 5.1.7 The UGIE will use the latest data available where appropriate.
 - 5.1.8 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.
 - 5.1.9 Where data is open to interpretation the UGIE will evaluate the most appropriate methodology and provide an explanation for the use of this methodology.
 - 5.1.10 Where the UGIE 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.
 - 5.1.11 The UGIE will present the UGA Statement in draft form (the “Draft UGA Statement”) to Code Parties seeking views and will review all the issues identified submitted in response.
 - 5.1.12 The UGIE will provide the Draft and Final UGA Statement to the Gas Transporters for publication.

- 5.1.13 The Committee's final determination in this process shall be binding on Users.
- 5.1.14 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 methodology and the UGA Statement.
- 5.1.15 The UGIE shall ensure that all data provided by Code Parties (and other parties where appropriate) 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 UGA Statement

6.1 Gas Transporters

At the end of each UG Year, regardless of any UGA Statement 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 UGA Statement. The Gas Transporters shall produce a report for The Committee.

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 UGA Statement, 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 UGA Statement, 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 UGA Statement, 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 UGA Statement.

6.5 The Committee – UGIE submissions review actions

The UGIE shall submit documents e.g. any required UGA Statement, to The Committee for approval.

The Committee shall act in accordance with 7.1.8 when approving the UGA Statement.

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 Unidentified Gas Statement Document & Publication of process outputs

Enduring Process

(This process assumes that the UNC UG Year runs from 1st October to 30th September, assuming an 1st October 2015 implementation of Project Nexus. Should Project Nexus for example be implemented in 1st April 2016, all dates within this section can be amended by six months with the UG Year running from 1st April to 31st March).

- 7.1 This section covers the activities and timescales for the creation, submission to The Committee and publication of any required UGA Statement by the UGIE.
 - 7.1.1 The UGIE must provide a Draft UGA Statement to the Gas Transporters for publication by the 1st February each year and for presentation at the first scheduled UNCC meeting after 1st February.
 - 7.1.2 The Draft UGA Statement 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 UGA 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 a meeting, which is to be held as soon as possible after the 15th March.
 - 7.1.5 The UGIE will review the Draft UGA Statement in light of any comments received, and will adjust the UGA Statement where it believes appropriate.
 - 7.1.6 The Draft UGA Statement document, as revised by the UGIE in accordance with 7.1.4, will be published as the Proposed UGA Statement by the 30th April on the Joint Office of Gas Transporters website.
 - 7.1.7 Once the Proposed UGA Statement document 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.
 - 7.1.8 The Committee shall approve the Proposed UGA Statement, in the form presented by the UGIE, unless they unanimously agree changes to any part of the document.
 - 7.1.9 Any changes directed by The Committee in this fashion will be implemented by the UGIE immediately.
 - 7.1.10 The approved Proposed UGA Statement will be treated as the Final UGA

Statement.

- 7.1.11 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 UGA Table for UG Year by the 30th June.
- 7.1.12 The Gas Transporters will publish the populated UGA Table as soon as reasonably practicable, but by the 1st August.
- 7.1.13 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. Creation of any required Unidentified Gas Statement Document & Publication of process outputs (Initial Year)

Initial Year 1 Process (from Day 1 of Project Nexus implementation)

- 8.1 This section covers the activities and timescales for the creation, submission to The Committee and publication of the initial UGA Statement by the UGIE.
 - 8.1.1 The period for undertaking the assessment of data for the purposes of the initial process year ‘the Measurement Period’, will commence on the day which the new UNC settlement arrangements (Project Nexus) are implemented (Day 1) and will end following 365 calendar days (from Day 1) or 366 calendar days should the Measurement Period include February 29th during a Leap Year. A 12 month period is required to allow for full seasonality of consumption.
 - 8.1.2 During the Measurement Period, the UGIE will submit interim quarterly progress updates to The Committee.
 - 8.1.3 In accordance with the Generic Terms of Reference, the UGIE will be responsible for requesting and obtaining all data, from Code Parties (and other parties as appropriate) as it considers necessary during the Measurement Period, for performing the required assessment analysis.
 - 8.1.4 Following the completion of the 12 month Measurement Period (as detailed in 8.1.1), the UGIE will establish the initial UGA Statement and Unidentified Gas allocation factors, following the process and timeframes as detailed within Section 7 of this document.