

**MODIFICATION 0473**

**PROJECT NEXUS - ALLOCATION OF UNIDENTIFIED GAS**

Proposed legal text:

**TPD SECTION E: DAILY QUANTITIES, IMBALANCE AND RECONCILIATION**

*Insert new paragraph 9 to read as follows:*

**9 UNIDENTIFIED GAS - ALLOCATION FACTORS**

**9.1 Interpretation**

9.1.1 For the purposes of this paragraph 9:

- (a) the "**AUGE Document**" is the document entitled 'Framework for the appointment of an Allocation of Unidentified Gas Expert' which sets out:
  - (i) the procedure for the appointment of the AUG Expert;
  - (ii) what qualifications and competencies the AUG Expert is required to hold;
  - (iii) the criteria for selection of the AUG Expert;
  - (iv) the terms of the AUG Expert Contract;
  - (vi) procedures for preparing the AUG Statement and the AUG Table; and
  - (vii) such other matters (consistent with this paragraph 9) as the Committee and the Transporters may agree;
- (b) "**AUG Expert**" means the person from time to time appointed pursuant to paragraph 9.2;
- (c) "**AUG Expert Contract**" means the contract appointing a person to act as the AUG Expert;
- (d) "**AUG Statement**" means the statement prepared in respect of an AUG Year pursuant to paragraph 9.4;
- (e) "**AUG Table**" means the table prepared for an AUG Year pursuant to paragraph 9.4;
- (f) "**AUG Year**" means the period from 1 April in any year until and including 31 March in the following year and in relation to any AUG Year the "**Preceding AUG Year**" is the AUG Year ending at the start of such AUG Year;
- (g) "**Unidentified Gas Source**" means a particular set of circumstances in respect of a Class of Supply Point which give rise to Unidentified Gas.

9.1.2 For the purposes of this paragraph 9:

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- (a) **"CSEP Equivalent Points"** means System Exit Points treated as comprised (as contemplated in Section A3.3.5 and as provided in the relevant CSEP Network Exit Provisions) in an Unmetered Connected System Exit Point which relate to points of supply (to premises connected to the relevant Connected Offtake System) equivalent to Supply Point Components of a given class; and references to provisions of the Code include (in relation to CSEP Equivalent Points) corresponding CSEP Network Exit Provisions;
- (b) references to a User's CSEP Equivalent Points are to the CSEP Equivalent Points for which the User is responsible in accordance with the relevant CSEP Network Exit Provisions;
- (c) references to Larger Supply Points exclude NTS Supply Points and Special Metering Supply Points.

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9.1.3 The AUG Document is a UNC Related Document and a reference to the AUG Document is to such document as from time to time in force.

9.1.4 In this paragraph 9 a reference to the Committee is to the Uniform Network Code Committee.

9.1.5 The Committee shall have the functions set out in this paragraph 9 and the AUG Document.

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**9.2 Appointment of AUG Expert**

9.2.1 A person shall be appointed by the Transporters, in accordance with this paragraph 9.2, for the purposes of:

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- (a) preparing the AUG Statement or (as the case may be) modifying the AUG Statement for the Preceding AUG Year, and recommending it to the Committee; and
  - (b) preparing the AUG Table, and recommending it to the Committee,
- in relation to each AUG Year.

9.2.2 The Transporters shall, subject to and in accordance with the AUG Document and the requirements of the Committee:

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- (a) prepare arrangements and documentation for a tender for the appointment of a person as AUG Expert;
- (b) conduct such tender on the basis of such arrangements and documentation;
- (c) review and assess the proposals made by persons tendering for appointment as the AUG Expert ("**bidders**") pursuant to the tender;
- (d) where appropriate (for the purposes of the selection of a bidder) enter into discussions with one or more bidders;
- (e) use reasonable endeavours to enter into an AUG Expert Contract with the selected bidder; and
- (f) perform the Transporter obligations, and exercise the Transporters rights, in accordance with the AUG Expert Contract.

9.2.3 Without prejudice to the requirements of the AUG Document, the Transporters may seek guidance or direction of the Committee in relation to anything they propose to do or any other matter arising in connection with their activities under paragraph 9.2.1, and may act in accordance with such guidance or direction.

9.2.4 This paragraph 9.2 shall apply on each occasion on which an AUG Expert is to be appointed.

### **9.3 Terms of engagement of AUG Expert and cost recovery**

9.3.1 Nothing in this paragraph 9 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 give rise to the Transporters incurring any liability, other than in respect of their own wilful misconduct, gross negligence or fraud, which the Transporters are not entitled to recover from Users pursuant to paragraph 9.3.5.

9.3.2 The Transporters may enter into an 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;
- (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,

and in such a case each User undertakes that it shall not, and shall procure that each supplier and consumer does not, make such a claim or take such proceedings against the AUG Expert, and shall indemnify the Transporters in respect of any liability to the AUG Expert if such User or any such supplier or relevant customer does make such a claim or take such proceedings.

9.3.3 The Transporters may agree the AUG Expert Contract shall be entered into by a single Transporter; but in the absence of such agreement they shall each be a party to the AUG Expert Contract.

9.3.4 For the avoidance of doubt, the Transporters shall not be the agent or trustee of any User for the purposes of the AUG Expert Contract, and the Transporters shall owe no duties or responsibilities to any User in respect of the AUG Expert Contract other than as provided in this paragraph 9 and the AUG Document.

9.3.5 The functions of the Transporters under this paragraph 9 (including the engagement of the AUG Expert) are User Pays Services and all amounts payable to the AUG Expert and any other costs, expenses and liabilities incurred under the AUG Expert Contract are recoverable as User Pays Charges.

### **9.4 Establishing the AUG Statement and AUG Table**

9.4.1 For each AUG Year a statement (covering matters including research, sampling, data, modeling, analysis, criteria) shall be prepared by the AUG Expert which:

- (a) identifies each Unidentified Gas Source;
- (b) estimates the total quantity of Unidentified Gas; and

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- (c) specifies the proportionate contribution of each Unidentified Gas Source to the total quantity of Unidentified Gas,

(and in relation to AUG Years other than the first, such methodology shall be established by modifying the methodology for the preceding AUG Year);

which methodology shall be such as, in the opinion of the Committee, is calculated to facilitate (or in the case of a modification to the methodology, better facilitate as compared with the prevailing AUG Methodology) the achievement of the relevant objectives in Standard Special Condition A11 of the Transporters' Licence.

9.4.2 For each AUG Year following preparation of the AUG Statement a table (in the form in Annex E1) shall be prepared by the AUG Expert which:

- (a) identifies each Unidentified Gas Source;
- (b) specifies the proportionate contribution of each Unidentified Gas Source to the total quantity of Unidentified Gas ("**UGS Proportionate Contribution**"); and
- (c) specifies for each Unidentified Gas Source and for each Class of Supply Point a weighting factor ("**UGS Weighting Factor**") reflecting that Class of Supply Point's contribution to the Unidentified Gas Source,

provided for each Unidentified Gas Source the UGS Weighting Factors must satisfy:

$$\sum \text{WFUGS} = 1$$

where:

- (i)  $\text{WFUGS}$  is for an Unidentified Gas Source the UGS Weighting Factor;
- (ii)  $\sum$  is sum over all Classes of Supply Point,

and the allocation factor for purposes of paragraph 1.1.6(c) for a System Exit Point is:

$$\text{AF} = \sum (\text{PCUGS} * \text{WFUGS})$$

where:

- (iii)  $\text{AF}$  is the allocation factor;;
- (iv)  $\text{PCUGS}$  is the UGS Proportionate Contribution for the Unidentified Gas Source;
- (v)  $\text{WFUGS}$  is the UGS Weighting Factor for the Class of Supply Point in which the System Exit Points falls; and
- (vi)  $\sum$  is sum over all Unidentified Gas Sources.

9.4.3 In respect of each AUG Year:

- (a) the AUG Expert shall prepare a proposed AUG Statement;
- (b) the Committee shall consult with Users and Transporters (and such other

- persons as they may agree) in respect of the proposed AUG Statement;
- (c) the proposed AUG Methodology may be modified by the AUG Expert following such consultation;
  - (d) such further steps or iterations (if any) as are set out in the AUG Document shall be taken in relation to the proposed AUG Methodology;
  - (e) the Committee approve and publish the AUG Statement;
  - (f) the AUG Expert shall prepare a proposed AUG Table on the basis of the approved AUG Statement;
  - (g) such steps as are set out in the AUG Document shall be taken, in relation to the proposed AUG Table, following which the AUG Expert shall submit a final AUG Table to the Committee for approval;
  - (h) the Committee shall approve the final AUG Table submitted by the AUG Expert pursuant to paragraph (g) unless by unanimous resolution the Committee determines:
    - (i) to approve a modified AUG Table; or
    - (ii) to require any further iteration of any steps as referred to in paragraph (g), in which case paragraph (g) and this paragraph (h) shall further apply;
  - (i) the Committee shall publish the AUG Table approved in accordance with paragraph (h);

all in accordance with and subject to the annual timetable set out in the AUG Document.

9.4.4 For the purposes of the Code:

- (a) the AUG Statement and the AUG Table established for an AUG Year for the purposes of paragraph 9.4.1 shall be those approved the Committee under paragraph 9.4.3, and shall not be subject to later modification in relation to such AUG Year;
- (b) the approved AUG Statement and the AUG Table shall be binding for the purposes of the Code.

9.4.5 Each Transporter and User shall, to the extent provided in the AUG Statement, cooperate with and provide data to the AUG Expert in connection with the preparation of the AUG Table.

**ANNEX E1**

Delete existing table and insert the following table:

Unidentified Gas Source	Proportionate Contribution to Total Unidentified Gas (PC <sub>UGS</sub> )	UGS Weighting Factor (WF <sub>UGS</sub> )			
		Class 1	Class 2	Class 3	Class 4

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**TD PART IIC - TRANSITIONAL RULES**

*Insert new paragraph 1.7.14 to read as follows:*

1.7.14 For the purposes of TPD Sections E1.1.6(c) and E7.1.2(d) until the date of effectiveness of the allocation factors contained in the first AUG Table established pursuant to TPD Section E9.4 the allocation factor for each category of System Exit Point shall be the factor set out in paragraph 9.3 of the AUG Document.

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