

Guidelines for the Appointment of an Allocation of Unidentified Gas Expert

Document Control

Version	Date	Reason for Change
0.1	20 March 2009	Initial Draft
0.2	12 April 2009	Draft changed to take into account comments from the Distribution Workstream
1.0	19 May 2009	Final Version
1.1	15 February 2010	Amended in light of Transporter comments

Development of Rules

1. The requirement to publish the XXX Name of Document XXX is specified in Section X.X 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 Transporter’s obligation to prepare Guidelines, while the Document Control Section records changes which have been made to the Guidelines. The document is published on the Joint Office of Gas transporters website, www.gasgovernance.com.
3. These guidelines 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) Allocation of Unidentified Gas Statement referenced in section xxx

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

Unless otherwise stated, terms in these XXX Name of Document XXX (“**these Guidelines**”) 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 Guidelines.

In these Guidelines:

“**Allocation of Unidentified Gas Expert (AUGE)**”- an *Independent Technical Expert* who has been appointed by the Committee, to undertake the compilation of an *AUGS*. As a consequence of appointment, the Independent Technical Expert will subsequently be in the employment of the Transporters by means of a contractual arrangement for the purposes of the compilation of the *AUGS*.

“**Allocation of Unidentified Gas Statement (AUGS)**” - a document compiled by the “*AUGE*”, detailing the process undertaken and methodology used in the determination of the value of Unidentified Gas .

“**The Committee**” - The UNCC, or an authorised technical workstream or sub committee appointed by the UNCC to administer the AUGE process.

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

“**Unidentified Gas**” - the values derived by the AUGE using the process and methodology detailed within the AUGS to populate the Large Supply Point Unidentified Gas allocation table contained within Annex xxxx Section E of the Transportation Principal Documents of the UNC

2. The Guidelines

These guidelines set-out the means by which the AUGS is appointed and how the AUGS is published on the Joint Office of Gas Transporters website (www.gasgovernance.com) and outline the high level process to be followed for the creation of a methodology to calculate the materiality of Unidentified Gas.

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

- The Committee:
 - Will produce a clear set of criteria for the appointment of the AUGE detailing (without limitation);
 - the ability of the AUGE to produce an AUGS which shall be in line with the Generic Terms of Reference, , contained in this document plus any other criteria agreed by the Committee.
 - the evaluation of the cost of undertaking the role of the AUGE over the period stated in the tender document.
 - the consideration of the relevant knowledge and expertise of the candidates;
 - ability of the prospective AUGE's to follow and take into account relevant industry developments.
 - Details of how much weight/percentage should be placed for each set of criteria.

The Gas Transporters will use these criteria to assess each submitted tender bid.

- Where more than one prospective candidate responds to the tender for the position of AUGE (“the Interested Parties”)the Gas Transporters shall:
 - Collate aggregated scores for the Interested Parties from the criteria specified in the tender document;
 - Select and Appointhe appropriate Interested Party as the (the “Prospective AUGE”)t
- Shall consider the advice and recommendation provided by the Gas Transporters prior to selecting (by Committee Majority) the final version of the AUGS from the AUGE to the Panel for approval, except in the event of fraud or where the Committee considers, , it is so clearly erroneous on its face that it would be unconscionable for it to stand.
- Review these Guidelines and submit for approval to the Panel any proposed amendments; and
- Identify any improvements that may be made to the tender process, and recommend to the UNCC they be incorporated into these guidelines
- The Gas Transporters will:
 - Organise any meetings held in relation to the AUGE appointment.
 - Provide legal resource to prepare a tender document
 - Organise the advertisement of the tender to all interested Parties, in accordance with national and European legislation.
 - Communicate to Users the progress and outcome of the tender process .
 - Invite the Prospective AUGE to take up the appointment;
 - Where the selected AUGE does not accept the appointment, invite the next most favoured AUGE in turn.
 - Upon acceptance of appointment, establish the contract with the Propsective AUGE, including the agreed terms of reference.
- Shippers (with supply point exit capacity in the relevant period) will:
 - Bear their respective costs including without limitation costs of providing documentation, information, data, submissions or comments, and all costs and expenses of all witnesses and other persons retained by it. (look to

- place in the UNC?)
- Comply with any reasonable request for data or assistance from the AUGE to help the AUGE ascertain the magnitude of the Unidentified Gas error. (look to place in the UNC?)
 - The AUGE, once appointed as such:
 - Will 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.
 - Shall compile the AUGS in accordance with these Guidelines
 - The AUGE shall confirm to the Gas Transporters before their appointment that he does 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.

If after his appointment the AUGE becomes aware of any interest or duty which conflicts or potentially conflicts with the performance of their duties under their contract with the Gas Transporters, the AUGE shall inform the Gas Transporters forthwith of such conflict giving full details thereof.

The Gas Transporters shall forward any such information to all Users and Committee Members as soon as reasonably practicable.

Any User or Committee Member may within 5 Business Days of the disclosure of any such conflict or potential conflict object to the appointment or continued appointment of an AUGE, in which case the AUGE shall not be or shall cease to be appointed and a new AUGE shall be selected and appointed by the Gas Transporters in accordance with the process in these Guidelines.

- 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.

4. Tendering process

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

- The Gas Transporters will prepare a tender document to be sent when required to all interested parties by the 1st October.
- The tender will detail the requirement:
 - That the aim of the tender is to appoint a Party, the AUGE, to compile a publicly available methodology statement, the AUGS.
- That the AUGE will use the AUGS to derive the volumes of Unidentified Gas, that will be used to populate the Large Supply Point Unidentified Gas allocation table within the UNC.
 - To provide the Unidentified Gas volumes to the Gas Transporters in good time to allow calculation of the relevant charges in the manner outlined in the modification.
 - To hold public consultation meetings to provide an opportunity to allow Code Parties to discuss the AUGS, in accordance with the timetable contained within this document.
 - To allow Users to submit representations and queries with regard to the AUGS in accordance with the timetable contained within this document.
 - To consider adjusting the AUGS in response to those representations if the AUGE feels it would improve the process.
 - To adhere to the Generic Terms of Reference contained within these guidelines, as well as any other criteria the Committee notifies to the Gas Transporters prior to the tender document being prepared
 - To take into account any queries that were raised in the previous query period where the AUGE proposed and the Committee agreed a change to the AUGS, but they were not incorporated.
 - To 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.
- When issued, the tender will be for an initial 1-5 year contract, as determined by the Gas Transporters.
- The Gas Transporters will advertise the tender to all interested Parties utilising, if applicable, the Official Journal of the European Union.
- All tender responses must be submitted, in an acceptable format to the Gas Transporters by the 1st December.
- Each tender response will detail:
 - How the AUGE will comply with the Generic Terms of Reference
 - On outline of the methodology to be used by the prospective AUGE, and why such a proposed solution would be suitable
 - On outline of the data that would need to be collated for such use, and the methods to be used for acquiring such data.
 - How the AUGE will address any previous queries that were raised in the previous query period and agreed to requiring a change to the AUGS, but were not incorporated.
 - The likely time for such work to be carried out.
 - The cost of producing the AUGS.
 - Contact details that a Code Party may use to query any aspect of the tender or the AUGS when produced.
 - Their independence and impartiality.
- All prospective AUGEs will, if so requested, present their proposals to the

- Gas Transporters and the Committee at an appropriate time.
- Once all tenders have been received the Gas Transporters will select in accordance with the evaluation criteria the top-ranked tender for appointment.
 - 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 AUGE by the 1st March. Gas Transporters will consider contracting with the next highest ranked party if they fail to reach agreement with the 1st ranked party.
 - In the event that the 1st March 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) to apply zero volumes.
 - Once the tender process has been completed and the Gas Transporters have contracted with an interested party to be the AUGE, 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

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

- The AUGE will create the AUGS by developing appropriate, detailed methodologies and collecting necessary data.
- 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.
- The AUGE will determine what data is required from Code Parties in order to ensure appropriate data supports the evaluation of Unidentified Gas.
- 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.
- The AUGE will use the latest data available.
- 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.
- Where data is open to interpretation the AUGE will evaluate the most appropriate methodology and provide an explanation for the use of this methodology.
- 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.
- The AUGE will present the AUGS in draft form, to Code Parties seeking views and will review all the issues identified submitted in response.
- The AUGE will consider any query raised by a Code Party with regard to the AUGS or the data derived, and will respond promptly with an explanation on the methodology used.
- The AUGE will consider any relevant query that was raised during the creation of the previous AUGS and was identified as requiring a change to the AUGS, but was not incorporated into the immediately previous AUGS.
- The AUGE will provide the final AUGS to the Gas Transporters for publication.
- The AUGE's final determination shall be binding on Shippers (with supply point capacity) except in the event of fraud or where the Committee considers, it so clearly erroneous for it to be applicable.
- Save for the paragraph above, no Shipper (with supply point capacity in the relevant period) shall commence legal proceedings in respect of the AUGE's findings. (Move to UNC).
- The AUGE shall limit the extent of any legal proceedings to recovery of its fees as contained in its contract with the Gas Transporters.

6. Creation of AUGS Document

This section covers the activities and timescales for the creation of the AUGS document by the AUGE.

- The AUGE must provide a Draft AUGS to the Gas Transporters for publication by the 1st May each year.
- The draft AUGS must detail:
 - How the AUGE has adhered to the Generic Terms of Reference and to any other relevant provisions within its contract.
 - The methodology to be used by the AUGE, and why such a process would be suitable
 - The data that would need to be collated for such use, and the methods to be used for acquiring such data.
 - Contact details that a Code Party may use to query any aspect of the draft AUGS.
- Once published, Users may provide responses to the AUGE via the Gas Transporters, within 28 days. The Gas Transporters will then provide these responses to the AUGE by the 1st June.
- The AUGE will consider any submissions made, and will provide responses to the Gas Transporters for publication to all Code Parties prior to the draft AUGS discussion meeting, which is to be held on, or around, the 1st July.
- The AUGE will be required to organise a meeting, via the Gas Transporters, and provide to Code Parties:
 - an overview of methodology used in AUGS;
 - present data employed in calculation of AUGS
 - the initial results of the AUGS process;
 - its view of any issues raised by Code Parties as a result of submissions.
- Code Parties may raise issues for consideration by the AUGS at this meeting. The AUGE will review the AUGS in light of these comments, as well as any made by Code Parties via submissions, and will adjust the AUGS where it believes appropriate.
- The final AUGS document will be published by the 1st August on the Joint Office website.
- Once the final AUGS documents have been published, the AUGE will then organise a meeting via the Gas Transporters with the Committee for approval of the final document, on or around the 1st September.
- The Committee shall approve the document 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.
- Once the AUGS has been approved (by Panel Majority) by the Committee, the AUGE will produce the indicative Unidentified Gas volumes in a format consistent with the UNC requirements, and send them to the Gas Transporters for inclusion in the Large Supply Point unidentified gas allocation table by the 1st October.
- The AUGE will provide the final Unidentified Gas volumes to the Gas Transporters by the 1st January.
- If the AUGE does not alter the indicative volumes, for whatever reason, prior to the 1st January immediately after the provision of the indicative Unidentified Gas

volumes to the gas Transporters, then they shall be treated as the final Gas Unidentified volumes and will not be required to provide them after the first submission.

7. Query process

This section covers how Code Parties may raise any issues or queries once the final AUGS has been published and before the AUGS commences development of the new methodology. This process is only to be used if a Code Party identifies a potential material error with the AUGS which has not been addressed in any prior stage of the AUGS process by any Code Party or the AUGS.

- Once the final AUGS document has been approved by the Committee, then Code Parties may submit any subsequent queries to the AUGS using the AUGS query form. For the avoidance of doubt, this process will run from the 1st September to the last day in February. Any issues raised under this process and not resolved by the last day in February will be considered in the next tender period.
- The Code Party must provide;
 - contact details for the Code Party
 - a description of the issue
 - the likely impact this issue may have.
- The AUGS will, as soon as possible, investigate the issue and classify the change accordingly.
- In the event that the AUGS classifies the change as:
 - Requiring no action;
 - Requiring a change to the AUGS, but will not have a material impact on the final Unidentified Gas volumes; or
 - Requiring a change to the AUGS, which will not have a material impact, but cannot be implemented in time for the creation of the final Unidentified Gas volumes;

As appropriate, the AUGS will also provide a summary of the changes that it expects that would need to be considered in the creation of the next AUGS, as well as reasons why those changes cannot be implemented.

- In the event that the AUGS classifies the change as:
 - Requiring a change to the AUGS, which will have a material impact, and can be implemented in time for the creation of the final Unidentified Gas volumes;

Then the AUGS will provide an updated AUGS taking into account those changes it believes should be incorporated, as well as reasons as to why those changes are necessary.

- Once the AUGS has provided its recommendation to the Committee and the Code Parties, the Committee will convene as soon as possible to consider the issue, and the proposed solution.
- The Committee will endorse the course of action recommended by the AUGS unless it votes unanimously to reject the proposed solution. If the Committee has endorsed the proposed course of action, then the Gas Transporters will communicate to all Code Parties the outcome of the query process and calculate the final Unidentified Gas volumes using the updated AUGS if necessary.
- If the Committee has not endorsed the proposed course of action, then the Gas Transporters will communicate to all Code Parties the outcome of the query process and the AUGS will review its proposed changes and submit its proposed solution to the Committee within 28 days.

- If the Committee has rejected any proposed solution, then it shall review any adjusted solution presented to it within 28 days by the AUGE and shall endorse the revised solution unless it unanimously votes to reject that solution.
- Code Parties, the Committee and the AUGE will use reasonable endeavours to ensure that any query is considered and, where possible, resolved to allow the AUGS to be adjusted prior to the submission of final Unidentified Gas volumes to the Gas Transporters by the AUGE.
- The Committee will provide all relevant information relating to any query that was identified as requiring a change to the AUGS, but which was not incorporated into the AUGS or any subsequent AUGS, to any AUGE appointed as a result of the tender process.

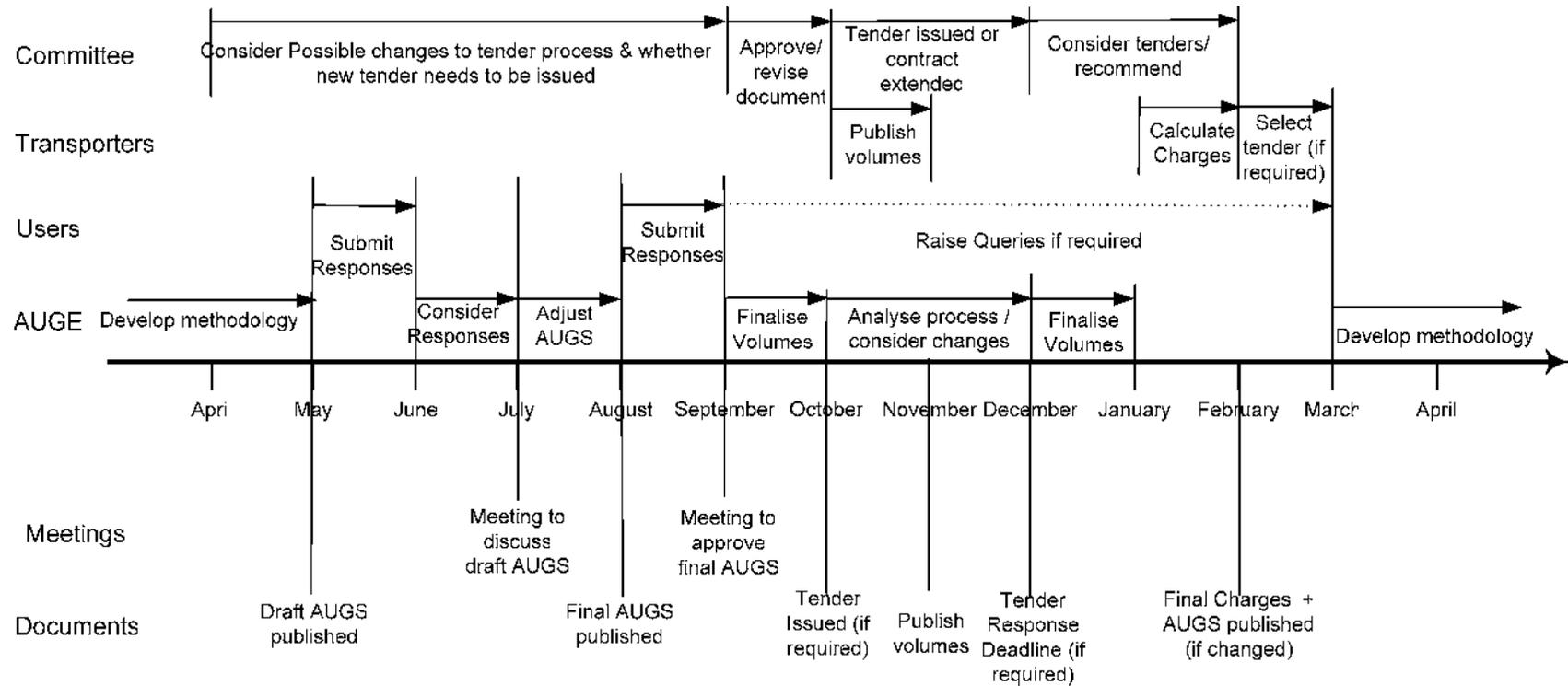
8. Charge Calculation

- The Gas Transporter shall be responsible for calculating and publishing the charges to be levied in accordance with the UNC when allocating Unidentified Gas costs to Code Parties.
- These volumes will be published at the following times:
 - When the indicative Unidentified Gas volumes are received from the AUGS, the draft Large Supply Point Unidentified Gas allocation table will be published by the 1st November.
 - When the final Unidentified Gas volumes are received from the AUGS, the final Large Supply Point Unidentified Gas allocation table by the 1st February.
- If, for whatever reason, the AUGS does not produce volumes for any or all of the categories of the Large Supply Point Unidentified Gas allocation table, then the Gas Transporters will use the most recent values used in the calculation of the applicable charges. In the event that no valid values are available, then a zero value will be used for all aspects of the Large Supply Point Unidentified Gas allocation table.

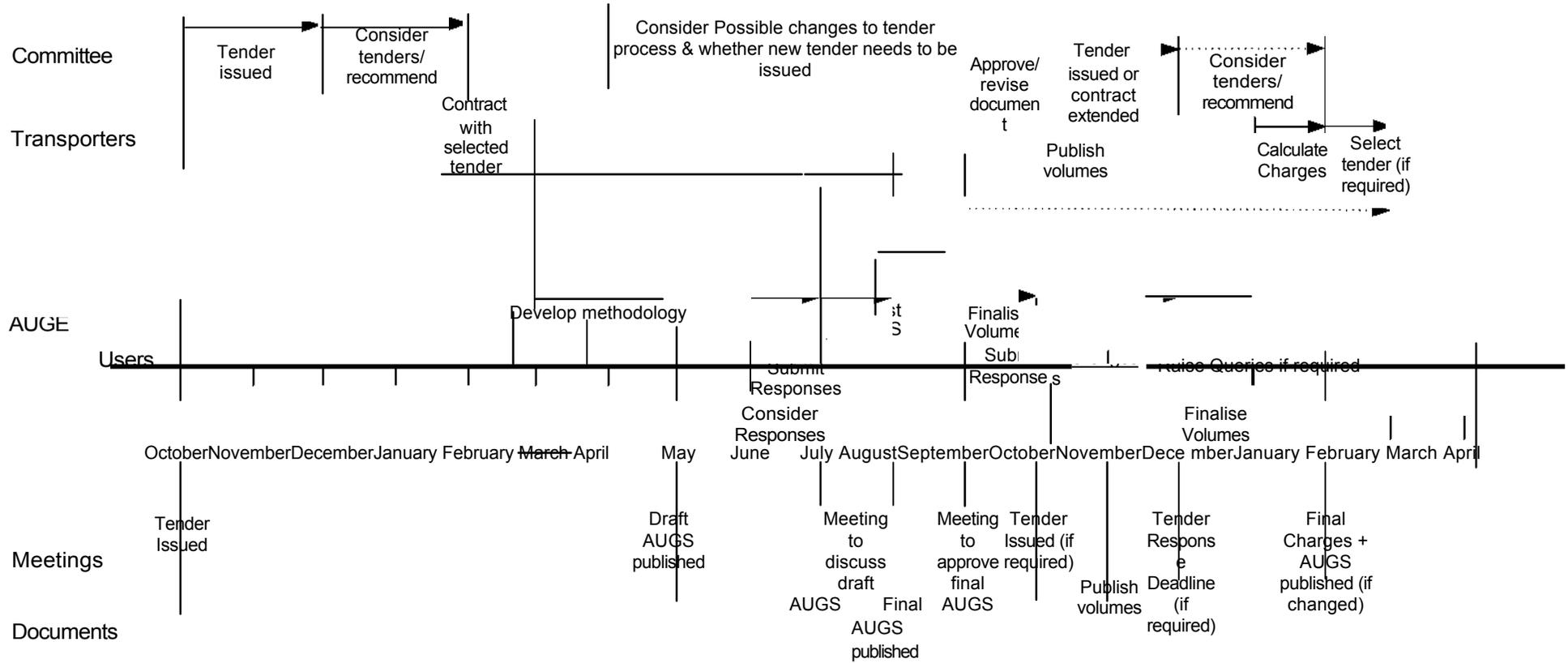
9. Contract Extension

- Once the tender process has been completed and the transporters have contracted with an interested party to be the AUGE, then the Committee will review the tender process, and recommend (by Panel Majority) incorporate any updates that are believed to be required to this document.
- Once the final AUGS document has been published by the Gas Transporters, then the Committee will decide (by Panel majority) to either extend the contract or to issue a new tender by the 1st October.
- If the Committee decides to extend the contract with the incumbent AUGE, then no tender process will need to be undertaken, and the current contract which the AUGE operates under will be extended for a further period.

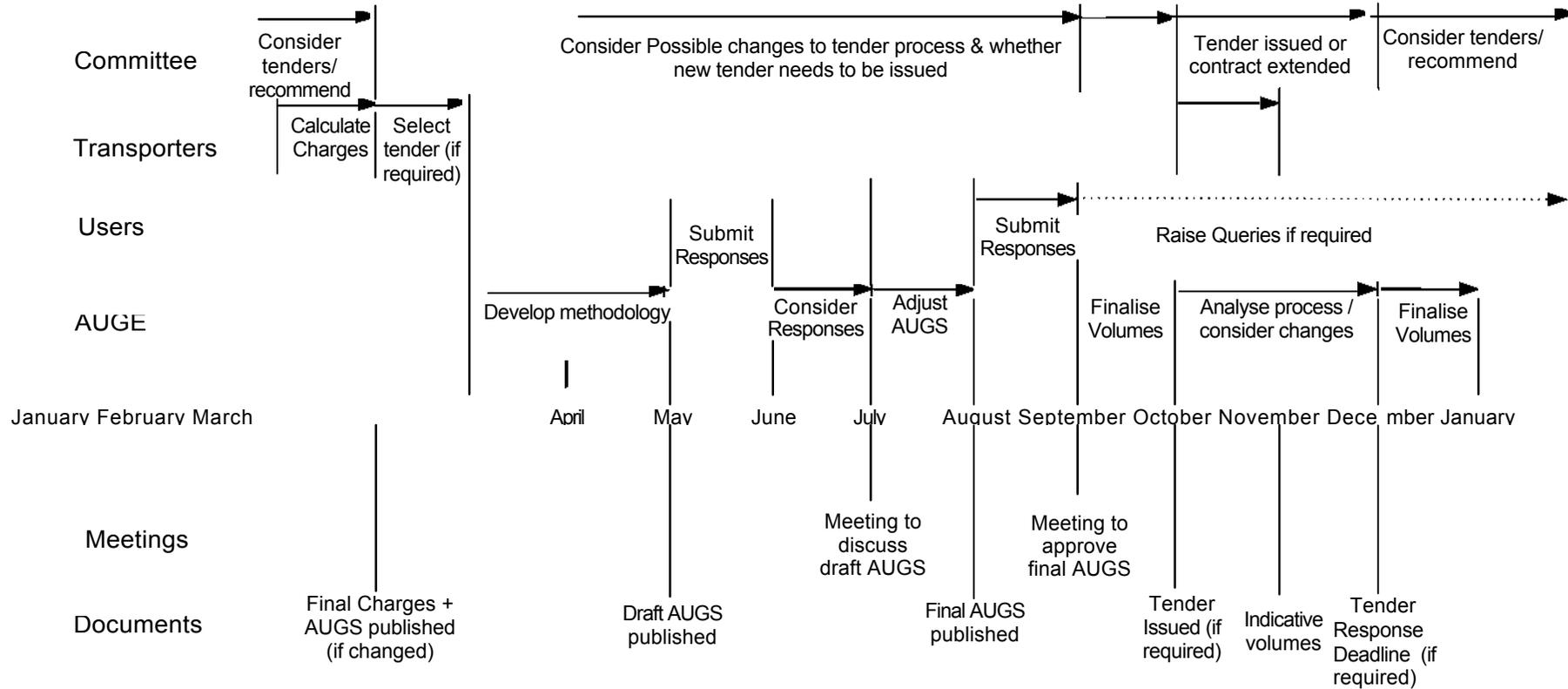
10. AUGS Creation timeline



11. Contract Tendering process timeline



12. Timeline (Jan-Jan)



13. AUGS query form

Originator details	
Code Party	
Code Party Contact	
Telephone number:	
Fax number:	
Email address:	

Issue Description

Date of Submission:	
Signed	

Anticipated Impact on the AUGS process

13. AUGS query form

Originator details	
Code Party	
Code Party Contact	
Telephone number:	
Fax number:	
Email address:	

Issue Description

Date of Submission:	
Signed	

Anticipated Impact on the AUGS process