

Guidelines for the Appointment of an Allocation of Unidentified Gas Expert and the provision of the Allocation of Unidentified Gas Statement

Document Control

Version	Date	Reason for Change
2.0	17 June 2010	Approved by Uniform Network Code Committee
3.0	24 February 2011	Additions following first AUGÉ appointment process
<u>4.0</u>	<u>19 March 2014</u>	<u>Updated to take account of UNC Modification 0473</u>

Development of Rules

- 1 The requirement to publish the “**Allocation of Unidentified Gas 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 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.co.uk
- 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) the Allocation of Unidentified Gas Document referenced in Section E10.1.1

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.

Contents

1.	Definitions.....	5
2.	The Guidelines.....	6
3.	Responsibilities under the tender process for the position of AUGE.....	7
4.	Tendering process.....	9
5.	Generic Terms of Reference for Appointed AUGE	12
6.	Responsibilities for the creation of the AUGS.....	14
7.	Creation of AUGS Document.....	16
8.	Query process	18
9.	Rate and Volume Calculation	20
10.	Contract Extension	21
11.	AUGS Creation timeline and Contracting Process	22

1. **Definitions**

1.1 Unless otherwise stated, terms in this “**Allocation of Unidentified Gas Document**” (“**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.

1.2 In these Guidelines:

“Allocation of Unidentified Gas Expert (AUGE)”- an *Independent Technical Expert* who has been appointed by the Gas Transporters, to undertake the compilation of an *AUGS*. As a consequence of appointment, the Independent Technical Expert will subsequently be in the employment of the Gas 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 Uniform Network Code Committee (UNCC), or an authorised technical workstream or sub committee appointed by the UNCC to administer the AUGE 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 *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 AUG Table for AUG Year contained in Table E1 within Section E of the Transportation Principal Document of the UNC

2. The Guidelines

These guidelines set out the means by which the AUGS is appointed, how the AUGS is published on the Joint Office of Gas Transporters website (www.gasgovernance.co.uk) 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

3.1 The Committee will:

3.1.1 Produce a clear set of criteria for the appointment of the AUGE detailing (without limitation);

- (a) the ability of the AUGE to produce a methodology and subsequent AUGS which shall be in line with the Generic Terms of Reference, contained in these Guidelines plus any other criteria agreed by The Committee;
- (b) the evaluation of the cost of undertaking the role of the AUGE 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 AUGES 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 these Guidelines 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 **AUGE** (“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 AUGE”.

3.2.5 identify any improvements that may be made to the tender process, and detail those improvement to The Committee;

3.2.6 organise any meetings held in relation to the AUGE appointment;

3.2.7 provide legal resource to prepare a tender document;

- 3.2.8 organise the advertisement of the tender to all Interested Parties, in accordance with national and European legislation;
- 3.2.9 communicate to Users the progress and outcome of the tender process;
- 3.2.10 invite the Prospective AUGE to take up the appointment;
- 3.2.11 where the selected AUGE does not accept the appointment, invite the next most favoured AUGE in turn; and
- 3.2.12 upon acceptance of appointment, establish the contract with the Prospective AUGE, in accordance with the Generic Terms of Reference.

3.3 The Gas Transporters will require the AUGE:

- 3.3.1 to 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.
- 3.3.2 to compile the methodology and AUGS in accordance with these Guidelines

4. Tendering process

4.1 This section details the processes undertaken by the Gas Transporters, to appoint an AUGÉ 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 ~~October~~ April.

4.1.2 The tender will detail:

- (a) that the aim of the tender is to appoint a Party, the AUGÉ, to compile a publicly available methodology and the AUGS;
- (b) that the AUGÉ will use the methodology to derive the ~~split proportion~~ volumes of Unidentified Gas between each Meter Point class that will be used to populate the AUG Table for AUG Year within the UNC;
- ~~(c) That the AUGÉ will estimate the additional pence per kilowatt hour (the "rate") that will be charged to all LSP NDM customers as a result of the volumes used to populated the AUG Table for that AUG year.~~
- ~~(cd)~~ that the AUGÉ must provide the necessary information ~~Unidentified Gas-s~~ volumes to the Gas Transporters in good time to allow calculation of the relevant charges ~~the update of the AUG Table by the 1st February each year.~~;
- ~~(de)~~ the AUGÉ must hold ~~ahold~~ public consultation meetings to provide an opportunity to allow Code Parties to discuss the methodology and the AUGS, in accordance with the timetable contained within these Guidelines;
- ~~(ef)~~ the requirement to allow Users to submit representations and queries with regard to the methodology and the AUGS in accordance with the timetable contained within these Guidelines;
- ~~(fg)~~ that the AUGÉ must consider adjusting methodology and the AUGS in response to those representations;
- ~~(gh)~~ that the AUGÉ must 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 issued; and
- ~~(i) that the AUGÉ take into account any queries that were raised in the previous query period where the AUGÉ proposed and The Committee agreed a change to the AUGS, but they were not incorporated; and~~

(~~hi~~) that the AUGE 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.

4.1.5 All tender responses must be submitted, in an acceptable format to the Gas Transporters by the 1st ~~June~~December.

4.1.6 Each tender response will in particular detail:

(a) how the prospective AUGE 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 AUGE, 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) — how the AUGE will address any previous applicable queries that were raised in the previous query period and agreed to requiring a change to the AUGS, but were not incorporated;~~

(~~d~~e) the likely time for such work to be carried out;

(~~e~~f) the cost of performing the services;

(~~f~~g) contact details that a Code Party may use to query any aspect of the tender or the methodology and the AUGS when produced. The AUGE 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.

4.1.7 Once all tenders have been received the Gas Transporters will select in accordance with the evaluation criteria the top-ranked tender for appointment.

4.1.8 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 ~~September~~March. Gas

Transporters will consider contracting with the next highest ranked party if they fail to reach agreement with the immediately previous higher ranked party.

4.1.9 In the event that the 1st ~~September~~~~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) grant additional time to the Gas Transporters on the understanding that any additional time granted will not jeopardize the publication of the Draft AUGS.

4.1.10 Alternatively by unanimous vote to apply volumes that The Committee decides as appropriate;

4.1.11 Once the tender process has been completed and the Gas Transporters have contracted with an interested party to be the AUGS, 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 AUGÉ

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

5.1.1 The AUGÉ will create the AUGS by developing appropriate, detailed methodologies and collecting necessary data.

5.1.2 The decision as to the most appropriate methodologies and data will rest solely with the AUGÉ taking account of any issues raised during the development and compilation of the AUGS.

5.1.3 The AUGÉ will determine what data is required from Code Parties in order to ensure appropriate data supports the evaluation of Unidentified Gas.

5.1.4 The AUGÉ will determine what data is available from parties in order to ensure appropriate data supports the evaluation of Unidentified Gas.

5.1.5 The AUGÉ 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.

5.1.6 The AUGÉ will use the latest data available where appropriate.

5.1.7 Where multiple data sources exist the AUGÉ will evaluate the data to obtain the most statistically sound solution, will document the alternative options and provide an explanation for its decision.

5.1.8 Where data is open to interpretation the AUGÉ will evaluate the most appropriate methodology and provide an explanation for the use of this methodology.

5.1.9 Where the AUGÉ considers using data collected or derived through the use of sampling techniques, then the AUGÉ will consider the most appropriate sampling technique and/or the viability of the sampling technique used.

5.1.10 The AUGÉ will present the AUGS in draft form (the “Draft AUGS”), to Code Parties seeking views and will review all the issues identified submitted in response.

~~5.1.11 The AUGÉ 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.~~

~~5.1.12 The AUGÉ 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.~~

- 5.1.1~~13~~¹⁴ The AUGE will provide the Draft and Final AUGS to the Gas Transporters for publication.
- 5.1.1~~24~~²⁵ The AUGE's final determination shall be binding on Shippers except in the event of fraud, material breach, or where The Committee unanimously considers it is so clearly erroneous for it to be applicable.
- 5.1.1~~35~~³⁶ The AUGE 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 AUGS.
- 5.1.~~146~~¹⁴⁷ The AUGE 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.

6. Responsibilities for the creation of the AUGS

6.1 Gas Transporters

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

6.2 Code Parties provision of data or information to the AUGS

Where, the AUGS requests data from Code Parties for the purpose of preparing the AUGS, the Code Parties shall use reasonable endeavours to provide the information requested within the timescales requested. Such timescales having been previously notified to the Code Parties.

~~Code Parties may submit topic areas for consideration by the AUGS. The submission must include a clear explanation of the topic, the reasons why this topic is relevant to the AUGS, any accompanying data or suggestions as to how the data may be obtained by the AUGS. Each topic submitted by a Code Party will be published (including the details of the Code Party) to the industry. The AUGS 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. This will be provided to the Code Party and will also be published to the industry.~~

6.3 The Committee – AUGS submissions review actions

6.3.1 The AUGS shall submit documents e.g. AUGS, to The Committee for approval.

6.3.2 The Committee shall either:

6.3.2.1 Approve the submission in full

6.3.2.2 Approve the submission subject to the completion of non-material revisions

6.3.2.3 Reject the submission in full

6.3.3 Where The Committee rejects the submission by the AUGS, The Committee shall prepare a report, approved by The Committee, for submission to the AUGS explaining in full the reasons for such rejection. Any rejection report shall be provided to the AUGS within 10 Business Days of The Committee's decision to reject the submission. The rejection report will be published to Code Parties.

6.3.4 If the AUGS 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.

6.4 Provision of and publication of data

A copy of all data and information requests from the AUGS 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 AUGE by the Gas Transporters will be provided to the industry, most likely published on UK Link documents. 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 AUGE requests throughput totals for an LDZ. This would be provided to the AUGE and published to the industry.
- b) The AUGE requests a breakdown of shipper market shares. This would be provided to the AUGE 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 AUGS Document

7.1 This section covers the activities and timescales for the creation, submission to The Committee and publication of the AUGS by the AUGE.

7.1.1 The AUGE must provide a Draft AUGS to the Gas Transporters for presentation and publication by the 1st ~~November~~May each year.

7.1.2 The Draft AUGS and presentation must detail:

- (a) How the AUGE 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 AUGE, and why such a process would be suitable;
- (c) The data has been collated so far for such use, and the methods to be used for acquiring any further data; and
- (d) ~~Contact details that a Code Party may use to query any aspect of the Draft AUGS~~Draft weightings for use in populating the AUG table.

7.1.3 Once published, any responses to the AUGE must be received by the Gas Transporters within 42 days. The Gas Transporters will then provide these responses to the AUGE as they are received or no later than 15th ~~June~~December.

7.1.4 The AUGE will consider any submissions made, and will provide feedback for discussion at the meeting, which is to be held on, or around, the 15th ~~January~~July.

7.1.5 The AUGE will review the AUGS in light of any comments (received in 7.1.3 & 7.1.4), and will adjust the AUGS where it believes appropriate.

7.1.6 The ~~draft~~proposed AUGS document, as revised by the AUGE in accordance with 7.1.5, will be republished by the 1st ~~March~~August on the Joint Office of Gas Transporters website.

~~7.1.7 Code Parties may provide responses to The Committee on the proposed AUGS (as published under 7.1.6) no later than 5 Business Days prior to the next Committee meeting. The Joint Office of Gas Transporters will publish all responses received.~~

7.1.~~7~~8 Once the ~~draft~~proposed AUGS documents have been published, the Gas Transporters will organise a meeting with The Committee and the AUGE for approval of the final document before the 1st April, ~~on or around the 1st~~

~~September~~. The Committee shall approve the proposed AUGS, in the form presented by the AUGÉ, 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 AUGÉ immediately.

7.1.~~89~~ Once approved by the Committee, the AUGÉ will produce the ~~indicative~~ Unidentified Gas ~~weightings~~~~volumes~~ in a format consistent with the UNC requirements, and send them to the Gas Transporters for inclusion in the AUG Table for AUG Year by the 1st ~~October~~May.

7.1.~~910~~ The ~~AUGÉ will provide the final Unidentified Gas volumes and rates to the Gas Transporters by the 1st January.~~ Gas Transporters will publish the populated AUGÉ table by the 1st June.

7.1.11 If the AUGÉ does not submit ~~final~~ Unidentified Gas ~~volumes~~weightings and rates 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. Query Process

~~8.1 — 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.~~

~~8.2 — Once the Final AUGS document has been approved by The Committee, then Code Parties may submit any subsequent queries to the AUGS. 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 methodology and AUGS as applicable.~~

~~8.3 The Code Party must provide;~~

- ~~(a) — Contact details for the Code Party;~~
- ~~(b) — A description of the issue; and~~
- ~~(c) — The likely impact this issue may have.~~

~~The AUGS will, publish (or arrange for the publication of) the query (including the identity of the Code Party) and as soon as possible, investigate the issue and classify the change accordingly.~~

~~8.4 — In the event that the AUGS classifies the query as:~~

- ~~(a) — Requiring no action;~~
- ~~(b) — Requiring a change to the Final AUGS, but will not have a material impact on the final Unidentified Gas volumes; or~~
- ~~(c) — Requiring a change to the Final AUGS, which will have a material impact, but cannot be implemented in time for the creation of the final Unidentified Gas volumes.~~

~~then the AUGS will publish (or arrange for the publication of) the response to the query and any correspondence between the AUGS and the Code Party. In the event of a) or b) above, the AUGS will provide to The Committee a summary of the changes that it expects that would need to be considered in the creation of the current or next AUGS, as well as reasons why any changes cannot be implemented for the current AUGS.~~

~~8.5 — In the event that the AUGS classifies the change as requiring a change to the~~

~~Final AUGS, which will have a material impact, and can be implemented in time for the creation of the final Unidentified Gas volumes, then the AUGE will provide an updated Final AUGS taking into account those changes it believes should be incorporated, as well as reasons as to why those changes are necessary.~~

- ~~8.6 — Once the AUGE 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.~~
- ~~8.7 — The Committee will endorse the course of action recommended by the AUGE 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 Final AUGS if necessary.~~
- ~~8.9 — 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 AUGE will review its proposed changes and submit its proposed solution to The Committee within 28 days.~~
- ~~8.10 — 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.~~
- ~~8.11 — 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.~~
- ~~8.12 — 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.~~

9. Rate and Volume Calculation

- ~~9.1 The Gas Transporter shall be responsible for calculating and publishing the volumes and an estimate of any rates derived by the AUGÉ to be levied in accordance with the UNC when allocating Unidentified Gas costs to Code Parties.~~
- ~~9.2 The AUGÉ will estimate the rate using a common publically available forward gas price they deem appropriate.~~
- ~~9.3 These volumes and rates will be published at the following times:~~
- ~~(a) When the indicative Unidentified Gas volumes are received from the AUGÉ, the draft AUG Table for AUG Year will be published by the 1st November, along with an estimate of the rates to be levied;~~
 - ~~(b) When the final Unidentified Gas volumes are received from the AUGÉ, the final AUG Table for AUG Year by the 1st February, along with an estimate of the rates to be levied.~~
- ~~9.4 When publishing the rates the Gas Transporters will indicate the source of any prices used in estimating any rates, if provided by the AUGÉ.~~
- ~~9.5 If, for whatever reason, the AUGS does not produce volumes, The Committee will meet as soon as possible and to either decide by unanimous vote to apply volumes that The Committee decides as appropriate or to roll over any previous Unidentified Gas volumes from a previous year.~~

810. Contract Termination or Extension

810.1 Any decisions to terminate or extend the contract with the incumbent AUGE shall be the Gas Transporters. The report (see section 6.1) shall be referred to in any decisions taken by the Gas Transporter