

0229: Draft Strawman for Discussion at the Distribution Workstream

1. The Transporters will be obliged to produce and publish a new UNC Related Document, the “Allocation of Unidentified Gas Statement” (AUGS). This Statement would be reviewed annually and amended with effect from Gas Day 1 October each year.
2. This document would set out the methodology to be followed in order to establish the values in the table that Modification Proposal 0229 envisages would be created within the UNC, i.e. the quantities to be allocated to the LSP NDM and LSP DM sectors for each of the specified categories. [SGD would be content not to have the table in the UNC.]
3. The table in the UNC would not contain values but would cross refer to the AUGS. In addition to the methodology, the AUGS would specify the values derived through application of the methodology, and these values would be applied via the table in the UNC throughout the relevant Gas Year. It is envisaged that the AUGS would contain a table in exactly the same form as the table in the UNC [if the table is included in the UNC] but with the values to be applied included.
4. The initial methodology would be “To allocate zero quantities to the LSP sector.” All the initial values in the table would therefore be zero.
5. The Transporters will be obliged to appoint an individual or organisation to act as the “Allocation of Unidentified Gas Expert” (AUGE). The Transporters shall also provide the AUGE with the necessary information and data for it to carry out its duties.
6. The Uniform Network Code Committee will be responsible for approving the appointment of the AUGE, and any change in the AUGE following such approval will be effective from 1 October. The initial AUGE will be appointed as soon as reasonably practical following Ofgem direction to implement the Modification Proposal.
7. The Transporters will be obliged to propose to the UNCC at least one AUGE to be appointed and to suggest the terms of that appointment (i.e. whether for a fixed term or a rolling period).
8. Similarly, any:
 - User may nominate another party for appointment as AUGE who should be appointed; or
 - 3rd party may put themselves forward for appointment.
9. Any candidate for appointment under paragraphs 7 or 8 should make a declaration to UNCC confirming that there are no conflict of interests that would otherwise prohibit it from carrying out its duties as AUGE in a manner consistent with facilitating the relevant objectives.
10. A fully constituted UNCC, ie. including all categories of members, shall consider the list of both proposed and offered AUGES. A simple majority of those present will be required to determine whether or not a party should be invited to submit terms for acting as the AUGE.
11. The Transporters shall invite each AUGE approved by the UNCC to submit terms for acting as the AUGE.

12. The UNCC will consider the terms submitted and determine which AUGÉ should be appointed. The UNCC may determine its own processes and procedures for the appointment process but would be expected to take into account the relevant knowledge and expertise of the candidates, and the cost of service provision.

13. If the UNCC fails to select an AUGÉ for any reason, the Transporters shall:

- appoint an AUGÉ in accordance with the requirements of this document [the mechanism for doing so has yet to be determined but a working assumption could be that it would involve a public tender]; or
- arrange to extend the term of appointment of the existing AUGÉ by at least another year. [A working assumption is that this would be via a consultation process, where a term extension of more than one year could be proposed]

14. The AUGÉ will be required to propose the terms of the AUGS to be effective from the following 1 October. The Transporters would be obliged to give a minimum two months notice of any change in the AUGS.

15. The AUGÉ would be obliged to consider the terms of the AUGS and bring forward proposals for any changes to the following October's AUGS which it believed would, if made, be consistent with better facilitating achievement of the code relevant objectives, including updating the numbers in the table in accordance with the methodology.

16. As such, the AUGÉ will be required to publish any proposals for change by 1 March each year for a 28-day consultation process and, in doing so:

- allow Users to submit proposals for changes to the AUGS for inclusion in the consultation process; and
- be obliged to consider any suggestions submitted by Users, including an assessment indicating how, if at all, they are reflected in the proposed AUGS put forward by the AUGÉ.

17. By 1 April each year, the AUGÉ will publish an initial views document summarizing respondents' views and detailing whether any changes to the existing AUGS are proposed. To the extent that respondents consider that their views have been misrepresented, they must make this known to the AUGÉ within a week of publication of the initial views document.

18. By 30 April, the AUGÉ will publish a final views document and submit the subsequent revised AUGS to the UNCC for approval. No later than in the month prior to when two months notice of any revision to the AUGS is to be given, the UNCC will consider the revised AUGS and determine whether or not to approve the AUGS as proposed by the AUGÉ. The proposed AUGS would be accepted unless the UNCC voted unanimously that it should be rejected. If the UNCC voted unanimously to reject the proposed AUGS, the current AUGS would continue to apply for the following year starting 1 October.

16. Transporters shall not bear any costs associated with the work of the AUGÉ. All costs incurred by the Transporters in accordance with the terms of agreement with the AUGÉ will be recoverable from Shippers, eg. as a User Pays service.

17. The UNCC may exercise an option to appoint a sub-Committee to advise or help support the UNCC in carrying out all or any of the functions ascribed to it. However, any such sub-Committee shall not have an executive role in carrying out the responsibilities of the UNCC as contained in this document.

18. All references to 1 October have been included to be consistent with the DN Licence requirement with respect to changing Transportation Charges with effect from 1 October each year. If this obligation were to be changed, the process described here should be similarly adjusted such that changes to the AUGS would be coincident with changes to Transportation Charges.