



To:

UNC Parties, including Shippers and Large Gas Transporters
The Joint Office of the Gas Transporters
Ofgem
The AUGÉ

9 May 2014

Dear Colleague

Allocation of Unidentified Gas (AUG) Process – Outcome of Review

At the end of each AUG year (i.e. after 31st March) the Gas Transporters are required to conduct a review of “the activities and performance of the AUG Expert (the “AUGÉ”) and the industry for the creation of the AUG Statement”. This requirement is set out in the *Guidelines for the Appointment of an Allocation of Unidentified Gas Expert and the provision of the Allocation of Unidentified Gas Statement* (section 6.1) (the “Guidelines”).

As the Transporter Agency, Xoserve wrote to UNC parties on 8 April 2014, via the Joint Office of Gas Transporters’ UNC distribution list, to initiate the review of the 2013/14 process. We also publicised the review at April 2014 UNCC meeting. A link to that invitation can be found below or under the April 2014 UNCC meeting page on Joint Office website:

http://www.gasgovernance.co.uk/sites/default/files/2014%20AUG%20Review%20Invitation_v2.pdf

This was the third full AUG Year and therefore this was the third such review.

As in previous years we allowed a full three weeks for responses. In 2013 we received eight responses, from Shippers and other organisations. This year we received only one response: a Shipper questioned the reasonableness of the value determined by the AUGÉ for Unidentified Gas in the Smaller Supply Point market. As the review is intended to be an assessment of the operation of the process, and the Statement and the Table for 2014/15 are both final and can no longer be amended, we will forward the details of the Shipper’s challenge to the AUGÉ. The AUGÉ will determine whether any amendments are required to future Statements or Tables as a result of the challenge.

Whilst we have received only one response to this year’s review, we note that the AUG process followed the Guidelines very closely this year and successfully delivered the required services. In particular, the AUG Statement was accepted by UNCC on September 3rd 2013 and the Final AUG Table was adopted at January 2014 UNCC. In response to industry feedback, the AUGÉ published a reconciliation between the Draft Table and Final Table values. We have added such a reconciliation to the workplan for the preparation of the 2015/16 Final Table.

Xoserve would welcome additional feedback on the 2013/14 process (i.e. the development of the 2014/15 Statement and Table) and would be happy to receive it prior to the 15 May 2014 UNCC meeting or at that meeting.

xserve



respect > commitment > teamwork

If you have any questions or comments regarding this communication, please do not hesitate to contact me via the email address below.

Yours sincerely

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