











UNC Request Workgroup Report		At what stage is this document in the process?
<h1>UNC 0639R:</h1> <h2>Review of AUGE Framework and Arrangements</h2>		<div>01 Request</div> <div>02 Workgroup Report</div> <div>03 Final Modification Report</div> <div></div>
<p><b>Purpose of Request:</b></p> <p>The AUGE framework and arrangements have been in place for some time and cover pre and post Nexus. The purpose of the review will be to determine if any changes to its arrangements are appropriate.</p>		
	The Workgroup recommends that Panel return this Request to Workgroup for further review.	
	High Impact: Shippers	
	Medium Impact:	
	Low Impact:	

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<b>About this document:</b> <p>This report will be presented to the panel on <b>17 May</b> 2018.</p> <p>The panel will consider whether the Request should be returned to Workgroup or closed.</p>		<div>  <a href="mailto:enquiries@gasgovernance.co.uk">enquiries@gasgovernance.co.uk</a> </div> <div>  0121 288 2107         </div> <div>           Proposer:  <b>Steve Mulinganie</b> </div> <div>  <a href="mailto:steve.mulinganie@gazprom-energy.com">steve.mulinganie@gazprom-energy.com</a> </div> <div>  0799 097 2568         </div> <div>           Systems Provider:  <b>Xoserve</b> </div> <div>  <a href="mailto:commercial.enquiries@xoserve.com">commercial.enquiries@xoserve.com</a> </div>

## 1 Request Summary

### Why is the Request being made?

The AUGÉ framework and arrangements have been in place for some time and cover both the period both pre and post Nexus. The purpose of the review group will be to determine if any changes to its arrangements are appropriate.

### Scope

The Workgroup would be asked to consider the current arrangements for the AUGÉ and to identify any changes needed to the existing arrangements based on both feedback given as part of the AUGÉ review process, as well as any relevant issues Workgroup participants consider should be subject to the review. The Workgroup will also be asked to consider the contracting and procurement arrangements set out in the AUGÉ Framework document.

### Impacts & Costs

The areas that may be impacted are discussed in the Scope section.

### Recommendations

It is proposed that this Request is sent to Workgroup for consideration.

### Additional Information

NA

## 2 Impacts and Costs

### Consideration of Wider Industry Impacts

No wider industry impacts identified which would have a specific material negative impact associated with undertaking this review.

### Impacts

Impact on Central Systems and Process	
Central System/Process	Potential impact
UK Link	<ul style="list-style-type: none"> <li>NA</li> </ul>
Operational Processes	<ul style="list-style-type: none"> <li>Could lead to changes to the AUGÉ process and framework</li> </ul>

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	<ul style="list-style-type: none"> <li>TBC</li> </ul>
Development, capital and operating costs	<ul style="list-style-type: none"> <li>TBC</li> </ul>
Contractual risks	<ul style="list-style-type: none"> <li>TBC</li> </ul>

Impact on Users	
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> <li>TBC</li> </ul>

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Development, capital and operating costs	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Recovery of costs	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Price regulation	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Contractual risks	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Standards of service	<ul style="list-style-type: none"> <li>None expected</li> </ul>

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none"> <li>None expected.</li> </ul>
UNC Committees	<ul style="list-style-type: none"> <li>There may be impacts on reporting and responsibilities set out for the UNCC in the current arrangements.</li> </ul>
General administration	<ul style="list-style-type: none"> <li>None expected</li> </ul>
DSC Committees	<ul style="list-style-type: none"> <li>None expected</li> </ul>

Impact on Code	
Code section	Potential impact
	<ul style="list-style-type: none"> <li>Changes may be required to UNC to give effect to any proposal and a modification proposal may be an output of this review.</li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	<ul style="list-style-type: none"> <li>None expected</li> </ul>
General	Potential Impact
Legal Text Guidance Document	<ul style="list-style-type: none"> <li>None expected</li> </ul>
UNC Modification Proposals – Guidance for	<ul style="list-style-type: none"> <li>None expected</li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
Proposers	
Self Governance Guidance	<ul style="list-style-type: none"> <li>None expected</li> </ul>
TPD	Potential Impact
Network Code Operations Reporting Manual (TPD V12)	<ul style="list-style-type: none"> <li>None expected</li> </ul>
UNC Data Dictionary	<ul style="list-style-type: none"> <li>None expected</li> </ul>
AQ Validation Rules (TPD V12)	<ul style="list-style-type: none"> <li>None expected</li> </ul>
AUGE Framework Document	<ul style="list-style-type: none"> <li>Review may lead to changes to the document</li> </ul>
Customer Settlement Error Claims Process	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Demand Estimation Methodology	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Energy Balancing Credit Rules (TPD X2.1)	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Energy Settlement Performance Assurance Regime	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Guidelines to optimise the use of AQ amendment system capacity	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Guidelines for Sub-Deduct Arrangements (Prime and Sub-deduct Meter Points)	<ul style="list-style-type: none"> <li>None expected</li> </ul>
LDZ Shrinkage Adjustment Methodology	<ul style="list-style-type: none"> <li>Any changes to the regime impacting Upstream may impact on the determination of Shrinkage</li> </ul>
Performance Assurance Report Register	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Shares Supply Meter Points Guide and Procedures	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Shipper Communications in Incidents of CO Poisoning, Gas Fire/Explosions and Local Gas Supply Emergency	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Standards of Service Query Management Operational Guidelines	<ul style="list-style-type: none"> <li>None expected</li> </ul>
Network Code Validation Rules	<ul style="list-style-type: none"> <li>None expected</li> </ul>
OAD	Potential Impact
Measurement Error Notification Guidelines (TPD V12)	<ul style="list-style-type: none"> <li>None Expected</li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
EID	Potential Impact
Moffat Designated Arrangements	<ul style="list-style-type: none"> <li>None Expected</li> </ul>
IGTAD	Potential Impact
	<ul style="list-style-type: none"> <li>None Expected</li> </ul>
DSC / CDSP	Potential Impact
Change Management Procedures	<ul style="list-style-type: none"> <li>None Expected</li> </ul>
Contract Management Procedures	<ul style="list-style-type: none"> <li>None Expected</li> </ul>
Credit Policy	<ul style="list-style-type: none"> <li>None Expected</li> </ul>
Credit Rules	<ul style="list-style-type: none"> <li>None Expected</li> </ul>
UK Link Manual	<ul style="list-style-type: none"> <li>None Expected</li> </ul>

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	<ul style="list-style-type: none"> <li>None Expected</li> </ul>
Gas Transporter Licence	<ul style="list-style-type: none"> <li>None Expected</li> </ul>

Other Impacts	
Item impacted	Potential impact
Security of Supply	<ul style="list-style-type: none"> <li>None Expected</li> </ul>
Operation of the Total System	<ul style="list-style-type: none"> <li>None Expected</li> </ul>
Industry fragmentation	<ul style="list-style-type: none"> <li>None Expected</li> </ul>
Terminal operators, consumers, connected system operators, suppliers, producers and other noncode parties	<ul style="list-style-type: none"> <li>None Expected</li> </ul>

## 3 Terms of Reference

### Background

The AUGE framework and arrangements have been in place for some time and cover pre and post Nexus.

The purpose of the review group will be to determine if any changes to its arrangements are needed.

### Topics for Discussion

- Understanding the objective
- Issues relating to the current AUGE framework and arrangements
- Consideration of the feedback from this year's AUGE review
- Consideration of the existing contracting arrangements and timetable.

### Outputs

Production of a Workgroup Report for submission to the Modification Panel, containing the assessment and recommendations of the Workgroup including a draft Modification where appropriate.

### Composition of Workgroup

The Workgroup is open to any party that wishes to attend or participate.

A Workgroup meeting will be quorate provided at least two Transporter and two User representatives are present.

### Meeting Arrangements

Meetings will be administered by the Joint Office and conducted in accordance with the Code Administration Code of Practice.

## 4 Modification(s)

None.

## 5 Recommendation

The Workgroup invites the Panel to:

- DETERMINE that Request 0639R should be returned to Workgroup for further review.
- The Workgroup recommends that an assessment of the Contractual Framework and UNC provisions are undertaken to ensure they are fit for purpose, therefore it is recommended this Request should be returned to Workgroup with a report presented by the August meeting.

## Conclusions:

The Workgroup reviewed a number of documents related to the AUG, to identify potential process and regime changes, including the following items:

- 2016/17 – AUG Year Review Report
- 2016/17 – AUG Review Non-Confidential Responses
- AUG Review Comments provided by DNV GL
- Indicative AUG timeline for 2017/18 statement and table
- AUG Framework Document

Workgroup participants identified 7 issues as part of the review of the above information and considered what could be done to resolve them. Full details can be found in the issues log published alongside this report but a summary table can be found below:

Issue	Action	Proposal	Supporting Information
1. Scope of the AUG – what is included/not included.	A number of options were identified as a way forward.	?	
2. How interaction with third parties should work and how to deal with conflict of interest issues.	Section 5 of the AUG Framework was reviewed and it was identified that amendments to the wording in paragraph 5.1.7 could be considered to remove any potential for bias from the process.	[TBC - It is proposed that the AUG Framework is updated to include the revised wording.]	[Amended Framework Document.]
3. How feedback is treated throughout the AUG process (including the formal consultation period). Linked to issue R063905 (overall process improvements).	Paragraph 7.1.3 defines the consultation period as 42 calendar days. The workgroup considered the merits of 42 days and whether it would be beneficial to move to a shorter 21-day consultation period.	General consensus was that 42 days is too long and a shorter consultation timeframe was proposed of [21] calendar days.	Draft future AUG timeline.  Amended Framework Document.
4. Review/clarification of UNC, UNCC process and AUG Framework documents in relation to voting requirements. Should the voting be related to the methodology, the weightings table or both.	A draft future AUG timeline/process had been put forward by the Proposer and this was reviewed by the Workgroup.	It was proposed that the UNCC meeting in May will consider both the final AUGS and Table. This means that only one UNCC voting meeting is required and as a result the process time is reduced.	Draft future AUG timeline.  Amended Framework Document.
5. The AUG process needs to have sufficient rigor, transparency, feedback opportunities and checkpoints. In particular, the AUG statement and AUG table need to be reviewed to decide what needs to be done to align them and clarification on	A draft future AUG timeline/process had been put forward by the Proposer and this was reviewed by the Workgroup.	There was general support for the following AUG process improvements: <ul style="list-style-type: none"> <li>• an earlier initial industry meeting in Oct/Dec.</li> <li>• reduce the consultation period (see issue 3)</li> </ul>	Draft future AUG timeline.  Amended Framework Document.



when the tables should be published and whether they can be changed or not.		<ul style="list-style-type: none"> <li>incorporation of additional stakeholder engagement.</li> <li>change the rules to clarify that the UNCC meeting in May will consider final AUGS and Table (see issue 4).</li> </ul>	
6. Role of Joint Office to support the AUG Process in terms of providing secretariat for the AUG meetings and providing a transparent communication vehicle for all AUG documents.	Following a request from Xoserve for the Joint Office to support the AUG process, the UNCC agreed that Joint Office would provide the secretariat for the AUG meetings and the Joint Office website would provide information on the meeting dates and papers.	No further action required.	
7. Confusion of terminology - UIG and UG.	The proposal that unidentified gas at initial allocation (D+5) should be referred to as initial UIG and unidentified gas at 'line in the sand' (Code cut-off date) should be referred to as 'final UIG', was reviewed by looking at the definitions in UNC Section H 2.6.	?	

- It should be noted that a Modifications does not need to be raised to accommodate the changes proposed. It is recommended that the changes to the UNC Framework for the Appointment of an Allocation of Unidentified Gas Expert are progressed via the UNCC.
- The Workgroup recommends that an assessment of the Contractual Framework and UNC provisions are undertaken to ensure they are fit for purpose, therefore it is recommended this Request should be returned to Workgroup with a report presented to the August meeting.