










UNC Modification	At what stage is this document in the process?
<h1 data-bbox="132 320 659 412">UNC 0782:</h1> <h2 data-bbox="132 450 1018 589">Creation of Independent AUGÉ Assurer (IAA) role</h2>	<div data-bbox="1209 309 1468 629"> <div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div> </div>
<p>Purpose of Modification: Creation of an independent assurance role to verify that the output of the Allocation of Unidentified Gas Expert (AUGE) process complies with the “Framework for the Appointment of an Allocation of Unidentified Gas Expert”. The Uniform Network Code Committee (UNCC) will be required to act on any material non-compliance that is ascertained by the Independent AUGE Assurer (IAA).</p>	
<p>Next Steps:</p> <p>The Proposer recommends that this Modification should be:</p> <ul style="list-style-type: none"> considered a material change and not subject to Self-Governance assessed by a Workgroup <p>This Modification will be presented by the Proposer to the Panel on 21 October 2021. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</p>	
<p>Impacted Parties:</p> <p>High: Shippers, AUGÉ, CDSP</p> <p>Low: Transporters</p> <p>None: NA</p>	
<p>Impacted Codes:</p> <p>None</p>	

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Timetable			07769285306
Modification timetable:		Transporter: Tracey Saunders Northern Gas Networks	
Pre-Modification Discussed	23 September 2021	 trsanders@northyngas.co.uk	
Date Modification Raised	15 September 2021		
New Modification to be considered by Panel	21 October 2021	 07580 215743	
First Workgroup Meeting	28 October 2021	Systems Provider: Xoserve	
Workgroup Report to be presented to Panel	20 January 2022	 UKLink@xoserve.com	
Draft Modification Report issued for consultation	21 January 2022		
Consultation Close-out for representations	11 February 2022	Other: Gareth Evans	
Final Modification Report available for Panel	15 February 2022	 gareth@waterswye.co.uk	
Modification Panel decision	17 February 2022 (At Short Notice)	 telephone 07500 964447	

1 Summary

What

The Framework for the Appointment of an Allocation of Unidentified Gas Expert (“Framework”) is a Code subsidiary document that sets out how the AUGÉ process operates and how the AUGÉ Statement and AUGÉ table are compiled. The Framework document, it is nominally overseen by the Uniform Network Code Committee (UNCC). At the March 2021 UNCC meeting the UNCC indicated that there were no actions it could take regarding concerns raised about compliance with the Framework, which indicates that there is currently no clear governance process for compliance with the Framework and so no effective industry oversight of the AUGÉ.

This has compelled shippers who have concerns over the discharge of the requirements in the Framework during this year’s AUGÉ Statement creation to raise a modification to establish remedies as there seems to be no other route for ensuring their concerns are formally assessed.

Why

The AUGÉ process is a critical industry activity as it leads to the apportionment of Unidentified Gas (UIG) costs between shippers, which total over £200m a year. Clear oversight and governance for the process is needed so that shippers can be confident that the Framework will be followed, and where it is not, there is a clear mechanism to identify and address any such failings.

How

Create a new role, the Independent AUGÉ Assurer (IAA), who would be appointed by tender, who will be responsible for determining whether the AUGÉ has fully complied with the Framework during the creation of the AUGÉ Statement, directing remedial actions where it believes there are material non-compliances and providing a report setting out its work for the year.

The UNCC will have the explicit obligation of considering any remedial actions where requested, overriding any formal direction by the IAA through a simple majority vote.

2 Governance

Justification for Authority Direction

Though the AUGÉ process derives the allocation of UIG to Shippers and so is material, this proposal in itself is limited to an oversight process of the AUGÉ process and so the proposal is suitable for self-governance.

Requested Next Steps

This Modification should:

- be considered a non-material change and not subject to Self-Governance.
- be assessed by a Workgroup

Please note that this modification has been delayed in formal submission awaiting the Ofgem decision on UNC Modification 0758.

3 Why Change?

The Framework for the Appointment of an Allocation of Unidentified Gas Expert (“Framework”) is a Code subsidiary document that sets out how the AUGÉ process operates and the AUGÉ Statement and AUGÉ table are compiled. The Framework document, it is nominally overseen by the UNCC.

At the March 2021 UNCC meeting the UNCC indicated that there were no actions it could take regarding concerns raised about compliance with the framework, which indicates that there is currently no clear governance process for the Framework document. This has compelled some shippers who have concerns over the discharge of the Framework document during this year’s AUGÉ Statement creation to raise a modification to introduce remedies into Code as there seems to be no other route for ensuring their concerns are formally assessed.

It would seem more efficient for the industry to be able to formally take account of issues with this industry process and have a mechanism to resolving them rather than submit change to the authority, so there is a requirement for an independent body to oversee this process.

4 Code Specific Matters

Reference Documents

- UNC TPD Section E9
- Framework for the Appointment of an Allocation of Unidentified Gas Expert.

Knowledge/Skills

- None

5 Solution

Appointment and Activities of the IAA

1. The Central Data Services Provider (CDSP) will be required to run a tender for the IAA and appoint them for a fixed term period, subject to periodic re-tenders.
2. The IAA would need to be an organisation separate to the current AUGÉ or the CDSP.
3. Once appointed the IAA will be required to oversee the activities of the AUGÉ and will have full access to all of the work undertaken by the AUGÉ, including its methodology process.
4. The IAA will be required to sign non-disclosure agreements to protect the Intellectual property of the AUGÉ and the contract with the CDSP will provide suitable protections and remedies to protect both the IAA and the AUGÉ.
5. The CDSP will be expected to commence work on tendering for the IAA as soon as the modification is approved.
6. Where the IAA believes that the AUGÉ has not complied with the Framework it will report this to the AUGÉ sub-committee as soon as its practical a “Non-Compliance Finding”, setting out as a minimum
 - a. The nature of the issue and its likely impact.
 - b. Why the IAA believes that the AUGÉ has not complied with the Framework

- c. The actions that the IAA will be requiring of the AUGÉ to correct the non-compliance.
7. Users will be able to report any perceived non-compliance to the IAA who will be required to respond to the User in a reasonable timeframe. The IAA will not be required to act on the report by the User.
8. The AUGÉ will be required to act in accordance with any direction provided to it by the IAA with regard to any Non-Compliance Finding. The AUGÉ may appeal to the UNCC prior to undertaking any action on any Non-Compliance Finding (see BR7&8).
9. The IAA will be required to provide regular reports to the industry on its findings regarding the AUGÉ's compliance with the Framework, in addition to issuing any Non-Compliance Findings.

Appeal to the UNCC

10. Any User, the CDSP or the AUGÉ will have the right to appeal to the UNCC any Non-Compliance Finding, in accordance with normal notification timescales 15 Days from the date of its publication. Any decision by the UNCC would be subject to any appeals mechanism that currently exist.
11. The UNCC may request further information from the IAA to aid its decision, as long as it does not interfere with the AUGÉ statement timeline.
12. The UNCC will be required to vote on any Non-Compliance Finding that is appealed to it, either to approve the Non-Compliance Finding or to quash it. Any vote will operate to a simple majority.

6 Impacts & Other Considerations

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No

Consumer Impacts

None- this impacts the accuracy of UIG costs which are levied to shippers.

What is the current consumer experience and what would the new consumer experience be?

None – this will continue

Impact of the change on Consumer Benefit Areas:

Area	Identified impact
Improved safety and reliability	None
Lower bills than would otherwise be the case	None

Reduced environmental damage	None
Improved quality of service	None
Benefits for society as a whole	None

Cross Code Impacts

None

EU Code Impacts

None

Central Systems Impacts

None.

7 Relevant Objectives

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	Positive
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

This modification will provide a clear governance and oversight route for the AUGÉ process to ensure compliance with the Framework and so promote relevant objective (f) Promotion of efficiency in the implementation and administration of the Code.

8 Implementation

Implementation should be as soon as possible after an Authority direction to do so.

9 Legal Text

To be provided by Transporters.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Authority Direction should apply.
- Refer this proposal to a Workgroup for assessment.