



AUGE Procurement

Considering Modification 0868 - Change
to the current Allocation of Unidentified
Gas Statement frequency

Background

- [UNC TPD Section E9](#) sets out the requirement for the CDSP to appoint an AUGE.
- It also confirms that for each AUG Year (01 October – 30 September), an AUG Statement shall be prepared by the AUGE.
- The current AUGE contract expires in April 2025 with the latest AUG Statement of the contract being for AUG Year 25/26.
- Modification 0868 has been raised and seeks to change the current AUG Statement frequency set out within the UNC from annually to every [3 years].
- The low-level detail for the AUGE process is set out within a UNC Related Document; [Framework for the Appointment of an AUGE](#).

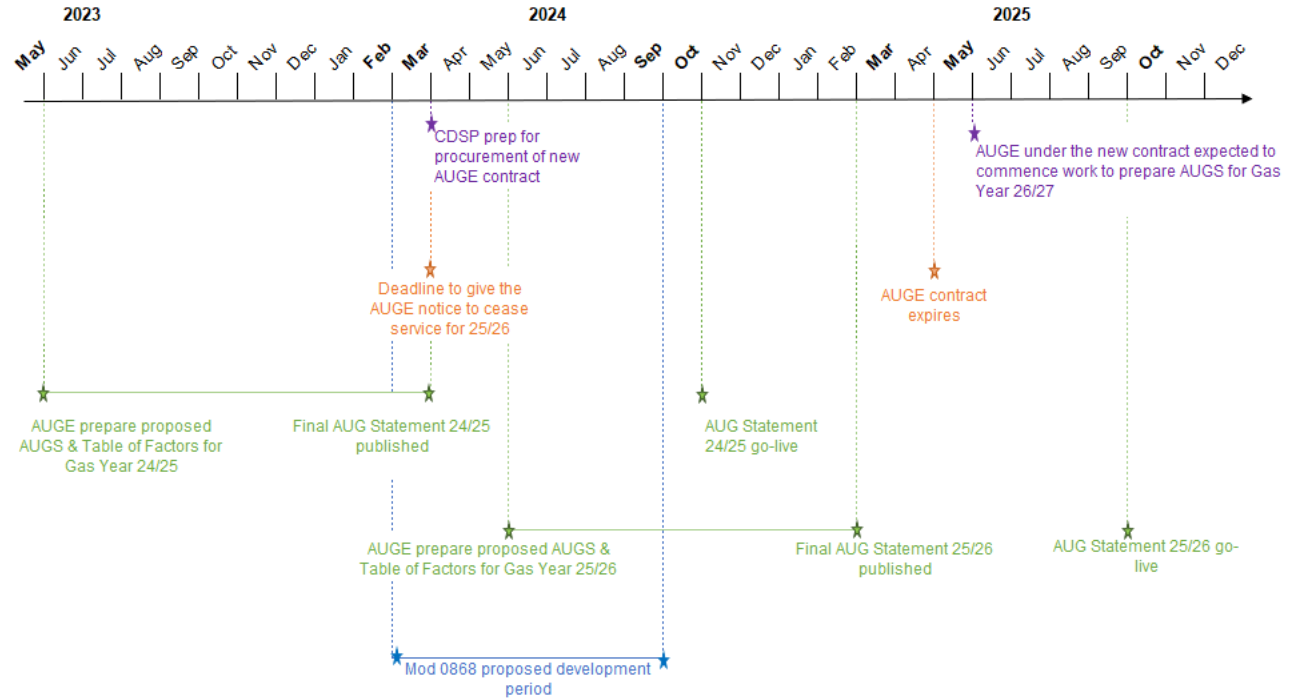
Modification 0868

- [0868 - Change to the current Allocation of Unidentified Gas Statement frequency](#) was raised in February by SEFE Energy.
- The purpose of this Modification proposes to extend the current annual process for the production of the AUG Statement to a [3 yearly] process.
- This changes the requirements of the AUG process and depending on the development of 0868 it is likely to result in:
 - The AUG cycle being lengthened and ultimately the AUG spending longer to develop the AUG Statement.
 - The industry getting more notice between acceptance and go of AUG Statement and the UIG weighting factors.
- The Modification will require an update to the process within UNC TPD Section E9 and the Framework for the Appointment of an AUG.

Current AUGE Contractual Timeline

Key points:

- The last AUG Statement the current AUGE is contracted to produce is for **Gas Year 25/26**.
- The prep work to start the procurement for the new AUGE contract should be from around **March 2024**.
- The procurement process typically takes 12 months and the new AUGE contract should **go live in May 2025**.
- Currently the AUGE under the new contract will be required to produce their **first AUG Statement for Gas Year 26/27**.
- Modification 0868** changes the current requirements for the AUGE.



Interaction between the AUGE Procurement and Mod0868

- As the latest point the CDSP can start the procurement of the new AUGE contract (under current scope) is May 2024, we need to consider how we best approach this considering Modification 0868.
- From early discussions within the CDSP, we have thought of some options to be considered. These options are listed below and in further detail in the next slide.

Please note, these options assume the first AUG Table under the 0868 process will go-live October 28:

- **Option 1:** Existing AUGE contract extension / non-competitive re-appointment of current AUGE contract (*expected to require an additional AUG Table for Gas Years 26/27 and 27/28*).
- **Option 2:** Procure a [2-year] contract based on current requirements for Gas Years 26/27 and 27/28 and undertake a new procurement for Gas Year 28/29 once outcome of 0868 is known.
- **Option 3:** Start the procurement as scheduled in May 24, based on current arrangements with a 5-year term (*noting the approval of 0868 during the procurement would materially change the requirements and require reissue*)
- **Option 4:** Hold-off procurement for the new AUGE contract until outcome of 0868 is known (*this will require a UNC change to roll over AUG Table from 25/26 to apply for Gas Years 26/27 and 27/28*)

Options Overview

Option	Overview	Pros	Cons
<p>1 - Existing AUGE contract extension / non-competitive re-appointment of current AUGE contract</p>	<p>This would be an extension to the current contract / one-off non-competitive re-appointment of Engage as the current AUGE. Essentially an extension of the current contract to ensure an AUG Table for [Gas Years 26/27 and 27/28 are created.]</p>	<ul style="list-style-type: none"> • It removes uncertainty around the procurement because of 0868. • It keeps options open pending outcome of 0868 and ensures the CDSP remain compliant with UNC. • It avoids an additional procurement exercise based on current scope, followed by 0868 scope if approved. • There are options to contract for the creation of only one more AUG Table (26/27) which will also be used for Gas Years 27/28 OR creation of both Gas Years. • The current AUGE are open to discussion around a one-off extension of the current contract. 	<ul style="list-style-type: none"> • The appointment of a new AUGE contract would be delayed. • There would be limited opportunity to amend the role/scope of the AUGE under the extension.
<p>2 - Procure a [2-year] contract based on current requirements for Gas Years 26/27 and 27/28</p>	<p>The CDSP would commence the AUGE procurement based on the 'as is' requirements but for a shorter contract term period and undertake a new procurement for [Gas Year 28/29] once outcome of 0868 is known.</p>	<ul style="list-style-type: none"> • It removes uncertainty around the procurement because of Modification 0868. • It keeps the CDSP compliant with UNC regarding the appointment of the AUGE role. • Gives the AUG SC an opportunity to update requirements of the 'as is' role (if required). 	<ul style="list-style-type: none"> • The shorter contract period could be less attractive to potential bidders resulting in fewer bids. • The shorter contract period would mean a more frequent procurement which involves greater effort for the industry and CDSP. • Additional implementation costs – less efficient to Th shorter procurement period could be seen as less efficient because the implementation costs would be borne over a shorter period.

Options Overview

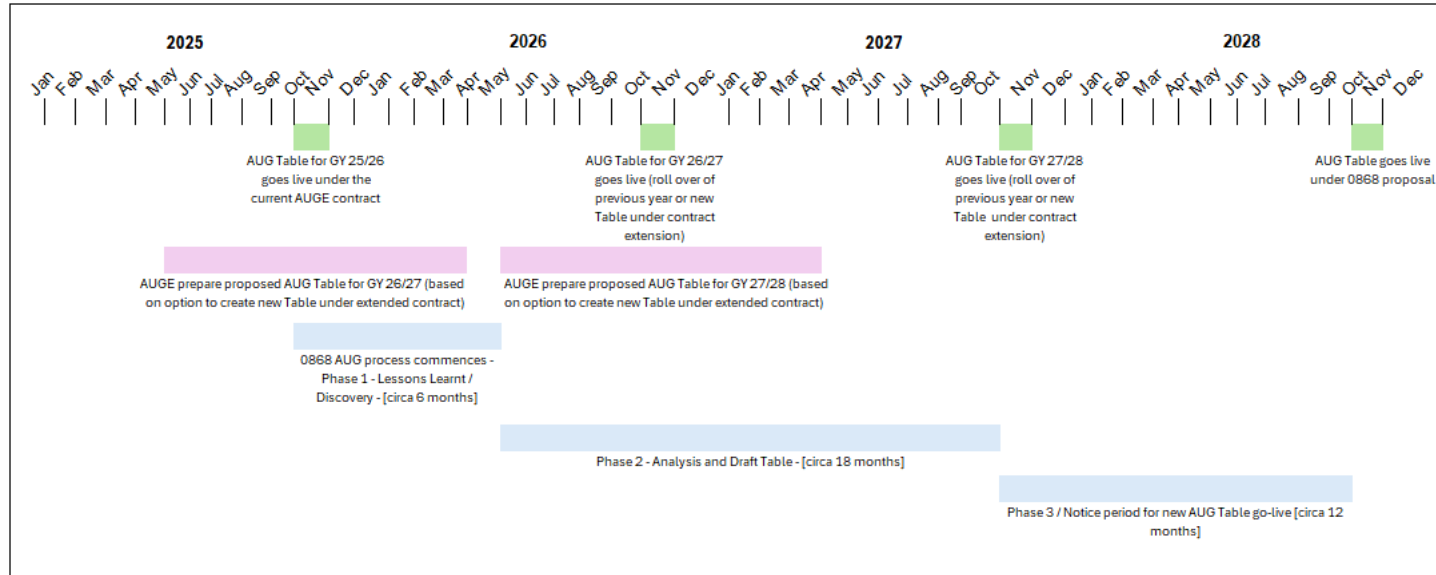
Option	Overview	Pros	Cons
<p>3 - Start the procurement as scheduled in May 24, based on current arrangements</p>	<p>The CDSP would commence the AUGE procurement based on the 'as is' requirements in May 24 to go live in May 25. Noting that approval of 0868 would materially change the procurement and therefore requiring it to be reissued, restarting the process.</p>	<ul style="list-style-type: none"> • The procurement process can commence as expected. • If 0868 is delayed or withdrawn, or the decision is to reject the proposal, this option has the least impact to the current process. 	<ul style="list-style-type: none"> • If 0868 is approved, this will materially change the requirements of the procurement, meaning we would be required under regulatory procurement rules to withdraw the 'as is' procurement and start a new procurement with the new specification. • Depending on the requirements of 0868, there will likely be a 'gap' to fill between the final AUG Table and the new AUG Table under 0868 (if this was required, a UNC Mod would be likely necessary to 'roll-over' an existing AUG Table). • Possible reputational issues if we issue a tender with 'as is' requirements which subsequently gets withdrawn and reissued. • Possible risk of lower response rate due to withdrawal and reissue.
<p>4 - Hold-off procurement for the new AUGE contract until outcome of 0868 is known</p>	<p>The CDSP would hold-off procurement for the new AUGE contract until the outcome of 0868 is known. This would require a UNC change to roll over the AUG Table from 25/26 to apply for Gas Years 26/27 and 27/28.</p>	<ul style="list-style-type: none"> • It removes uncertainty around the procurement because of 0868. • This avoids multiple procurement events in a short period. 	<ul style="list-style-type: none"> • A further UNC Mod will be required to ensure the 'gap' between current contracted AUG Tables to 0868 go-live. • It is likely that the AUG Table for Gas Year 25/26 will need to be 'rolled forward' for 2 years (Gas Year 26/27 and 27/28) which means it will be based on less current data.

Considerations

- We need a view from industry on how we progress the AUGÉ procurement in light of Modification 0868. Our proposal is:
 - Discuss and get a view on preferred approach at **Workgroup on 6th March**.
 - Discuss and get a view on preferred approach at **AUG SC on 15th March**.
 - Present options with preferred approach at **UNCC for an official decision**. Expected March UNC.
 - Make **DSC CoMC aware** of the chosen approach and next steps. Expected April DSC CoMC.
- Under Modification 0868, we need to understand what the new timeline looks like to allow us to issue an accurate tender document. Considerations include:
 - What will the new AUG cycle look like?
 - What are the new milestones?
 - Are there any new requirements?
- Depending on the Modification 0868 timeline, and the option chosen, we might need a UNC Modification to allow for a roll-over of a recent AUG Table to apply.

Initial view on 0868 timeline

- Considering a go-live of an AUG Table under the 0868 process from October 2028, if there is 3-year process to produce the AUG Table, the process would need to commence from October 2025.
- This means a procurement would need to start by October 2024 with confirmed 0868 specification.
- The draft diagram below is based on a 3-year cycle, but obviously this could change based on the agreed 0868 requirements:



Please note this diagram is draft and illustrative only.



Any questions?