

## **Rough Order of Magnitude (ROM) Analysis**

**for**

**Modification 0326V:**

**Allocation of unidentified gas following the appointment of  
the Allocation of Unidentified Gas Expert (AUGE)**

**Version 1.0**

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### **Disclaimer:**

*This ROM Analysis has been prepared in good faith but by its very nature is only able to contain indicative information and estimates (including without limitation those of time, resource and cost) based on the circumstances known t at the time of its preparation. No representations of accuracy or completeness are included and any representations as may be implied are expressly excluded (except always for fraudulent misrepresentation).*

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### **Change driver / origin**

Modification 326V proposes that the Application Date is set at 1 April 2012, but that coupled with this, any future issue identified by the AUGÉ is reconciled back to the period to which it relates irrespective of when the issue was identified by the AUGÉ.

Such issues would only be reconciled back to the Application Date of 1st April 2012, where it can be demonstrated that the issue was prevailing at that time.

The proposer believes that the additional incentives are required to ensure that issues that contribute to the level of unidentified gas are recognised and brought to the attention of the AUGÉ at the earliest possible opportunity. For the avoidance of doubt, the application date will roll forward in line with the invoicing rules set in accordance with UNC i.e. Section S 1.4.4.

### **Analysis**

A reconciliation can span a number of years

Data needs to be maintained for the relevant periods to enable a reconciliation to be processed

### **Changes to existing Business rules**

The services being delivered for Modification 229 may be impacted by this proposal

### **ROM Costs & Timescales**

***Note: ROM information is not based on any formal systems analysis.***

#### **Estimated costs:**

#### **System analysis, design, development and implementation**

The development and implementation of the reconciliation systems and processes for the management of unidentified gas reconciliations will cost at least £30k, but probably not more than £80k, to deliver.

The broadness of the range reflects the unknowns associated with the business rules and the data required to be held and when in the MOD229 development life cycle MOD 326 will be approved.

#### **AUGÉ Costs**

Xoserve has appointed the AUGÉ based upon the scope of Modification 229 - Mechanism for the Correct Apportionment of Unidentified Gas. Modification 229 does not have a retrospective invoicing concept.

The contract between Xoserve and the AUGÉ contains a mechanism to request additional services in the event of a change in scope of the Modification 229 service e.g. as a result of a further UNC Modification.

Xoserve will await approval of Modification Proposal 326V prior to approaching the AUGÉ for a quotation for the services envisaged by the proposal.

#### **Ongoing costs**

It is anticipated that there will be additional operational costs associated with managing reconciliation charges each year. These costs can be considered to be in the range of £0 (no reconciliation charges to be processed) to £20,000 (a complete reconciliation of charges for all periods). Any costs would be incurred in the relevant year and added to the costs to be recovered by the GTs for the provision of ongoing services for unidentified gas.

**Estimated duration:**

- The Analysis Phase, will take at least **4 weeks**, but probably not more than **9 weeks**
- Delivery; including detailed design and development, testing and post implementation support; will take at least **20 weeks**, but probably not more than **28 weeks**.
- The total of for the project is therefore in the range of 24-37 weeks, including post implementation support.

**Assumptions**

- The basis for invoicing the reconciliation of unidentified gas is exactly the same as envisaged by Modification 229, i.e. direct invoicing energy charges to shippers, not invoiced through RbD

**Concerns****Service Levels**

- The timescales for processing a retrospective AUGÉ statement (as per MOD 326) may be impacted if a normal annual AUGÉ statement (as per MOD 229) is being processed at the same time.

**Business Rules:**

- Rules still need to be finalised for certain eventualities e.g. there are no rules for shippers who have exited the market in the reconciliation period

**Note:** the concerns above are those identified to date based upon the stated requirements. Detailed analysis may identify more topics to be considered, as would changes to the current stated requirements.

**Impacts****Xoserve:**

- There will be a requirement to hold more data for the period in anticipation of a reconciliation
- If the proposed changes to the charging basis are accepted the design of the solution and data to be held are significantly improved.

**Networks:**

- None identified at present

**Shippers**

- None identified at present

**Ofgem**

- None identified at present