

**UNC Workgroup 0758 Minutes**  
**Temporary extension of AUG Statement creation process**  
**Thursday 22 April 2021**  
**via Microsoft Teams**

<b>Attendees</b>		
Alan Raper (Chair)	(AR)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Andy Clasper	(AC)	Cadent
Ben George	(BG)	SSE (0758 only)
Carl Whitehouse	(CW)	Shell Energy
Chris Hooper	(CH)	E.ON Energy
Claire Manning	(CM)	E.ON Energy
Dan Simons	(DS)	Gemserv
Darren Lond	(DL)	National Grid (0758 only)
Dave Mitchell	(DM)	SGN
David Addison	(DA)	Xoserve
Ellie Rogers	(ER)	Xoserve
Fiona Cottam	(FC)	Xoserve (Agenda 1.5.1 and 0758 only)
Gareth Evans	(GE)	Waters Wye Associates (Agenda 1.5.1 and 0758 only)
Guv Dosanjh	(GD)	Cadent
Hannah Morgan Cooper	(HMC)	Ovo Energy (0758 only)
Hilary Chapman	(HC)	SGN
Kate Lancaster	(KL)	Xoserve
Kirsty Dudley	(KD)	E.ON Energy
Mark Bellman	(MB)	ScottishPower (Agenda 1.5.1 and 0758 only)
Mark Jones	(MJ)	SSE
Michael Walls	(MW)	Ofgem (0758 only)
Rhys Kealley	(RK)	Centrica (0758 only)
Richard Pomroy	(RP)	Wales & West Utilities
Sam Young	(SY)	Ovo Energy (Agenda 1.5.1 and 0758 only)
Steve Mulinganie	(SM)	Gazprom Energy
Tracey Saunders	(TS)	Northern Gas Networks

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0758/220421>

The Workgroup Report is due to be presented at the UNC Modification Panel by 20 May 2021.

## 1.0 Introduction

### 1.1. Approval of Minutes (25 March 2021)

The minutes from the previous meetings were agreed.

### 1.2. Approval of Late Papers

AR advised Workgroup that all material for Workgroup to consider were received within the timeline set.

### 1.3. Review of Outstanding Actions

No outstanding actions to review.

## 2.0 Consideration of Amended Modification

AR reminded Workgroup of the purpose of the modification:

*To allow the new AUGE sufficient time to develop a robust AUG Statement in accordance with the Framework for the Appointment of an Allocation of Unidentified Gas Expert, (AUGE), and to rollover the existing AUG Table, repeating the process undertaken previously for the 2013/14 & 2016/17 AUG Years.*

AR went on to clarify the intended solution is for the AUG Table that was approved by the UNC Committee under TPDE9.4.4(a) to apply for the period 1 October 2021 to 30 September 2022, (as voted at UNCC on 15 April 2021) shall be disapplied and not used for any Code purpose. Instead, the AUG Table for the AUG Year 01 October 2020 – 30 September 2021 will be applied.

The Draft Legal Text has been provided by Cadent and the Workgroup Report will be completed at this meeting.

Gareth Evans (GE) advised there has been a few minor amendments to the Legal Text and the modification since the last meeting.

The Legal Text has been extended to provide increased clarity by establishing that the existing AUG Statement (for AUG Year 01 October 2021 - 30 September 2022) approved by UNCC, would be effectively turned-off and the AUG Table for AUG Year 01 October 2020 - 30 September 2021) would be applied instead.

## 3.0 Issues and Questions from Panel

### 3.1. In the Why Change Section of Modification - clarify the statements concerning temporary and permanent UIG at D+5.

Although this was not specifically discussed at Workgroup, Fiona Cottam (FC) has provided her response to the question raised at UNC Panel:

*The question is a good one as they are not (currently) defined UNC terms. I do not think that this modification particularly requires them to be defined in the legal text anywhere.*

*The two terms were something used by the previous AUGE and which Xoserve also used in the UIG Task Force work, to differentiate between:*

- *UIG created at Allocation (defined in H2.6.1 as “Unidentified Gas for a LDZ and a Day”) and which may not change after the Exit Close-Out Date (i.e. D+5) – sometimes called temporary UIG.*
- *“Unidentified Gas for a LDZ and a Day”, to which all subsequent User UGR [Unidentified Gas Reconciliation] Quantities for the LDZ (E7.1.3) have been applied up to the Code Cut-Off Date (the “Line-in-the-Sand”) – sometimes called permanent UIG.*

*There are no references to temporary or permanent UIG in either UNC or the AUG Framework, so there is no actual obligation on the AUGE to perform or publish that analysis.*

## 4.0 Review of Business Rules

Reviewed as part of agenda item 6.0.

## 5.0 Consideration of Draft Legal Text

Reviewed as part of agenda item 6.0.

## **6.0 Development of Workgroup Report**

AR confirmed that the Workgroup Report is due to be presented to the May Panel meeting. As part of the consideration and completion of the Workgroup Report, the following areas were discussed:

### **Timeline**

AR clarified, bearing in mind time was of the essence, a 10-day consultation period would be recommended to the May Panel to allow time the Final Modification Report to be presented to the June Panel, after which it would be issued to the Authority for a decision. GE confirmed this is the best available accelerated timeline outside of urgency status.

### **Workgroup Impact Assessment**

AR read out the suggested draft for consideration with Workgroup providing additional comments, and where necessary, live updates were made during Workgroup. AR also clarified he did not intend to take the development aspect of the Modification process any further as it would appear that the opposing views could not be reconciled.

Kirsty Dudley (KD) agreed that the drafted Workgroup Assessment does cover the Workgroup discussions held so far and now it will be down to the consultation to draw out any further statements and opinions.

It was acknowledged that further input would be a matter for consultation responses.

AR explained the questions raised by Ofgem at the Workgroup meeting held in March 2021 have been included in the Workgroup Impact Assessment section and he has suggested some wording for the answers for Workgroup consideration. After considerable debate it was agreed that Ofgem's question should be consolidated and used to form the basis of the consultation questionnaire.

Rhys Kealley (RK) highlighted that retrospection was discussed at the last Workgroup meeting, which could become a factor if the Ofgem decision takes longer than the normal 13 weeks and asked, under those circumstances, would some kind of retrospection be applied. He questioned, for relatively little effort, should a 'for avoidance of doubt' statement be put in the solution that says, this takes effect from the 1<sup>st</sup> of the month following the Ofgem decision. Steve Mulinganie (SM) raised the concern that could encourage a lengthy time for Ofgem to provide a decision.

Michael Walls (MW) confirmed that Ofgem are aware of the time-sensitivity and planning to decide on this modification as soon as possible.

SM suggested a statement that notes the consequence should a decision from Ofgem be delayed is put in the Workgroup Impact Assessment.

MW added, regarding timescales, for Workgroup to ensure the Workgroup Report is robust, clear and has all the information that is required in order for Ofgem to make their decision.

Dave Addison (DA) noted it is an advantage that Ofgem (MW) are present at the Workgroup so that MW can inform Workgroup what information is needed for Ofgem to be able to make a timely decision.

DA confirmed, from a systems perspective, Xoserve would need confirmation of implementation at the start of September to allow the allocation factors to be set up for 01 October 2021. He added if an Authority decision is made after 01 October, changing going forward, and amending profiles would be achievable could be done but doing it retrospectively is not something that has not been impact assessed and could be quite complex in terms of implementation.

GE noted, with regards to retrospection, he understands RK comment, however, he is working optimistically that all timescales can be achieved. If no decision is made by Ofgem after the normal 13 weeks, (the Ofgem standard KPI), then a view will be taken at that point in time. GE

advised he is not in favour of drafting conditionality into proposal for implementation after the start of the Gas Year and prefers to work on the theory that everything will happen within expected timescales.

It was noted that the modification does mention a specific implementation date but the date of 01 October is implied and it was stressed that, should a decision be reached after this date, a retrospective application of the proposed table would not be triggered.

MW said that he understands the solution and its objective of not applying the AUG Statement table that has now been approved by UNCC, but would like to further understand if the modification is looking for Ofgem to effectively validate the AUG Statement or rule on the process.

GE and Ofgem discussed clarification of why the modification had been raised. GE confirmed, regarding the AUG Statement produced by Engage, it is not that the document is not fit for purpose, the modification is saying there is another document that is better. He further clarified that if there was no other AUG Statement, the one from Engage should be used, but as there is another AUG Statement that a number of Workgroup participants is better, this should be used instead, (namely, the AUG Table currently in use).

AR highlighted that this is the Workgroup Report stage in the process, the Final Modification Report that will ultimately be issued to Ofgem would contain all the consultation responses and views of the Panel.

AR proceeded to encourage workgroup discussion in relation to the questions posed by Ofgem at the last Workgroup meeting to see which of them should be put forward as a recommendation for consultation questions.

Mark Bellman (MB) asked if respondents to the Consultation should be informed that UNCC voted 4 for and 8 against carrying forward the 2020/21 AUG Statement. AR confirmed he will provide a link to the UNCC minutes in the Workgroup Report.

Workgroup agreed the Legal Text delivers the intent of the solution.

Workgroup agreed that the following question areas should be recommended for inclusion in the Draft Modification Report to allow views to be submitted during the Consultation. The question areas are set out below and AR advised he would draft these into consultation questions and circulate to GE; SM; FC and RK for review:

- To capture views on the process so far;
- To capture views on the existing governance (including the UNC, CDSP bilateral arrangements and the application of the guidance framework through the UNC Committee;
- To capture views on the appropriateness of the Authority carrying out what could be seen as a validation of the AUG Statement;
- To capture views as to how this situation could be avoided in future.

## **7.0 Next Steps**

The Workgroup Report will be presented to UNC Panel on 20 May 2021.

## **8.0 Any Other Business**

None.

## **9.0 Diary Planning**

No further meetings of the Workgroup are planned