

UNC Workgroup 0831 Minutes

Allocation of LDZ UIG to Shippers Based on a Straight Throughput Method

Tuesday 23 February 2023

via Microsoft Teams

Attendees		
Bob Fletcher (Chair)	(BF)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Andy Clasper	(AC)	Cadent
Ben Mulcahy	(BM)	Northern Gas Networks
Claire Louise Roberts	(CLR)	ScottishPower
Clare Manning	(CM)	E.ON
Colin Paine	(CP)	Engie UK
David Mitchell	(DMi)	SGN
Ellie Rogers	(ER)	Xoserve
Fiona Cottam	(FC)	Xoserve
Kathryn Adeseye	(KA)	Xoserve
Lee Greenwood	(LG)	British Gas
Louise Hellyer	(LH)	TotalEnergies Gas & Power
Mark Jones	(MJ)	SSE
Oorlagh Chapman	(OC)	Centrica
Richard Pomroy	(RP)	Wales & West Utilities
Sally Hardman	(SH)	SGN
Steve Mulinganie	(SM)	SEFE Energy Limited
Tom Stuart	(TSt)	Wales & West Utilities
Tracey Saunders	(TS)	Northern Gas Networks

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0831>

The Workgroup Report is due to be presented at the UNC Modification Panel by 15 June 2023.

Please note these minutes do not replicate/include detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of all papers are available at: <https://www.gasgovernance.co.uk/0831/230223>

1. Introduction and Status Review

Bob Fletcher (BF) welcomed everyone to the meeting.

1.1. Approval of Minutes (31 January 2023)

The minutes from the previous Workgroup were approved.

1.2. Approval of late papers

No late papers were recorded.

1.3. Review Outstanding Actions

Action 0101: Proposer (MJ) to consider providing a statements in response to each of the UNC Modification Panel questions for Workgroup to consider at the next meeting.

Update: Mark Jones referred to the published initial response in answer to the Panel Questions:

Q1. Timing of the AUGE appointment and contractual interactions.

Xoserve has provided a presentation detailing the timetable for the next few years of the current AUGE process, including timings, contractual break points and the appointment process. It is envisaged that the notice period will be given as soon as possible following a decision to implement the modification, and that the AUGE process would continue for the work included under its remit until the notice period took effect, albeit that any UIG table produced would not take effect but it would inform the new process.

MJ added that some transitional rules would be required based on the scenario in terms of timing of implementation and termination conditions at that time.

Q2. Effects of market changes (parties exiting etc.) and any need for reconciliation

As the proposal is to replace the current or a future AUG table with a fixed table of UIG factors, then implementation of this modification has the same effect as a new annual AUG table and so there is no impact on any changes in the market or any need for a reconciliation, as things would flow through in terms of the UIG allocation process as they currently do.

Q3. Effect on IGT UNC of the proposed to Legal Text drafting

There is no impact on the IGT UNC as the reference from the IGT UNC to the UNC is at a higher level than the section E Paragraph 9 of the UNC TPD that would be largely removed as a result of the implementation of this Modification.

Q4. Any impact/interaction on Licences

There is no impact on Licences as the AUGE or the process is not referenced in the Licence. The AUG and UIG are commercial processes detailed within the UNC.

Q5. Consider whether this Modification would reduce the amount of information available from AUGE which currently provides industry with an opportunity to drive actions to reduce UIG

As the AUG process would stop then there would be no information available from the AUGE, but it is questionable as to how much information the AUGE provides that can be used and is actually used by the industry to reduce UIG. However, given the money that would be saved by not having an annual AUGE process, that money could be used by the industry on an adhoc basis to pay various bodies to help identify the size of each cause of UIG and to help implement actions to drive down UIG. Examples of this could be a study into shrinkage and a reconciliation exercise between the CDSP's data and Land Registry's data. Given the REC's recent analysis provided by Cap Gemini on theft and its future plans on work in this area, there may be an opportunity to work with the REC to help reduce some of the sources of UIG which are outside of Shippers and Transporters control.

Action Closed

2. Amended Modification

MJ provided an overview of the suggested amendments to the Modification which, if published, will be v2.0.

Workgroup reviewed the suggested Business Rules and from this review it was confirmed that the Legal Text should be quite straightforward and that the Legal Text from when the table was first introduced could be utilised.

Ellie Rogers (ER) confirmed the DSC Service Lines will be updated from the DSC Change Proposal and clarified there are logical break points within the AUGE contract, and it also refers

to a termination clause due to regulatory requirements change that says the service is no longer required.

ER advised that the Rough Order of Magnitude (ROM) request can be done now which will include any potential impacts to systems and the element of cost saving of no longer requiring the AUGE. A view of the ROM will be provided for the March 2023 meeting.

3. Development of Workgroup Report

Development of the Workgroup Report was deferred pending v3.0 of the Modification.

4. Next Steps

BF confirmed the following:

- Proposer to submit an amended Modification
- Revisit the Business Rules
- Update on ROM
- Update on Legal Text
- Develop the Workgroup Report subject to an alternative Modification being submitted.

5. Any Other Business

None.

6. Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/events-calendar/month.

Workgroup meetings will take place as follows:

Time / Date	Paper Publication Deadline	Venue	Workgroup Programme
10:00 Thursday 23 March 2023	5pm 14 March 2023	Microsoft Teams	<ul style="list-style-type: none"> • Standard Agenda

Action Table (as at 23 February 2023)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0101	31/01/23		Proposer (MJ) to consider providing a statements in response to each of the UNC Modification Panel questions for Workgroup to consider at the next meeting	Proposer (MJ)	Closed