

Rough Order of Magnitude (ROM) Request and Response

1. Purpose of a ROM

The DSC CDSP Service Document – Change Management Procedure sets out the expectations of the ROM process.

4.6.2 Subject to paragraph 4.6.3, within 10 Business Days after receiving a ROM Request, the CDSP shall send to the Customer and the Committee a report (Rough Order of Magnitude Report or ROM Report) setting out (so far as the CDSP is able to assess at the time):

(a) a high level indicative assessment of the impact of the Potential Service Change on the CDSP Service Description and on UK Link;

(b) the CDSP's opinion as to whether the Potential Service Change would be a Restricted Class Change, would have an Adverse Impact on any Customer Class(es) or would be a Priority Service Change, where applicable;

(c) the CDSP's approximate estimate of:

(i) the Costs (or range of Costs, where options under paragraph (e) are identified) of Implementing the Potential Service Change;

(ii) the impact of the Potential Service Change on Service Charges; and

(iii) the period of time required for Implementation;

(d) any material dependencies of Implementation on other Proposed Service Changes or other likely Priority Questions; and

(e) if it is apparent to the CDSP that there are likely to be materially different options as to how to Implement the Potential Service Change, a high level description of such options.

2. ROM Request

Please populate the details below and send to box.xoserve.portfoliooffice@xoserve.com, to enable the CDSP to undertake the impact assessment to provide the ROM Response (section below).

Please note, the ROM requestor may be asked for further details if it is believed that request is not clear and additional information is required in order to provide a ROM Response.

2a. ROM Request Details

ROM Request Details	
Change Title	MOD 0831 Allocation of LDZ UIG to Shippers Based on a Straight Throughput Method
Regulatory Impact	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Regulatory Reference (if applicable)	MOD 0831
Change Overview	<p><u>Modification 0831 background:</u></p> <p>Since UNC Modification 0229 'Mechanism for the correct apportionment of unidentified gas' introduced the Allocation of Unidentified Gas Expert (AUGE) in 2010, there have been two organisations appointed as the AUGE who have taken different views on how UIG should be allocated.</p> <p>As the UIG Allocation Methodology fluctuates annually, this may be creating financial uncertainty for many shippers and suppliers which may lead to higher premiums for end consumers.</p> <p>To date both AUGEs have assumed that the majority of UIG is down to theft. This is contrary to the industry view which is that theft forms a smaller factor in UIG and that other factors outlined in Modification 0831 found here are collectively responsible for UIG.</p> <p>In light of the difference in opinion on how UIG should be allocated, Modification 0781R 'Review of the Unidentified Gas Process' was raised in order to look at ways of improving the UIG allocation process. Out of eight options discussed as part of this review, a universal allocation or vanilla smear option where UIG is allocated flatly based on throughput was determined to be the most appropriate option.</p> <p>Modification 0831 'Allocation of LDZ UIG to Shippers Based on a Straight Throughput Method' has been raised on the back of 0781R and proposes to remove the need for an AUGE by implementing a universal allocation of UIG based on throughput.</p> <p>Modification 0831 is an Authority Consent Modification and will be subject to Ofgem approval prior to implementation.</p> <p><u>Assessment of system impacts and associated costs if Modification 0831 were to be implemented.</u></p> <p>As the intent of Modification 0831 is to change the way UIG is allocated to Shippers - from the AUGE created UIG weighting factors in the AUG Table - to an allocation based on throughput, we are requesting this change to be assessed and the high-level impacts to be provided within the ROM response.</p>

Within Workgroup, there was discussion around options to achieve the Modification 0831 goal from a UNC perspective. This considered removing the AUG Table and reference to UIG weighting factors completely, compared to leaving them in UNC but making the UIG weighting factors 1 to ensure UIG allocation based on throughput. Modification 0831 has developed further and from a UNC perspective, intends to keep the AUG Table referenced but have the UIG weighting factors set to 1 so allocation is based on throughput. As a result, we are not currently asking for the option to remove the table completely to be assessed.

Keep the Allocation Adjustment Factors table in the system but set the weighting / sharing factors to 1:

- The existing table within the system containing the Allocation Adjustment Factors (UIG weighting / sharing factors) would remain within the system;
- The Allocation Adjustment Factors table would have every field populated with 1 rather than loaded within the AUGE provided values within the final AUG Statement. Example table can be found at the end of the request section*;
- UIG would need to be allocated based on throughput for each Supply Meter Point (SMP) and this value multiplied by 1 as per the updated Allocation Adjustment Factors table, creating a process whereby only the throughput determines the amount of UIG a Shipper receives per SMP. Output (and the UIG allocation) from the Allocation and Adjustments Factors table would remain the same as the input as the table would only multiply by 1;
- The way in which UIG is invoiced to Shippers would remain as is. This change will only amend the UIG allocation, not the invoicing mechanism.
- Allocating UIG based on throughput rather than utilising the AUG weighting factors will only commence at the start of a calendar month. For the avoidance of doubt, we will not be expected to allocate UIG based on the current method and within that month, change to the updated method based on throughput.
- As part of the UIG review group (0781R), allocation of UIG by throughput smear was discussed and it was understood this would be a simple change from a system perspective. This approach also leaves the system functionality in place to allocate UIG via a different methodology in the future if required.
- For the avoidance of doubt, the UIG allocation based on throughput should apply to ALL product Classes.

***Allocation Adjustment Factors table**

The Allocation Adjustment Factors table, with each combination of EUC and Class having a factor of 1, is shown below. All LDZ System Exit Points will belong to the same category and the allocation factor in respect of the category should be one (1).

EUC	Class 1	Class 2	Class 3	Class 4
1ND	1	1	1	1
1PD	1	1	1	1
1NI	1	1	1	1
1PI	1	1	1	1

	2ND	1	1	1	1
	2PD	1	1	1	1
	2NI	1	1	1	1
	2PI	1	1	1	1
	3	1	1	1	1
	4	1	1	1	1
	5	1	1	1	1
	6	1	1	1	1
	7	1	1	1	1
	8	1	1	1	1
9	1	1	1	1	
Date Raised	27/02/2023				
Required Response Date	13/03/2023 <i>As per the DSC, the official SLA for a ROM response is 10 working days. If there is a specific date in which the ROM response is required by (noting the 10-day SLA) please specify that here.</i>				
Requestor Contact Details	Name:		Kathryn Adeseye		
	Organisation:		Xoserve (on behalf of Distribution Workgroup)		
	Email:		kathryn.adeseye3@xoserve.com		
	Number:		0121 229 2351		
Xoserve Lead Contact	Contact Name:		Kathryn Adeseye		
	Contact Email:		kathryn.adeseye3@xoserve.com		

3. ROM Response – To be completed by the CDSP

The ROM response provided is based on a high-level indicative assessment of the impact of the change.

Please note, all the sections within this template should be populated when providing a ROM response.

3a. Impacted Constituency

Customer Class(es) Impacted by Change:	<input checked="" type="checkbox"/> Shipper	<input type="checkbox"/> Distribution Network Operator
	<input type="checkbox"/> NG Transmission	<input type="checkbox"/> IGT
	<input type="checkbox"/> All	<input type="checkbox"/> Other <Please provide details here>

Justification for Customer Class(es) selection

This Modification sets the UIG Weighting Factors to a set of standing values, instead of being set each year by the AUGE. This only impacts on Shippers, as only Shippers receive UIG allocation and reconciliation.

3b. Overview of impacts

Overview of impacts

The current process requires the AUGE (Allocation of Unidentified Gas Expert) to determine a set of UIG Weighting Factors each year, through an industry consultation process. Factors are set by Class and by EUC (End User Category). Once the Table of Weighting Factors has been confirmed at Uniform Network Code Committee (UNCC), the CDSP creates an interface file to load the Weighting Factors into the Gemini system. The file includes separate lines for each Class, EUC and LDZ combination. The Gemini system needs those factors in a timely manner to use in daily UIG allocation from 30 September each year (for the following Gas Day). The Gemini system then flows the factors to the UKLink system for use in sharing out monthly UIG Reconciliation.

Modification 0831 specifies that the UIG Weighting Factors would be set to a consistent value of 1 for all Classes and End User Categories. This means that there would be no system or file interface changes required: the change would be implemented within the existing processes, by preparing an interface file in which all values are equal (i.e. 1 or some other value).

This activity is completed once a year in readiness for the new gas year, usually in August/September. There would be no change to this timing.

The preferred solution option is to retain the current process, and load the values prescribed in UNC. Not loading new values, or loading different values, would be non-compliant with UNC, and would result in incorrect UIG allocations to Shippers. Total UIG would still be correct, but it would be mis-allocated across Shippers within each LDZ.

The upload process has never been run with a set of uniform UIG Weighting Factor values. Therefore, due to the complexity of the downstream processes, we propose that a brief testing phase is undertaken to ensure that a file can be created and loaded to Gemini, and that UIG allocation operates correctly. We would also test that the uniform values flow correctly to UKLink system for use in UIG Reconciliation.

	<p><u>Assumptions:</u></p> <p>The value(s) to be applied to the Gemini system will be set out in the final Modification legal text and will be included in UNC, once the Modification has been implemented.</p> <ol style="list-style-type: none"> i. The UIG sharing processes in Gemini and UKLink will still retain the concept of Weighting Factors, so that an annual upload of a new table will still be required (retaining the Weighting Factor table provides more future flexibility, in case there is ever a return, or partial return, to differential UIG Weighting Factors) ii. There will be no requirement to increase or decrease the number of Classes or End User Categories, because these are now irrelevant to UIG sharing – all sites share UIG equally iii. The file will still need to be provided at Class, EUC and LDZ level. iv. This will still be an annual process, which operates in August each year v. Testing will be carried out on the version of Gemini that is live at the point of testing
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UK Link Component Systems	Level of Impact (L/M/H)	File Format (Y/N)	Screens (Y/N)	Reporting (Y/N)	Batch Jobs (Y/N)	Validation (Y/N)	Processes (Y/N)	Other
UK Link Gemini	No Impact	N	N	N	N	N	N	N
UK Link System Application (e.g. SAP ISU, BW, PO)	No Impact	N	N	N	N	N	N	N
UK Link Portal	No Impact	N	N	N	N	N	N	N
UK Link Online Services	No Impact	N	N	N	N	N	N	N
Contact Management Service (CMS)	No Impact	N	N	N	N	N	N	N
UK Link Network (Inclusive of IX, EFT and AMT)	No Impact	N	N	N	N	N	N	N

Additional Systems	Level of Impact (L/M/H)	File Format (Y/N)	Screens (Y/N)	Reporting (Y/N)	Batch Jobs (Y/N)	Validation (Y/N)	Processes (Y/N)	Other
Data Discovery Platform (DDP) Core	No Impact	N	N	N	N	N	N	N
Discovery API	No Impact	N	N	N	N	N	N	N
Reporting	No Impact	N	N	N	N	N	N	N
Gas Enquiry Service (GES)	No Impact	N	N	N	N	N	N	N

3c. High level costs and timescales

Costs provided within the ROM response are indicative and high level based on high level analysis.

Below details the high-level implementation cost range and provides an indication of any ongoing costs identified from the high-level analysis.

Implementation costs

There are no anticipated costs directly associated with the upload and testing of the uniform UIG Weighting Factors as this is a BAU process.

Ongoing costs

There are no ongoing costs anticipated for this change.

Timescales:

This will be absorbed as part of the existing BAU process; however due to the annual data load process for Gemini we would need to have confirmation on whether the AUGE provided values OR the value of 1 is to be loaded by August/September prior to the start of any Gas Year. This window is required for the CDSP to undertake its annual processes.

For a mid-year implementation, the go live date must be the 1st day of a calendar month, and clarity on the values would be required 5 to 6 weeks before the implementation date.

Cost saving:

As a result of Modification 0831, the CDSP will no longer be obligated to appoint an AUG Expert who shall (as per UNC TPD E Clause 9.2), be responsible for preparing the AUG Statement and AUGE Table each AUG Year.

Based on this, we have provided a high-level indicative cost-range which our DSC Customers will see as **savings**, as a result of the AUGE and the AUGE processes no longer being required.

The indicative cost-saving range is expected to be around £300,000 – £400,000 per annum.

Please note, this cost-saving range includes the contract between Xoserve and the AUGE, plus any savings as a result of the CDSP no longer undertaking AUGE related activities.

Xoserve have a designated point within the contract (before the end of March), to 'give notice' to the AUGE to cease the service for the following years AUG Statement. There is also the ability to terminate the contract outside of the designated notice point, where there is a change in Code requirements which results in the AUGE process no longer being required.

If Ofgem approve Modification 0831, depending on when the approval notice and the proposed implementation date falls, this could be past the designated notice point and work on the next AUG Statement could be underway. In this scenario, contractual cost for the service would still be incurred.

From an initial look at the CDSP Service Description Table, the following Service Lines have been identified which relate to the AUGE process.

- DS-CS-SA1-18 - Appointment of an organisation to the position of Allocation of Unidentified Gas Expert
- DS-CS-SA9-05 - Provision of data to the AUG Expert

- DS-CS-SA1-19 - Management of, and exercise of rights under, the AUG Expert Contract
- DS-CS-SA1-20 - Annual review of the activities and performance of the AUG Expert.
- ASGT-CS-SA10-31 - Unidentified Gas - inclusion of the UGS Weighting Factors within the gas allocation function

Please note this is an initial look at the CDSP Service Description Table and should not be considered an exhaustive list of the impacted Service Lines. The complete review will be undertaken as part of the DSC change process.

The Service Areas these Service Lines come under from the initial review, and the funding split for these as per the Budget and Charging Methodology are detailed below:

- Service Area 1 – Manage Shipper Transfers (*Shipper 100%*)
- Service Area 9 – Customer Reporting (all forms) – (*Shipper Users 34%: National Gas Transmission 7%: DNO and IGTs 59%*)
- Service Area 10 – Invoicing Customers (*National Gas Transmission 12%: DNO 88%*)

3d. Release type

Please provide a view on the anticipated release type this change would need to be delivered under.

Release Type	<input checked="" type="checkbox"/> Ad-hoc / Stand-alone	<input type="checkbox"/> Minor
	<input type="checkbox"/> Major	

Next available Release (based on the Release Type)	ChMC approval to Release scope	ChMC approval of Detailed Design
N/A	N/A	TBC

3e. Impact on Service Line(s)

Impact on Service Line(s)	<p>Activities associated with the current AUG process are under multiple Service Areas:</p> <ul style="list-style-type: none"> • Service Area 1 – Manage Shipper Transfers (<i>Shipper 100%</i>) • Service Area 9 – Customer Reporting (all forms) – (<i>Shipper Users 34%: National Gas Transmission 7%: DNO and IGTs 59%</i>) • Service Area 10 – Invoicing Customers (<i>National Gas Transmission 12%: DNO 88%</i>)
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3f. Assumptions

- Any changes in the approach to the solution may affect the overall schedule and costs for the change.
- Costs are high level, based on high level analysis. Detailed analysis will be needed to determine the final solution which will impact both cost and schedule.
- The information provided in the ROM response is an 'at a point in time' assessment which is valid for [6 months] amount of time.
- The high-level analysis and costs are based on current production system

4. Version Control

Version	Date:	Author	Status
1.0 <u>B</u> A	15.03.23	Xoserve	Approved