

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 – To be completed by the customer

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	<p>Modification 0831 – ‘Allocation of LDZ UIG to Shippers Based on a Straight Throughput Method’ and</p> <p>Modification 0831A – ‘Allocation of LDZ UIG to Shippers (Class 2, Class 3 and 4) Based on a Straight Throughput Method’.</p>
Regulatory Impact	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>
Regulatory Reference (if applicable)	<p>Modification 0831 and Modification 0831A</p>
Change Overview	<p>Modification 0831 and Modification 0831A background:</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 AUGE’s 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) and Modification 0831A (located 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 across ALL Classes.</p>

Modification 0831A 'Allocation of LDZ UIG to Shippers Based on a Straight Throughput Method' has also been raised to remove the need for an AUG by implementing universal allocation of UIG based on throughput for Classes 2, 3 and 4 with Class 1 being exempt.

Both Modification 0831 and 0831A are Authority Consent Modifications and will be subject to Ofgem approval prior to implementation.

Assessment of system impacts and associated costs if Modification 0831 or Modification 0831A were to be implemented.

The intention of Modification 0831 and Modification 0831A is to change the way UIG is allocated to Shippers - from the AUG created UIG weighting factors in the AUG Table – to either:

- a flat allocation based on throughput for ALL Classes (Mod 0831) or;
- a flat allocation based on throughput for Class 2, 3 and 4 with Class 1 exempt (Modification 0831A).

We are requesting this change to be assessed and the high-level impacts to be provided within the ROM response.

Within Workgroup, there was a 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 is flatly allocated based on throughput. On reflection, it was determined that keeping the AUG Table referenced and setting the UIG weighting factors to a value of 1 for ALL Classes was the preferred approach.

Once alternate Modification 0831A was raised, workgroup chose to keep the same approach, as already agreed for Modification 0831, the only difference being UIG weighting factors would have the value of 1 for Class 2, 3 and 4 with Class 1 exempt.

As a result, we are **not** currently asking for the option to remove the table completely to be assessed for either Modification 0831 or Modification 0831A.

Modification 0831:

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/Weighting Factors table would have every field populated with 1 rather than loaded within the AUG provided values within the final AUG

Statement. Example table can be found at the end of the request section*;

- UIG would need to be flatly allocated based on throughput for each Supply Meter Point (SMP) by using a value of 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 use a value of 1;
- For the avoidance of doubt, the UIG allocation based on throughput should apply to ALL product Classes.
- 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.

Modification 0831A:

Keep the Allocation Adjustment Factors table in the system but set the weighting / allocation factors to 1 for Classes 2, 3 and 4 to allocate UIG based equally on throughput and exclude Class 1 sites from any UIG allocation (this is likely to be via setting the weighting / allocation factors to 0 for Class 1 sites):

- 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 be populated as follows:
 - a) Categories for Class 2, 3 and 4 SMPs to be populated with a 1 rather than loaded with the AUG provided values from the final AUG statement;
 - b) Categories for Class 1 SMPs expected to be populated with a 0 rather than loaded with the AUG provided values from the final AUG statement.
- An example of the existing Allocation Adjustment Factors table/Weighting Factors table can be found at the end of the request section*;
- Please note, we are not limiting the solution to populating the table with 0 for Class 1 sites. We understand this was the initially discussed solution, however if there is another option that is preferable to exclude Class 1 sites from UIG allocation, please provide this;
- If applying a weighting / sharing factor of 0 to all Class 1 SMPs is the chosen approach to ensure zero UIG allocation, it is not anticipated that this will cause unexpected system impacts. This is because the existing AUG weighting factors could contain a weighting factor of 0 for some EUC bands/Classes based on how the AUG chooses to allocate UIG in any given year.

Classes 2, 3 and 4:

- UIG would need to be allocated based on throughput for each Supply Meter Point (SMP) in Classes 2, 3 and 4 and by using a value of 1 as per the updated Allocation Adjustment Factors table.
- This would create a process whereby unweighted throughput determines the amount of UIG a Shipper receives for their Class 2, 3 or 4 SMPs.
- Output (and the UIG allocation) from the Allocation and Adjustment Factors table would remain the same as the input for these classes as the table would only multiply by 1;

Class 1:

- Class 1 SMPs must be exempt from UIG allocation.
- Output (and therefore the UIG allocation) from the Allocation and Adjustment Factors table would be 0 for all Class 1 SMPs.

General Solution Considerations for both Modification 0831 and Modification 0831A:

- The way in which UIG is allocated to Shippers would remain as is. This change will only amend the UIG allocation proportions and not the allocation mechanism.
- Allocating UIG based on throughput without applying any 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.
- Both solution options leave the system functionality in place to allocate UIG via a different methodology in the future if required.

***Allocation Adjustment Factors table/Weighting Factors table:**

An example of the new proposed Allocation Adjustment Factors table for both Modification 0831 and Modification 0831A is shown below:

Modification 0831:

- Each EUC and Class would have a factor of 1;
- All LDZ System Exit Points will belong to the same category and the allocation factor in respect of the category should be one (1).

Modification 0831A:

- Each EUC for Class 2, 3 and 4 SMPs would have a factor of 1;
- Each EUC for Class 1 SMPs would have a factor of 0.

		Modification 0831 example table:				
		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
		Modification 0831A example table:				
		EUC	Class 1	Class 2	Class 3	Class 4
		1ND	0	1	1	1
		1PD	0	1	1	1
		1NI	0	1	1	1
		1PI	0	1	1	1
		2ND	0	1	1	1
		2PD	0	1	1	1
		2NI	0	1	1	1
		2PI	0	1	1	1
		3	0	1	1	1
		4	0	1	1	1
		5	0	1	1	1
		6	0	1	1	1
		7	0	1	1	1
		8	0	1	1	1
		9	0	1	1	1
Date Raised		04/05/2023				
Required Response Date		19/05/2023				
Requestor Contact Details		Name:			Kathryn Adeseye	
		Organisation:			Xoserve Limited	

	Email:	kathryn.adeseye3@xoserve.com
	Number:	0121 2292351
Xoserve Lead Contact (to be provided by the CDSP)	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 by the CDSP when providing a ROM response.

To find the high-level costs and timescales please go to section 3c which can be found [here](#).

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	<p>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, 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.</p> <p>Modification 0831 specifies that the UIG weighting factors would be set to a consistent value of 1 for all Classes and End User Categories.</p> <p>Modification 0831A specifies that the UIG weighting factors would be set to a consistent value of 1 for all Class 2, 3 and 4 End User Categories and 0 for all Class 1 End User Categories.</p>
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For both Modifications, this means that there would be no system or file interface changes required. The change would be implemented within the existing processes, either by preparing an interface file in which:

- All values are 1 OR;
- All values are either 1 or 0.

Following the initial implementation of the Modification, this activity to upload the table, is completed once a year in readiness for the new gas year, usually in August/September. There would be no change to this timing.

Please note, the annual activity will be an internal CDSP process. The UIG sharing processes in Gemini and UKLink will still retain the concept of weighting factors, so from initial implementation of Modification 0831 or 0831A, an annual upload of a table will still be required for internal processes.

To confirm, we understand this from implementation of either Modification 0831 or 0831A, the table will remain the same (unless a further UNC change is raised, approved and implemented), therefore the annual process of uploading the table will simply refresh the data each year as positive affirmation. Please note, this will not require Shipper or any other DSC customer action, it will be a CDSP process.

Another reason for this approach is by retaining the Weighting Factor table, it provides more future flexibility from a system and process perspective, in case there is ever a return, or partial return, to variable UIG weighting factors).

Within the timescales section of the ROM we provide a view on the lead time for an initial implementation in line with a gas year or a mid-year implementation.

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.

Modification 0831 requires the upload process to be run with a set of uniform UIG weighting factor values which has never been done previously.

Modification 0831A requires the upload process to be run with UIG weighting factor values of 0 in Class 1 which has been done previously. But the upload process has not been run with a set of UIG weighting factor values of 1.

For both Modification 0831 and Modification 0831A, 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.

Assumptions:

- 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;
- 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 variable UIG weighting factors);
- There will be no requirement to increase or decrease the number of Classes or End User Categories;
- The file will still need to be provided at Class, EUC and LDZ level;
- This will still be an annual process (for the CDSP internally), which operates in August each year;
- Testing will be carried out on the version of Gemini that is live at the point of testing.

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** costs directly associated with the upload and testing of the proposed 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, for the initial implementation, if a start of gas year implementation was proposed, the CDSP would need to have confirmation on whether:

- a) The AUGGE provided values OR;
- b) The Modification 0831 value of 1 OR;
- c) The Modification 0831A values of 1 and 0;

are to be loaded by September prior to the start of any Gas Year. This window is required for the CDSP to undertake its annual processes.

For any other implementation date that is not the start of the new Gas Year (1st October of any given year), the go live date must be the 1st day of a calendar month. Clarity on the new values would be required 5 to 6 weeks before the implementation date. Please note, this is the implementation lead time from a system perspective.

The CDSP will still be required to take this change through the DSC change process. A Change Proposal for Modification 0831 and Modification 0831A has already been raised under XRN 5658 and it is anticipated that it will formally enter the DSC change process at the July-23 Change Management Committee. Please note, there may be an additional lead time (to the 5-6 weeks for the system

changes), dependent on the progression of the Change Proposal through the DSC change process which is governed by the DSC Change Management Committee. Please note, the intention is to progress through the change process and be ready to implement (following the 5-6 week lead system lead time), once Ofgem make a decision.

Cost saving:

As a result of Modification 0831 or Modification 0831A, 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 AUG 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 AUG and the AUG 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 AUG, plus any savings as a result of the CDSP no longer undertaking AUG related activities.

Xoserve have a designated point within the contract (before the end of March), to 'give notice' to the AUG 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 AUG process no longer being required.

If Ofgem approve Modification 0831 or Modification 0831A, 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, in principle the contractual cost for the service would still be incurred for that year's activities. Please note, Xoserve will engage with the AUG to manage this and seek to understand if depending on the timing of the Modification decision, there is any alternative proposal. For the avoidance of doubt, this will be a commercial discussion between Xoserve and the AUG.

From an initial look at the CDSP Service Description Table, the following Service Lines have been identified which relate to the AUG 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 AUGE process are under multiple Service Areas:</p> <ul style="list-style-type: none"> • 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%)
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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.
- Any costs associated to Market Trials are not included.
- The high-level analysis is based on changes to central systems and does not account for changes to customer systems as a result of any potential work.
- The high-level analysis and costs are based on current production system.

4. Version Control

Version	Date:	Author	Status
1.0	20/07/2022	Ellie Rogers	Clean version