











UNC Modification	At what stage is this document in the process?
<h1 data-bbox="134 322 657 414">UNC 0873:</h1> <h2 data-bbox="129 450 1177 584">Add specific roll-over functionality for the AUG Table 2025/26</h2>	<div data-bbox="1209 309 1469 629"> <div data-bbox="1209 309 1469 383">01 Modification</div> <div data-bbox="1209 389 1469 463">02 Workgroup Report</div> <div data-bbox="1209 470 1469 544">03 Draft Modification Report</div> <div data-bbox="1209 551 1469 624">04 Final Modification Report</div> </div>
<p>Purpose of Modification:</p> <p>The Modification seeks to allow an approved AUG Table to apply for more than one AUG Year specifically for the AUG Table which will go live for AUG Year 25/26.</p>	
<p>Next Steps:</p> <p>The Proposer recommends that this Modification should be:</p> <ul style="list-style-type: none"> considered a material change and not subject to Self-Governance. assessed by a Workgroup. <p>This Modification will be presented by the Proposer to the Panel on 18 April 2024. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</p>	
<p>Impacted Parties:</p> <p>High: None</p> <p>Medium: Shippers, Consumers, Allocation of Unidentified Gas Expert (AUGE)</p> <p>Low: Central Data Service Provider (CDSP)</p> <p>None: Distribution Network Operators (DNOs), Independent Gas Transporters (IGTs) and National Gas Transmission (NGT)</p>	
<p>Impacted Codes:</p> <p>UNC</p>	

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Timetable		
Modification timetable:		
Pre-Modification Discussed	28 March 2024	
Date Modification Raised	05 April 2024	
New Modification to be considered by Panel	18 April 2024	
First Workgroup Meeting	25 April 2024	
Workgroup Report to be presented to Panel	18 July 2024	
Draft Modification Report issued for consultation	19 July 2024	
Consultation Close-out for representations	08 August 2024	
Final Modification Report available for Panel	13 August 2024	
Modification Panel recommendation	19 September 2024	
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1 Summary

What

UNC TPD Section E 9 sets out the obligation for an AUGGE to be appointed (by the CDSP), to prepare an AUG Statement and AUG Table in relation to each year (period from 01 October until and including the following 30 September known as an AUG Year).

The Framework for the appointment of the AUGGE ('Framework'), sets out the lower-level process including the appointment of an AUGGE and the procedures for preparing the AUG Statement and AUG Table.

Previously within the UNC, there was a clause which allowed for the most recent values to be applied if there was a scenario where the AUGGE does not produce the required values. This was introduced within [Modification 0229 – Mechanism for Correct Apportionment of UIG](#) in May 2010.

The clause to allow this rollover, subsequently fell away under the Project Nexus changes as the whole AUGGE section was removed, and reintroduced when [Modification 0473 - Project Nexus – Allocation of Unidentified Gas](#) amended the AUGGE role.

This Modification seeks to reinstate the ability for an approved AUG Table to be 'rolled over' for a further agreed period. This would be to allow the AUG Table for 2025/26 specifically, to be 'rolled over' for AUG Year 2026/27 and 2027/28.

Why

The current AUGGE appointed by the CDSP, under the existing contract will produce their last AUG Statement and AUG Table to go live for AUG Year 2025/26.

In order to ensure an AUG Table is produced after this point, the CDSP would be required to start a procurement exercise to appoint an AUGGE under a new contract. This exercise would need to commence around May 2024, in order for the contract to be in place by May 2025. This is to ensure the required time for the AUGGE to follow the procedure set out in the Framework to produce the AUG Statement and AUG Table for 2026/27.

With [Modification 0868](#) being raised on 7 February 2024, which seeks to extend the current annual process for the production of the AUG Statement to a [3] [Three] yearly process, this means there could be a material change in the requirements for an AUGGE compared to the 'as is' scope.

In order to factor in the potential change to the AUGGE scope and process, and in light of the current contract expiring in April 2025, this Modification is proposing to 'roll over' the AUG Table to be produced for AUG Year 2025/26 for a limited period of 2 years (26/27 and 27/28). As a result, the AUG Table for 2025/26 will be effective for AUG Years 2026/27 and 2027/28 as well.

This allows for the development and outcome of Modification 0868 to be determined, whilst remaining compliant with the obligation to have an AUG Table without proceeding with a procurement event which has potentially redundant requirements.

How

To achieve this, a clause should be added to the UNC (expected to be TPD Section E or transitional text), to allow the AUG Table for 2025/26 to be effective for AUG Year 2026/27 and 2027/28.

This allows for the development and outcome of Modification 0868 to be determined, whilst remaining compliant with the obligation to have an AUG Table without having to go ahead with procurements with potentially redundant requirements.

2 Governance

Justification for Authority Direction

AUG Table sets out the UIG weighting factors. Daily throughput is multiplied by the relevant weighting factors which are used to give a weighted throughput. UIG is the balancing figure in each LDZ and is then shared out based on each User's share of total LDZ weighted throughput. Based on this, any change to the AUG Table or process can have an impact in the redistribution of UIG which is considered material.

That being said, as the proposed roll over is for a limited period of 2 years (26/27 and 27/28), we believe the impact is more limited but should still be considered by the Authority.

Requested Next Steps

This Modification should:

- be considered a material change and not subject to Self-Governance.
- be assessed by a Workgroup for 3 months.

3 Why Change?

The current AUG appointed by the CDSP in 2020, under the existing contract will produce their last AUG Statement and AUG Table to go live for AUG Year 2025/26.

In order to ensure an AUG Table is produced after this point, the CDSP would be required to start a procurement exercise to appoint an AUG under a new contract. This exercise would need to commence around May 2024, in order for the contract to be in place by May 2025. This is to ensure the required time to appoint a successful bidder, who can follow the procedure set out in the Framework to produce the AUG Statement and AUG Table for 2026/27.

With Modification 0868 being raised, which seeks to extend the current annual process for the production of the AUG Statement to a [3] [Three] yearly process, this means there could be a material change in the requirements for an AUG compared to the 'as is' scope.

In order to factor in the potential change to the AUG scope and process, and in light of the current contract expiring in April 2025, we are proposing to 'roll over' the AUG Table to be produced for AUG Year 2025/26 for a limited period of 2 years (26/27 and 27/28). As a result, the AUG Table for 2025/26 will be effective for AUG Years 2026/27 and 2027/28 as well.

This allows for the development and outcome of Modification 0868 to be determined, whilst remaining compliant with the obligation to have an AUG Table without proceeding with a procurement which has potentially redundant requirements.

There have been previous instances where the AUG Table has been rolled over under the pre-Nexus AUG arrangements (where each Table applied from April to the following March):

- The initial AUG Table created for 2012/13 was also utilised for 2013/14 to allow time to implement a major change of approach which went live for 2014/15 and;
- The AUG Table for 2016/17 was a rolled over version due to the impending implementation of Project Nexus. In the event the Table was rolled over a second time for a further two months up to the revised Project Nexus implementation date of 1 June 2017.

In both of these scenarios, there was a specific reason that it was deemed appropriate for the AUG Table to be rolled over.

Additionally, within the UNC previously, there was a clause which allowed for the most recent values to be applied if there was a scenario where the AUG does not produce the required values. This was introduced within Modification 0229 – Mechanism for Correct Apportionment of UIG in May 2010.

The clause to allow this rollover, subsequently fell away under the Project Nexus changes as the whole AUG section was removed, and reintroduced when Modification 0473 amended the AUG role.

Based on this, we believe there is precedent to allow the rollover of an AUG Table in the right circumstance.

In this particular case, we think allowing the 2025/26 AUG Table to roll over, so it is effective for 2026/27 and 2027/28 is beneficial and required to ensure the obligation to have an AUG Table is maintained, whilst preventing the need for an immediate procurement exercise which may become redundant.

If this Modification was not raised and implemented, the CDSP would need to progress with a procurement event based on the 'as is' requirements. Due to Modification 0868 being in development and therefore potentially making material changes to the current requirements, any AUG procurement issued is at risk of requiring subsequent change. As the procurement of the AUG must be undertaken based on regulated procurement rules, which are based on the principles of 'Transparency, Equal Treatment, Non-discrimination, Proportional', any changes to requirements would result in the procurement advert being withdrawn and reissued under a new procurement.

Depending on the timing of this, there is a risk that the CDSP would not be able to procure a successful AUG to follow the procedure set out within the Framework in time, resulting in a 'gap' to fill from the last AUG Table (25/26), until the new contract is put in place. As well as the timing issue, starting a procurement exercise which subsequently becomes redundant would involve effort from both the industry and the CDSP and does not feel like an efficient use of time and funds.

We believe that a limited rollover of the AUG Table 2025/26 for 2 years is the most efficient way of managing the potential change in the AUG process, whilst maintaining compliance with the obligation to provide an AUG Table.

We note the view within Ofgem's decision letter for Modifications 0831/A, that having an AUG, and the AUG Table is necessary to ensure the allocation of UIG is allocated in a fair, accurate and independent manner. We also note the urge for UNC Parties to consider how the processes of the AUG and AUG Table can be improved to ensure the continued equitable allocation of UIG across all classes.

We believe raising Modification 0868 does look at how the processes of the AUG and AUG Table can be improved. Although this Modification suggests a limited period for the AUG Table to rollover, this is only for a specific period to allow the development of Modification 0868 which seeks to improve the process, and it also avoids unnecessary procurements which become redundant.

For clarity, this Modification is independent of Modification 0868 and **should not** be treated as an Alternate. This is because they seek to deliver different solutions and both Modifications can be implemented. To support Modification 0868 development, the intention is for this Modification to be implemented before.

4 Code Specific Matters

Reference Documents

[UNC TPD Section E 9](#)

[Framework for the Appointment of an AUGÉ](#)

[Modification 0868 - Change to the current Allocation of Unidentified Gas Statement frequency](#)

Knowledge/Skills

Understanding of the current AUGÉ process.

5 Solution

BR1: The AUG Table that is approved by the UNC Committee (UNCC), under TPD E9.4.3 and E9.4.4 for AUG Year 2025/26, to apply for AUG Year 2026/27 and 2027/28.

For the avoidance of doubt – the AUG Table for 2025/26, is expected to be approved by the UNCC in April 2025.

6 Impacts & Other Considerations

Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No impacts identified.

Consumer Impacts

We expect any consumer impacts to be marginally positive as this proposal maintains the existing arrangements whilst giving the flexibility to explore process improvements which could be beneficial to consumers. It retains the role of an independent expert but avoids additional costs on procurements based on potentially changing requirements. It would also give stability of UIG weighting factors for a 3-year period which could be easier for consumers to plan for.

What is the current consumer experience and what would the new consumer experience be?

No fundamental change to the consumer experience is expected as a result of this change.

Impact of the change on Consumer Benefit Areas:

Area	Identified impact
Improved safety and reliability	None
Lower bills than would otherwise be the case	None
Reduced environmental damage	None
Improved quality of service	None

Benefits for society as a whole	None
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Performance Assurance Considerations

No anticipated impacts on ~~S~~ettlement-. This Modification does not add any new obligations on Shippers or DNOs therefore we do not believe there is anything additional for PAC to monitor.

Cross-Code Impacts

No Cross-Code impacts are anticipated. The AUG Table does apply to IGT Supply Meter Points, but we understand that the IGT UNC points across to UNC for this section therefore any updates would apply with change to UNC. This should be checked and confirmed during Workgroup.

EU Code Impacts

No impacts identified.

Central Systems Impacts

This wouldn't have a central system impact, but it would have a positive impact on the CDSP process to meet the obligation to appoint an AUG. This Modification ensures the compliance with UNC to have an AUG Table created by the AUG, whilst avoiding the CDSP proceeding with a procurement with potentially redundant requirements. This reduces both potential CDSP and industry effort and regret spend.

7 Relevant Objectives

Impact of the Modification on the Transporters' Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None

f) Promotion of efficiency in the implementation and administration of the Code.	Positive
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

The Modification furthers Relevant Objective f) *Promotion of efficiency in the implementation and administration of the Code.*

As it ensures compliance with existing obligations and processes to have an AUG Table to determine UIG weighting factors for the allocation of UIG, whilst allowing the flexibility to consider and development improvements to the existing process. This also avoids potential regret spend on a procurement exercise based on 'as is' requirements that could subsequently change.

8 Implementation

Implementation is requested as soon as possible to provide certainty on the AUG Table to be effective from October 2025/26 and avoid a potentially redundant procurement advert being progressed.

Typically, the procurement exercise to appoint an AUG is around 12 months. Based on this, the CDSP would start the procurement in around May 2024. This Modification negates the need to commence that procurement exercise until the outcome of Modification 0868 is known and the requirements and scope are confirmed.

Considering the Modification process, we are requesting a decision in **August 2024** (or as close to this as possible), to still provide the CDSP enough time to appoint an AUG from May 2025 if this Modification is rejected, whilst allowing the flexibility to develop the existing process without potential regret spend.

9 Legal Text

Text Commentary

To be provided.

Text

To be provided.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Authority Direction should apply.
- Refer this proposal to a Workgroup for assessment for 3 months.