

DSC Change Proposal Document

Customers to fill out all of the information in the sections coloured

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A1: General Details

Change Reference:	XRN5892		
Change Title:	Ring-fenced DSC Budget to support Allocation of Unidentified Gas Value-Add Activities		
Date Raised:	26/10/2024		
Sponsor Representative Details:	Organisation:	SEFE Energy	
	Name:	Steve Mulinganie	
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Xoserve Representative Details:	Name:	Paul Orsler/Jayne McGlone	
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	Telephone:	0121 229 2496 / 0121 229 2291	
	Business Owner:		
Change Status:	<input checked="" type="checkbox"/> Proposal	<input type="checkbox"/> With DSG	<input type="checkbox"/> Out for Review
	<input type="checkbox"/> Voting	<input type="checkbox"/> Approved	<input type="checkbox"/> Rejected

A2: Impacted Parties

Customer Class(es):	<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	<p>Shippers have been identified as the impacted party because the Allocation of Unidentified Gas Expert (AUGE) was set up to independently determine weighting factors to allocate Unidentified Gas (UIG) based on throughput.</p> <p>Due to Modification 0868, the AUGE has an additional responsibility to develop AUG Value-Add Activities which can fall into three categories:</p> <ul style="list-style-type: none"> - Market Engagement - Discovery - UIG Reduction Activities 	

	<p>AUG Value-Add Activities will impact Shippers as the purpose of these activities is to encourage innovation, analyse existing allocation of UIG processes and ultimately form the basis for future UIG Reduction Activities which could help decrease UIG levels and move closer to the goal of net zero.</p>
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A3: Proposer Requirements / Final (redlined) Change

<p>Problem Statement:</p>	<p>Prior to Modification 0868 approval by Ofgem, the existing Allocation of UIG process permitted the AUG to develop Innovation and Advisory Services during the AUG Year.</p> <p>Innovation Services were intended to find, document and implement “more equitable allocation of UIG” rather than reducing UIG. None were taken forward by AUG Sub-Committee.</p> <p>There was some take up of the Advisory Services by the AUG by providing performance reporting on UIG contributors to PAC. The performance reporting did not lead to further activities.</p> <p>In addition, the Innovation and Advisory Services (I&A Services) process was not as formalised as the new process for the AUG Value-Add Activities. Steps to be followed for I&A Services were not clearly defined within the Framework for the Allocation of Unidentified Gas Expert.</p> <p>By formalising the Innovation and Advisory Services under the umbrella of AUG Value-Add Activities and widening the scope of their remit, the intention is to encourage more activity in this space.</p> <p>To ensure these Value-Add Activities can be progressed, necessary budget arrangements are to be established under the DSC.</p>
<p>Change Description:</p>	<p><u>Previous XRN 5851:</u></p> <p>Change Proposal (XRN 5851) was raised to amend the existing Allocation of Unidentified Gas Process because of the new requirements introduced by UNC Modification 0868. As a result, a ‘gap’ between the ‘as-is’ AUG Year process and the move to a ‘to-be’ new three-year AUG Period occurred.</p> <p>To fill this ‘gap’, Modification 0873 was raised concurrently with 0868 to ensure that, during the transition period, an AUG Statement and Table are still available whilst the new AUG Expert would carry-out a revised Allocation of Unidentified Gas Process on 0868 requirements.</p>

The final AUG Statement and Table for the 'as-is' process is the 2025/26 version, effective from 1st October-25.

Modification 0873 allows the 2025/26 AUG Statement and Table to roll-over for a further two years to fill the '**gap**' before the first AUG Statement and Table under 0868 requirements will apply from 1st October-28. **This roll-over allows the 2025/26 weighting factors to be retained in Central Systems to apply for a further two AUG Years - 2026/27 and 2027/28.**

Ofgem approved Modification 0873 on 30th August 2024, followed by the approval of Modification 0868 on 17th January 2025.

The Framework for the Allocation of Unidentified Gas Expert (from hereon in known as the Framework) was amended to incorporate the new business rules and consequential rules (which sit outside of UNC) but were outlined as part of UNC Modification 0868.

AUG Value-Add Activities Process:

Amendments to the Framework outline the process that the AUG Expert should follow when fulfilling their role and responsibilities with regards to AUG Value-Add Activities.

For information, the Framework can be accessed [here](#).

Relevant sections of the Framework which relate to AUG Value-Add Activities are:

- **Section 1:** 'Definitions' provides a description of AUG Value-Add Activities;
- **Section 5:** 'Generic Terms of Reference for Appointed AUG Expert' Clause 5.2 and associated sub-clauses provides the step-by-step process;
- **Section 7:** 'AUGE Activities Timeline' outlines when the AUG Value-Add Activities may fall within the AUG Period. Please note the timeline for these activities is relatively fluid.

Role for the DSC Change Management Committee:

Framework Clause 5.2.2 states that:

"At the start of the AUG Period, the DSC Change Management Committee will agree a cap on the amount that can be spent on all AUG Value-Add Activities for each year of the AUG Period. The

DSC ChMC will also agree the ceiling value of any individual funding request for a Final Proposal.”

- It is expected that, going forward, the ring-fenced budget for the AUG Value-Add Activities will typically be included in the relevant CDSP Business Plan.
- Please see the suggested approach below:

	First AUG Period		
	AUG Year 1	AUG Year 2	AUG Year 3
BP25 General Change Investment	Quarter 1: Oct, Nov, Dec 2025 Quarter 2: Jan, Feb, Mar 2026		
BP26	Quarter 3: Apr, May, Jun 2026 Quarter 4: July, Aug, Sept 2026	Quarter 1: Oct, Nov, Dec 2026 Quarter 2: Jan, Feb, Mar 2027	
BP27		Quarter 3: Apr, May, Jun 2027 Quarter 4: July, Aug, Sept 2027	Quarter 1: Oct, Nov, Dec 2027 Quarter 2: Jan, Feb, Mar 2028
BP28			Quarter 3: Apr, May, Jun 2028 Quarter 4: July, Aug, Sept 2028

NB: Quarter 1 and 2 of AUG Year 1 of the Second AUG Period would also fall in BP28.

Overall ring-fenced budget for each year of the AUG Period:

This Change Proposal is seeking to ensure the DSC ChMC:

- Propose and agree an **annual** AUG Value-Add Activities ring-fenced budget which **would apply for each year** of the **three-year AUG Period** which runs from 1st October-25 up to and including 30th September-28.
- Propose and agree the annual ring-fenced budget for each year of any subsequent AUG Periods post 30th September-28.

Ceiling value for each individual AUG Value-Add Activity:

This Change Proposal is seeking to ensure the DSC ChMC:

- Propose and agree a **ceiling value** for an **individual** AUG Value-Add Activity. This is to prevent the entire year’s ring-fenced budget from being utilised for a single AUG Value-Add Activity.
- This applies to the first AUG Period running from 1st October-25 up to and including 30th September-28 and any subsequent AUG Periods.

Tracking drawn down on the ring-fenced budget:

- The Framework outlines that the AUG Sub-Committee is responsible for monitoring the drawdown on the AUG Value-Add Activities’ ring-fenced budget throughout each year of the AUG Period. This is to ensure they do not

	<p>approve AUG Value-Add Activities without available funding.</p> <ul style="list-style-type: none"> The CDSP will also track draw down on this budget as part of their contract management activities. <p><u>What happens if the ring-fenced budget isn't utilised?</u></p> <ul style="list-style-type: none"> If the AUG Expert does not successfully gain UNCC approval for any AUG Value-Add Activity Final Proposals during each Year (i.e. Years 1, 2, or 3 of the AUG Period), then the ring-fenced budget for AUG Value-Add Activities will be returned to customers – as is standard practice for any General Change Investment. Similarly, if the AUG Value-Add Activities ring-fenced budget is partially utilised in any given AUG Year within the AUG Period, this money will be returned to customers and will not roll-over to the next AUG Year. <p><i>For the avoidance of doubt, this budget will not roll-over into the subsequent AUG Year within the same AUG Period.</i></p> <p><u>What happens if the UNCC wants to approve an AUG Value-Add Activity and there is no budget left within the ring-fenced budget for that year in the AUG Period?</u></p> <ul style="list-style-type: none"> In this instance, the <i>Framework Clause 5.2.6.3</i> instructs UNCC to ask the DSC Change Management Committee to consider increasing the AUG Value-Add Activities budget for that year of the AUG Period; In short, the DSC ChMC reserves the right to decline this request and their decision is final; If the DSC ChMC approves the request to increase the budget for that year based on the merit of the AUG Value-Add Activity Final Proposal, then the UNCC will be able to approve the Activity and the CDSP will enter into a contract variation with the AUG; Dependent on the timings of this scenario, funds may need to be provisioned from the wider General Change Investment – to achieve this a DSC Change Proposal will be progressed through the agreed DSC Change Committee Governance. 	
Proposed Release:	N/A	
Proposed Consultation Period:	<input type="checkbox"/> 10 Working Days	<input type="checkbox"/> 15 Working Days
	<input type="checkbox"/> 20 Working Days	<input type="checkbox"/> Other [Specify Here]

A4: Benefits and Justification

Benefit Description:	<p>The purpose of this Change Proposal is to allocate a ring-fenced budget for AUG Value-Add Activities which are a new activity assigned to the AUG because of Modification 0868.. Without a ring-fenced budget, the AUG will not have the funds to carry out these new activities which fall into three area: Market Engagement, Discovery Activities and UIG Reduction Initiatives which could help meet net zero objectives.</p> <p><i>What, if any, are the tangible benefits of introducing this change? What, if any, are the intangible benefits of introducing this change?</i></p>
Benefit Realisation:	<p>The benefit of this change will not be realised until the first AUG Value-Add Activity is proposed by the AUG and subsequently approved by UNCC. Once a contract variation is in place between the AUG and the CDSP, the AUG Value-Add Activity ring-fenced budget can be drawn down upon and utilised for the progression of the approved AUG Value-Add Activity.</p> <p><i>When are the benefits of the change likely to be realised?</i></p>
Benefit Dependencies:	<p>The benefit of this change will not be realised if the AUG either does not propose any AUG Value-Add Activities or the UNCC does not approve any of the AUG's Final Proposals for these activities.</p> <p><i>Please detail any dependencies that would be outside the scope of the change, this could be reliance on another delivery, reliance on some other event that the projects has not got direct control of.</i></p>

A5: Final Delivery Sub-Group (DSG) Recommendations – Removed

(see Section C for DSG recommendations)

A6: Service Lines and Funding

Service Line(s) Impacted - New or existing	<p>From an initial consideration of the DSC Service Line impact, the Service Areas which services relating to the AUG process, which the Value-Add activities are intended to seek improvements are as follows:</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%) <p>For the avoidance of doubt, the funding for the current AUG sits under Service Area 1 only, which is 100% Shipper funded.</p> <p>Whether a change to the Service Areas/Lines is required as a result of this Modification is currently unknown and will be confirmed in due course.</p>
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	Please note, the funding split shown above is as per the Budget and Charging Methodology for Service Area 1.		
Level of Impact	TBC		
If None please give justification	TBC		
Impacts on UK Link Manual/ Data Permissions Matrix	N/A		
Level of Impact	None		
If None please give justification	Budgetary change which does not relate to UK Link Manual / DPM		
Funding Classes :	Customer Classes/ Funding	Delivery of Change	On-going Budget Amendment
	<input checked="" type="checkbox"/> Shipper	100%	100%
	<input type="checkbox"/> National Gas Transmission	0 %	0 %
	<input type="checkbox"/> Distribution Network Operator	0 %	0 %
	<input type="checkbox"/> IGT	0 %	0 %
	<input type="checkbox"/> Other <please specify>	0 %	0 %
ROM or funding details:	<p>A ROM was conducted for Modification 0868.</p> <p>For the avoidance of doubt, the proposed ring-fenced budget for the AUG Value-Add Activities was not covered in the ROM for Modification 0868 as this was due to be picked up as a separate activity by DSC Change Management Committee. The requirement for this is outlined in the Framework for the Allocation of Unidentified Gas Expert which is an UNC related document.</p>		
Funding Comments:	<p>Funding of AUGGE and associated Value Add Activities has been confirmed to be a Shipper responsibility.</p> <p>The agreed budget will be included in future Business Plans, and usage of this budget will need to be reported to DSC ChMC monthly.</p>		

Please send the completed forms to: uklink@xserve.com

Version Control

Document

Version	Status	Date	Author(s)	Remarks
V1.0	LIVE	26/02/2025	Kathryn Adeseye	