
Uniform Network Code (UNC) 0873: Allow specific roll-over for the Allocation of Unidentified Gas (AUG) Table 2025/26

Decision:	The Authority ¹ directs this modification be made ²
Target audience:	UNC Panel, Parties to the UNC and other interested parties
Date of publication:	30 August 2024
Implementation date:	To be confirmed by the code administrator

Background

The Uniform Network Code³ (UNC) contains an obligation requiring the Central Data Service Provider⁴ (CDSP) to appoint an Allocation of Unidentified Gas Expert⁵ (AUGE). The AUGE's role each year is to prepare the Allocation of Unidentified Gas (AUG) statement and AUG table for each AUG year running from 1 October to 30 September the following year.

The role and activities of the AUGE is defined under a framework which sets out the administrative processes including the appointment of the AUGE and the procedures for preparing the AUG Statement and AUG Table.

The AUG statement and AUG table together identify each Unidentified Gas⁶ (UIG) Source, the total quantity of UIG and specifies the contribution of each user to the total quantity of UIG in the year and the costs allocated to them for this.

The UNC previously included a clause whereby if the AUGE did not provide the required values for the AUG year then the most recent AUG table was to be applied in that scenario. This was introduced under UNC modification 0229 – 'Mechanism for the correct appointment of UIG'⁷.

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² This document is notice of the reasons for this decision as required by section 38A of the Gas Act 1986.

³ [Uniform Network Code](#)

⁴ [Xoserve – Central Data Service Provider](#)

⁵ Allocation of Unidentified Gas Expert is defined in [UNC TPD Section E - Daily Quantities Imbalances and Reconciliation section 9.1 Unidentified Gas – Allocation Factors](#)

⁶ Unidentified Gas is defined in [UNC TPD Section H - Demand Estimation and Demand Forecasting section 2.6.1](#)

⁷ [UNC modification 0229 – Mechanism for the correct appointment of UIG](#)

However, with the introduction of Project Nexus the AUGE requirements in the UNC fell away. These were reintroduced under UNC modification 0473 – ‘Project Nexus – Allocation of Unidentified Gas’⁸. However, the specific clause which allowed the most recent AUG table to be reused was not reintroduced as part of that modification.

The AUGE is due to be reprocured to produce the AUG year 2026/2027 table for AUG year commencing October 1, 2026. However, UNC modification 0868 - ‘Change to the current Allocation of Unidentified Gas Statement frequency’⁹ is currently in development which may lead to a change in scope of the AUGE.

The modification proposal

The Modification proposed by SEFE Energy (The Proposer) on 05 April 2024 would seek to introduce an amendment to rollover the AUG year 2025/2026 AUG table for AUG years 2026/2027 and 2027/2028.

UNC modification 0868 if approved may lead to material changes in the requirement of the AUGE which would not be clear to any party during the procurement of the AUGE at this time. To ensure that any AUGE is fully aware of the requirements for the duration of their contract the Proposer believes that rolling over the AUG year 2025/2026 AUG table produced by the current AUGE. This will allow the postponement in the procurement of a new AUG until a determination is made for UNC modification 0868.

The requirement to rollover the AUG table will only be in force until 30 September 2028. A replacement AUGE under either the existing framework or a new framework following UNC modification 0868 will need to be in place before this date

⁸ [UNC modification 0473 – Project Nexus – Allocation of Unidentified Gas](#)

⁹ [UNC modification 0868 - Change to the current Allocation of Unidentified Gas Statement frequency](#)

UNC Panel¹⁰ recommendation

The UNC Panel consulted interested parties on the modification on 19 July 2024. It received three responses to the consultation, one of which supported the implementation, one offered qualified support, and one did not support the modification.

Panel Members considered the Modification would have a positive impact on relevant Objective (f) Promotion of efficiency in the implementation and administration of the Code.

At the UNC Panel meeting on 15 August 2024, the UNC Panel voted 13:1 to recommend implementation of this modification.

Our decision

We have considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 16 August 2024. We have considered the responses to the industry consultation on the modification proposal which are attached to the FMR¹¹ we have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the UNC;¹² and
- directing that the modification be made is consistent with our principal objective and statutory duties.¹³

¹⁰ The UNC Panel is established and constituted from time to time pursuant to and in accordance with the UNC Modification Rules.

¹¹ UNC modification proposals, modification reports and representations can be viewed on the Joint Office of Gas Transporters website at <https://www.gasgovernance.co.uk/dl-mod-attachment/9b00d461-ba7c-4542-b748-3ec4ca437c1e>

¹² As set out in Standard Special Condition A11(1) of the Gas Transporters Licence, available at: [Licences and licence conditions | Ofgem](#)

¹³ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Gas Act 1986 as amended.

Reasons for our decision

We consider this modification proposal will better facilitate UNC Relevant Objectives (f) and has a neutral impact on the other Relevant Objectives.

f) Promotion of efficiency in the implementation and administration of the Code.

The Proposer believes that UNC modification 0873 will better facilitate relevant objective (f) by ensuring an AUG table is in place while UNC modification 0868 is developed and improvements are made to the scope of the AUGE. The proposer also believes that by implementing this rollover of the AUG table it would prevent an unnecessary and costly re-procurement of the AUGE at a time when the future scope of the AUGE is unclear.

One consultation respondent who provided qualified support of the modification noted this modification would support the streamlining and efficiency of the process while removing the risk of costly procurements based on changing requirements for the AUGE should UNC modification 0868 be implemented. One respondent who was not in favour of this modification noted that the lack of an annually produced AUG table may result in a less accurate and less fair appointment of UIG.

The majority of the UNC panel voted in favour of this modification and agreed that it would better facilitate relevant objective (f). However, one panel member disagreed and felt it would have a negative impact on relevant objective (f). This panel member believed that rather than a rollover of a specific table a more appropriate solution would be to codify the rollover process having this in place for any future rollover.

We believe that UNC modification 0873 will better support relevant objective (f) by preventing an unnecessary spend on the AUGE procurement while UNC modification 0868 is being developed. This should ensure that the procurement requirements of the AUGE will always accurately reflect those laid out in the UNC and prevent any redundant procurements.

We acknowledge the concerns raised by the respondent that rolling over the AUG table may result in less fair and accurate appointment of Unidentified Gas (UIG) costs across suppliers. However, we agree with the proposer that due to the potential changes in scope caused by UNC modification 0868 that the unnecessary and costly procurement under the current AUGE

terms should be avoided. The CDSP presented at the UNC panel information which demonstrated that efforts will be taken to engage with the current AUGGE to ensure that the AUG table in place for AUG year 25/26 can be as accurate as possible over a longer term. The CDSP also highlighted that UIG weighting factors no longer significantly move year on year.

We have considered the view of the panel member who believed this modification would have a negative effect on relevant objective (f) and we believe that there may be merit in codifying the process for a rollover in more general terms. We believe that there may be an opportunity for this to be considered under UNC modification 0868.

However, we acknowledge that as UNC modification 0868 has not been fully developed there is a risk that it may be rejected in the future and therefore not implemented. If this was the case the procurement of a new AUGGE under the existing terms should begin as soon as possible and the need for the rollover of the AUG year 25/26 table for subsequent years be minimised. We consider the same to be true should UNC modification 0868 be approved and implemented and a new AUGGE procured under this framework at the earliest date possible.

Decision notice

In accordance with Standard Special Condition A11 of the Gas Transporters licence, the Authority hereby directs that modification proposal UNC0873: Allow specific roll-over for the AUG Table 2025/26 be made.

Michael Walls

Head of Retail Market Operations and Smart Metering

Signed on behalf of the Authority and authorised for that purpose