



## DSC Business Evaluation Report (BER)

<b>Change Title</b>	Allocation of Unidentified Gas Expert (AUGE) Management – Independent Review
<b>Xoserve reference number (XRN)</b>	XRN5554
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<b>Target Change Management Committee date</b>	07 September 2022

### Section 1: In Scope

This BER has been raised to request the approval of funding required to undertake an independent assessment of the AUGE's compliance with:

- It's contractual obligations
- The terms of the AUG Framework document
- All relevant UNC obligations

To confirm, if this BER is approved, the independent party that will be appointed to undertake this assessment will be KPMG.

As stipulated within the Change Proposal, Modification 0782 was raised in October 2021 as some Shipper Users had concerns over the discharge of the Framework during the AUGE Statement creation. It was felt by these parties, that clear oversight and governance for the process was required to give confidence that the Framework was being followed.

In conjunction with the Modification development, Xoserve took action to address these concerns raised by Shipper Users during the 2020/21 AUG process year.

As a result, Xoserve undertook a review of the AUGE management process which had two main objectives:

1. To ensure that effective and efficient processes are in place for the appointment, management, and review of the AUG Expert to give assurance to customers and identify opportunity, scope and approach.
2. To assess the requirements and benefits of UNC Modification 0782 requesting the appointment of an Independent AUGE Assessor (IAA) to oversee the current AUG Expert activities and validate the outcome of their proposals.

In February 2022, an 'Allocation of Unidentified Gas Expert (AUGE) Management Report was presented to the AUG Sub-Committee. This report provided a review of the current management process and proposed multiple recommendations to enhance the process and provide the industry greater confidence.

A key recommendation was for Xoserve to appoint a recognised external auditor to undertake an annual detailed review and report of the incumbent AUGE's compliance with its terms of reference and contractual obligations. It is this recommendation that XRN5554 has been raised to fulfil and what this BER is requesting the funding to undertake.

#### Summary scope of the Review of AUGE:

The objective will be to provide an independent assessment of the AUGE's compliance with:

- Its contractual obligations
- The terms of the AUG Framework document
- All relevant UNC obligations

The Audit will need to be a continuous process throughout the year, timed to coincide with key periods of activity by the AUG. Any industry party will be able to raise an issue for investigation by the Auditor, by highlighting this to Xoserve.

The working assumption is that the Auditor would need to provide reports in line with the following milestones:

- In late December/early January following publication of the first Draft AUGS, to assist industry parties who are considering their feedback on the Draft AUGS
- By 31 March, to assist industry parties who are considering how to vote on the Statement and Table at April UNCC
- Final Report by end of April (if required) to summarise the full year's findings

For further details on the proposed scope of the Audit, please see attached the final report of the AUG Management Review which was discussed at the AUG Sub-Committee:



2022 AUG Management Review

XRN	Title	Type	Description	Link to Change Proposal	Impacts
5554	Allocation of Unidentified Gas Expert (AUGE) Management -Independent Review	Xoserve change	This Change Proposal has been raised to appoint a party to provide an independent assessment of the AUGE's compliance with: <ul style="list-style-type: none"> <li>• It's contractual obligations</li> <li>• The terms of the AUG Framework document</li> <li>• All relevant UNC obligations</li> </ul>	Link to XRN5554	Shippers

### Section 2: Out of Scope

- The introduction of this independent assessment of the AUGE compliance will not change any of the timescales and milestones the AUGE is currently obligated to meet. If the BER is approved, KPMG will work alongside the AUGE to ensure the production of the 2023 AUG Statement is not delayed.

### Section 3: Funding required to deliver the change

The table below provides the cost for financial year 2022/23 which will include the full assessment of the AUGE compliance for AUG Year 2023.

XRN Ref	HLSO £	Design EQR	Build £	Test £	Implementation PIS £	MT £	1st Year MTB £	Delivery Total	CSSC Impact £	Risk Margin £	BER Total for Approval £	Shipper £	DN £	IGT £	NTS £	Total
5554	N/A	N/A	N/A	N/A	N/A	N/A	90,000	90,000	N/A	0	90,000	90,000	0	0	0	

## Key

Item	Description
XRN	The recognised reference of the change
HLSO	Cost of approved solution
Design EQR	Cost already approved in the related EQR. If BER is being done for standalone release and no EQR was published, leave blank
Build	Costs associated with building functional changes
Test	Is a total of all testing (other than MT) to include UAT, System Test, System Integration Test, Regression Test and Performance Test
Market Trials	Costs associated with Market Trials - if none required for the XRN, the field is left blank
MTB	Costs associated with additional to MTB through to end of the Financial Year
Delivery Total	Total costs per XRN minus related EQR costs, risk margin and contingency
Risk Margin	Costs associated with the mitigation of known risks relating to each XRN should they materialise during the project
BER Total for Approval	Total costs per XRN minus related EQR costs (inclusive of risk margin and contingency) being requested for approval in ChMC
Shipper %	% of costs being funded by Shippers
DN %	% of costs being funded by DNs
IGT %	% of costs being funded by IGTs
NTS %	% of costs being funded by NTS
Shipper £	Costs being request for approval via BER (BER Total for Approval * Shipper % Share)
DN £	Costs being request for approval via BER (BER Total for Approval * DN % Share)
IGT £	Costs being request for approval via BER (BER Total for Approval * IGT % Share)
NTS £	Costs being request for approval via BER (BER Total for Approval * NTS % Share)
Total	Sum of all costs related to each change

### Section 4: Estimated impact of the service change on service charges

If this BER is approved, there will be an increase in ongoing costs from financial year 2023. This cost is for the independent Audit / assessment of the AUGÉ compliance.

XRN	Xoserve Service Area & Line	Impact	(+/-) Projected Change in Annual Cost
5554	Service area 1: Manage Shipper Transfers DS-CS-SA1-19	A independent Audit / review of the AUGÉ compliance.	+ £90,000
Total			£90,000

### Section 5: Project plan for delivery of the change

- September 2022 ChMC, approval of the Change Proposal and BER.
- End of September 2022 – Phase 1 – KPMG engagement with the AUGÉ to understand the process and methodology.
- October 2022 – Commencement of the independent assessment / audit of the creation of the 2023 AUG Statement.

### Section 6: Additional information relevant to the proposed service change

#### Risk Margin

XRN Ref	Risk Margin	Description
ASSUMPTIO N	N/A	There will be no central system or customer changes as a result of this change.
ASSUMPTIO N	N/A	A change to the Framework is no mandatory as the appointment of an independent assessment can be exercise through the current Xoserve and AUGÉ contract.
ASSUMPTIO N	N/A	If approved, the independent assessment will continue on an annual basis until the industry confirm this is not required (expected this would be via a UNC Modification or a Change Proposal, or both).

Please send completed form to: [box.xoserve.portfoliooffice@xoserve.com](mailto:box.xoserve.portfoliooffice@xoserve.com)

### Document Version History

Version	Status	Date	Author(s)	Summary of Changes
1.0	For Approval	24/08/22	Xoserve	BER to approve funding.
2.0	Rejceted	27/09/22	Xoserve	BER Rejected at ChMC 27/09/22