














UNC Final Modification Report		At what stage is this document in the process?
<h1>UNC 0704S:</h1> <h2>Transporter Theft of Gas Reporting</h2>		<div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div>
<p><b>Purpose of Modification:</b></p> <p>This Modification amends the existing Transporter theft of gas reporting requirements following discussions at the 0677R Shipper and Supplier Theft of Gas reporting arrangements review group.</p>		
	Panel consideration is due on 21 May 2020	
	High Impact: Transporters	
	Medium Impact: CDSP	
	Low Impact: Shippers, Consumers	

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<b>Timetable</b>		 Any questions?
<b>Modification timetable:</b>		Contact: <b>Joint Office of Gas Transporters</b>
Initial consideration by Workgroup 24 October 2019		 <a href="mailto:enquiries@gasgovernance.co.uk">enquiries@gasgovernance.co.uk</a>
Workgroup Report presented to Panel 16 April 2020		 0121 288 2107
Draft Modification Report issued for consultation 16 April 2020		Proposer: <b>David Mitchell</b>
Consultation Close-out for representations 07 May 2020		 <a href="mailto:david.mitchell@sgn.co.uk">david.mitchell@sgn.co.uk</a>
Final Modification Report available for Panel 11 May 2020		 07799 343082
Modification Panel decision 21 May 2020		Transporter: <b>SGN</b>
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## 1 Summary

### What

It has been identified during the 0677R Shipper and Supplier Theft of Gas Reporting Arrangements working group that several of the Transporter Theft of Gas reporting items are either duplicated across codes or are no longer fit for purpose. To compound the issue the duplicated measures are reported at different points in the year and are therefore not comparable, which may cause confusion.

### Why

This change should be made as it will rationalise the Transporter Theft of Gas reporting, currently measures are duplicated across codes. In addition to removing cross code reporting this change will amend the reporting measures so that they are meaningful and add value to the process. This change will also remove any confusion caused by the parallel reporting cycles and thus will improve the accessibility of the data.

Streamlining the reporting requirements will also be beneficial to the development of the Retail Energy Code (REC) as it will avoid the risk of the Supply Point Administration Agreement, (SPAA) obligations moving to REC and therefore causing duplicate governance arrangements with the UNC.

### How

It is proposed that the Theft of Gas reporting measures in the UNC are amended so that the Theft of Gas measurements for Transporters contained in SPAA Schedule 33 can be removed under change SPC480.

## 2 Governance

### Justification for Self-Governance

The proposed amendments to the Transporter theft of gas reporting has been discussed during the 0677R Shipper and Supplier Theft of Gas Reporting Arrangements working group which subsequently recommended that this Modification should be raised. As this Modification amends the existing Transporter Theft of Gas reporting and does not introduce any new processes nor does it have any customer impacts, we therefore believe that it should be a Self-Governance Modification.

### Requested Next Steps

This Modification should:

- be considered a non-material change and subject to self-governance
- be presented to Panel with a recommendation that the proposal proceeds to consultation.

## 3 Why Change?

It has been identified during the 0677R Shipper and Supplier Theft of Gas Reporting Arrangements working group that several of the Transporter Theft of Gas reporting items are duplicated across codes or don't provide relevant or useful information. To compound the issue the duplicated measures are reported at different points in the year by SPAA, in our annual Regulatory Reporting Pack to the authority, and monthly in the UNC, therefore the measures are not comparable and may cause confusion.

This change will allow the Transporter Theft reporting in SPAA Schedule 33 to be removed as the Transporter reporting will be contained solely in the UNC. By making this change a single view of the Transporters Theft of Gas reporting will be made available each month, which will be collated by the CDSP and provided to the Joint Office for publication.

The table below shows the Transporters' current theft of gas reporting obligations those highlighted in grey have been developed and taken forward into the solution section of this Modification following discussion at the 0677R review group.

<b><u>SPAA Schedule 33 Theft of Gas Reporting items</u></b>	<b><u>TPD Section V14 Theft of Gas Reporting Items</u></b>	<b><u>Regulatory Reporting Pack (RRP)</u></b>
No. of live Meter Points at the end of the calendar year		
Volume of gas transported across your network to end consumers during the calendar year (GWh)		
No. of suspected incidents of Theft of Gas for which the Gas Transporter is responsible for investigating	Number of Cases Received	The number of suspected/reported incidences of theft
No. of suspected incidents of Theft of Gas for which the Gas Transporter is responsible for investigating cleared	Number of Cases Cleared	The number of investigations carried out by GDNs
No. of suspected incidents of Theft of Gas for which the Gas Transporter is responsible for investigating outstanding	Number of Cases Still Outstanding	
Number of cases of Theft of Gas for which the Gas Transporter is responsible for investigating declared valid	Number of Cases Cleared as Valid	The number of successful cases
Number of cases of Theft of Gas for which the Gas Transporter is responsible for investigating declared invalid	Number of Cases Cleared as invalid	
Number of cases of Theft of Gas identified before the ECV	Network Clear Volume	
Estimate of the volume of gas theft by Consumers (kWh)	Network Metric Volume (Cubic Metres)	
Estimate of the retail market value of the gas illegally taken (£)		
No. Consumers billed for Theft		

Total amount of revenue recovered from Consumers during the year (£)	Revenue Recovered	The amount of money recovered from successful cases
Number of Consumers Cut-Off or Disconnected for reasons of confirmed Theft of Gas		
Number of Vulnerable Customers Cut-Off or Disconnected		
Number of warrants applied for (for reasons of theft of gas) during the year		
Number of warrants (for reasons of theft of gas) granted during the year		
Number of attempted convictions related to the investigation during the year		
Number of successful convictions related to the investigation during the year		
	Number of Cases Cleared - Shipper Actioned	
	Number of Cases Cleared - GT Actioned	
	Reasonable Endeavours Claims Received	
	Reasonable Endeavours Claims Cleared	
	Reasonable Endeavour Claims Rejected	
	Reasonable Endeavours Claims Accepted	
		The number of cases brought forward to the courts
		The total cost of investigations

## 4 Code Specific Matters

### Reference Documents

SPAA Schedule 33 Theft Codes of Practice contains Transporter Theft of Gas Reporting

### Knowledge/Skills

Understanding of the Schedule 33 Theft Codes of Practice and an understanding of the Transporter theft reporting obligations in section TPD Section V14.

## 5 Solution

To ensure that the Transporter theft of gas reporting is clear and adds value it is proposed that the current reporting in the TPD Section V14 is amended.

The new reporting obligations will replace the current data reporting items following discussions that have taken place at the UNC 0677R Shipper and Supplier Theft of Gas Reporting Arrangements review group. In addition to amending the Transporter Theft of Gas reporting in TPD Section V14 it has been agreed that the annual Transporter theft of gas reporting obligations in SPAA Schedule 33 are removed under SCP480 as these are either duplicated in the UNC or are not comparable and therefore can cause confusion across the reports.

The table below shows the amended Transporters theft of gas reporting that will be included in TPD Section V14

<b><u>DNO theft of gas reporting data item</u></b>	<b><u>Definition of Reporting Item</u></b>	<b><u>Why this needs to be included</u></b>
Total number of suspected/reported incidences of TOG received.	The total number of theft of gas cases received during the reporting month by the DNO regardless of who is ultimately responsible for the investigation	This is a key measure and demonstrates the volume of work undertaken by Transporters
Total number of cases of suspected / reported incidences of TOG the DNO is responsible for investigating.	The number of cases of / reported incidences of TOG from the total number received in the reporting month that is the responsibility of the DNO to investigate.	Demonstrates how much theft is Transporter networks as opposed to Supplier theft
Total number of cases of theft of gas resolved.	The number of cases of theft of gas resolved by the DNO's in the reporting month that is their responsibility to investigate.	This measure shows the work undertaken by DNO's to resolve theft of gas.
Estimate of the volume of gas theft by Consumers in (kWh)	Estimate of the volume of gas used outside of a supply contract in kWh in the reporting month.	Demonstrates theft versus actual through put, this measure allows the total theft from the system to be calculated

Money recovered	The amount of money recovered in the month from end users using gas outside of a supply contract.	This provides a monetary view of the effectiveness of the work undertaken by Transporters.
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The CDSP will collate the reports and publish them, as per the current process.

## 6 Impacts & Other Considerations

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

No impact, although as stated above, we consider this change may reduce the risk of duplicate governance entering the REC.

### Consumer Impacts

No direct impact however this change may drive theft detection performance by making the reporting more accessible and reducing confusion. This is beneficial to consumers if it leads to a greater focus or performance improvements.

### Cross Code Impacts

IGT 133 Transition of IGT Theft Reporting into the IGT UNC has been raised to address the needs of IGT's to report theft of gas information.

This Modification 0704 is being raised following agreement to remove the Transporter theft report in SPAA Schedule 33 change proposal SPC480 has been raised to allow this schedule to be amended.

The AUGÉ has been asked if the proposed changes to the Transporter reporting would have an impact on the work that they undertake when they determine levels of unallocated gas. The AUGÉ has confirmed that neither the changes to SPAA Schedule 33, or the changes proposed in this Modification, would impact their work.

### EU Code Impacts

None

### Central Systems Impacts

No central system impacts are envisaged, the CDSP would continue to collect the information from the individual transporters and collate into reports that will be passed to the Joint Office for publication, as is currently the case.

### Workgroup Assessment

The Workgroup has considered the proposal over a period of 6 months during which time there have been 5 meetings of the Workgroup.

As the majority of the pre-work, in terms of rationalising the reporting requirements had been carried out under the governance of Review Group 677R: (Shipper and Supplier Theft of Gas Reporting Arrangements), and with due reference to the SPAA requirements, this proposal has progressed relatively smoothly through the governance process, with few points on contention.

Those that were raised related to the mechanism for processing discoveries of theft into energy, (which is a current methodology and not part of this proposal), and a request to try and make the reporting table 'future proof', although it was noted that this would be difficult. However, it was recognised that the proposed rationalisation and condensing of the reporting arrangements would at least ensure that governance of theft reporting would be focused on one Code,

Overall, the workgroup accepts this report as a record of the discussion and development process and are comfortable with the recommendation set out in Section 10.

## 7 Relevant Objectives

Impact of the Modification on the 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.	Positive
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

This Modification will further the following Relevant Objectives:

Relevant Objective c); as it would efficiently discharge Transporter Licence Standard Condition 7, which sets out transporter obligations to investigate and report theft of gas, and

Relevant Objective f); as it would promote efficiency across codes by removing duplicate reporting.



## 8 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

## 9 Legal Text

Legal Text has been provided by SGN and is included below.

The Workgroup has considered the legal text and is satisfied that it meets the intent of the Solution.

### Text Commentary

#### Amendments to Transportation Principle Document Section V – General

14.1.1, 14.1.2 & 14.1.3 – The reference to Transporter has been amended to DNO as the definition of a Transporter includes National Grid NTS who don't have obligations to investigate theft of gas therefore they are excluded from the theft of gas reporting.

#### Annex V-7

Amendments to Annex V-7 reflect the discussions that took during the Shipper and Supplier Theft of Gas Reporting Arrangement review group.

Reporting Measure	Explanation
Total number of suspected / reported incidences of theft of gas received	Amended to reflect the number of cases of theft of gas received by the DNO each month this includes cases passed onto other parties to investigate.
Number of cases cleared	Removed and replaced by the total number of cases of theft of gas resolved
Number of cases still outstanding	Removed as some cases cannot be closed until money has been recovered via a payment plan this can mean cases are open for an extended period.
Total number of suspected / reported incidences of theft of gas that the DNO is responsible for investigating	The amended measure highlights both cases investigated by the DNO and cases subsequently passed to other parties
Total number of cases of theft of gas resolved	This new measure indicates the total number of cases that are the responsibility of the DNO to investigate
Number of cases cleared as invalid	Removed no longer required
Number of cases cleared, and kWh provided	Removed as not every cleared case is a theft
Estimate of the volume of theft of gas in kWh	Amend to provide an estimate in kWh of the volume of theft investigated by DNO's in the month

Number of cases cleared shipper actioned	Removed as Annex V7 represents DNO theft investigation activity.
Number of cases cleared DNO actioned	Removed measure no longer required as this is included in the Total number of cases of theft resolved
Money recovered	Amended to show the Money recovered by DNO's in line with their license obligations

## Text

### UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

#### SECTION V - GENERAL

#### 14 THEFT OF GAS

*Amend paragraph 14.1 to read as follows:*

##### 14.1 Reporting

- 14.1.1 The DNOs shall publish a report (at the end of each reporting month) on theft of gas detection performance for Shippers containing the information referred to in Annex V-6 in respect of each Shipper (on an attributable basis) ("**Shipper TOG Report**").
- 14.1.2 The DNOs shall publish a report (at the end of each reporting month) on theft of gas detection performance for DNOs containing the information in Annex V-7 in respect of each DNO (on an attributable basis) ("**DNO TOG Report**").
- 14.1.3 For the purposes of this paragraph 14, "**reporting month**" shall mean each calendar month for which a report pursuant to paragraph 14.1.1 and 14.1.2 shall be published.

*Amend Annex V-7 to read as follows:*

#### Annex V-7

##### DNO TOG Report Data

Column	Data
<b>Shipper Short Code / DNO Name</b>	The unique code which identifies each Shipper Licence or the DNO Name.
<b>Total number of suspected / reported incidences of theft of gas received</b>	The total number of theft of gas cases received during the reporting month by the DNO.
<b>Total number of suspected / reported incidences of theft of gas that the DNO is responsible for investigating</b>	The number of suspected / reported incidences of theft of gas, from the total number received in the reporting month that it is the responsibility of the DNO to investigate.

<b>Total number of cases of theft of gas resolved</b>	The number of cases of theft of gas resolved by the DNO in the reporting month that it is that DNO's responsibility to investigate.
<b>Estimate of the volume of theft of gas in kWh</b>	Estimate of the volume of gas illegally taken in kWh in the reporting month found by DNO's.
<b>Money recovered</b>	The amount of money recovered in the reporting month by DNO's following confirmation that gas has been illegally taken pursuant to DNO Licence Condition 7(2).

Insert text here

## 10 Consultation

Panel invited representations from interested parties on 16 April 2020. The summaries in the following table are provided for reference on a reasonable endeavours' basis only. It is recommended that all representations are read in full when considering this Report. Representations are published alongside this Final Modification Report.

Implementation was unanimously supported in the 5 representations received.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives	Key Points
Northern Gas Networks (NGN)	Support	c) - positive f) - positive	<ul style="list-style-type: none"> <li>• Supports the proposal as amendments to the Transporter Theft of Gas reporting arrangements to remove duplication of the reporting of items across codes, and update the reporting measures, as well as aligning the reporting cycle, should provide clarity and improve accessibility of data and limiting the reported data to that which is still considered of value to industry, thus furthering Relevant Objectives c) <i>Efficient discharge of the licensee's obligations</i> and f) <i>Promotion of efficiency in the implementation and administration of the Code</i>.</li> <li>• Supports self-governance status for the Modification as it is only seeking to amend existing Theft of Gas reporting requirements and does not propose any changes to party systems or processes or have any end customer impacts.</li> <li>• Notes that the Modification could be implemented sixteen business days after UNC Panel approval, subject to no appeal being raised.</li> <li>• Has not identified any analysis, development or ongoing costs associated with the implementation of the Modification.</li> <li>• Is satisfied the legal text will deliver the intent of the solution as set out in the Modification.</li> </ul>

			<ul style="list-style-type: none"> <li>• Believes that an SLA will need to be agreed for the submission of the updated monthly information to the Central Data Services Provider (CDSP) as the previous arrangement of D+4 will no longer be sufficient time to produce and submit the relevant data.</li> <li>• Understands that this Modification completes the findings from the joint UNC and SPAA workgroup (UNC 0677R) and is raised to compliment changes already made to SPAA (under change SPC480).</li> </ul>
SGN	Support	c) - positive f) - positive	<ul style="list-style-type: none"> <li>• Comments that it had raised this Modification following discussions at the 0677R Shipper and Supplier Theft of Gas Reporting Arrangements review group. At this review group it was identified that several of the Transporter Theft of Gas reporting items are duplicated across codes or are no longer fit for purpose. It was also noted that measures are reported at different points in the year which is not conducive to tracking performance. This Modification will amend the monthly Transporter Theft of Gas Reporting obligations in the UNC and will give greater visibility on the Transporters performance in this area. This change will allow the annual Transporter Theft of Gas Reporting in SPAA to be removed as the areas of reporting there will form part of this change.</li> <li>• Believes that the Modification fulfils the self-governance criteria as it amends the existing Transporter Theft of Gas Reporting obligations and does not introduce any new processes furthermore it does not have any customer impacts.</li> <li>• Agrees that the proposed implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.</li> <li>• Does not anticipate any additional costs associated with the implementation of the Modification.</li> <li>• Is satisfied that the legal text will deliver the intent of the solution for the Modification.</li> </ul>
ScottishPower	Support	c) - positive f) - positive	<ul style="list-style-type: none"> <li>• Supports this change as it looks to amend existing reporting where it is either duplicated across code or is no longer fit for purpose. The streamlining of the reports will provide benefit in the development of the Retail Energy Code (REC) as it will avoid the risk of SPAA obligations moving to REC and causing duplication of governance arrangements with the UNC.</li> <li>• Self-governance status of this Modification is supported as ScottishPower believe there is no consumer impact.</li> </ul>

			<ul style="list-style-type: none"> <li>• Supports implementation sixteen days after panel decision as this is an amendment to existing reporting to remove duplication.</li> </ul>
SSE Energy Supply Ltd	Support	c) - positive f) - positive	<ul style="list-style-type: none"> <li>• Supports this Modification as it will rationalise the Transporter Theft of Gas reporting, as currently measures are duplicated across codes. It will provide clarity to the whole process and provide improved data quality and will also be beneficial to the development of the Retail Energy Code.</li> <li>• Believes the Modification meets the self-governance criteria.</li> <li>• Implementation of the Modification should be as soon as possible in line with self-governance timescale</li> <li>• Believes the legal text will deliver the intent of the solution as set out in the Modification.</li> </ul>
Wales & West Utilities (WWU)	Support	c) - positive f) - positive	<ul style="list-style-type: none"> <li>• Supports implementation as it simplifies reporting of Transporter Theft of Gas, aligns reporting timescales and revises the information reported to report those items that are useful. It therefore furthers Relevant Objective f) in respect of improving the efficiency of the administration of the Code and Relevant Objective c) efficient discharge of licensee's obligations in respect of Standard Licence Condition 7 that relates to Transporter obligations to investigate and report theft of gas.</li> <li>• Agrees that the self-governance criteria are met as the changes will not have a material impact on competition nor any other of the criteria.</li> <li>• Agrees that implementation could be sixteen business days after a Modification panel decision to implement subject to no appeal being raised.</li> <li>• Do not anticipate any appreciable cost being incurred.</li> <li>• Believes the legal text will deliver the intent of the solution as set out in the Modification.</li> <li>• Notes that this and the related SPAA Change Proposal 480 are the only outputs to date from the UNC / SPAA cross code Joint Theft Reporting Review Group.</li> </ul>

Please note that late submitted representations will not be included or referred to in this Final Modification Report. However, all representations received in response to this consultation (including late submissions) are published in full alongside this Report and will be taken into account when the UNC Modification Panel makes its assessment and recommendation.

## 11 Panel Discussions

## 12 Recommendations

### Panel Determination

Members agreed:

- that Modification 0704S should **[not]** be implemented.