

Terms of Reference
UNC Modification Reference Number 0274
“Creation of a National Revenue Protection Service”
Version 1

Purpose

This Development proposal seeks to establish the creation of a National Revenue Protection Service.

Background

Following the completion of the ERA/ENA work in 2006/7 which looked at the promotion of detection, investigation and prevention of theft in the gas and electricity markets, British Gas raised a Review Proposal in June 2009 (UNC 0245) to take forward the recommendations of this group, specifically for the gas market. The industry considered the proposals drafted by British Gas; however during the review process it became clear that a number of suppliers were considering the development of an alternative recommendation – the setting up of a National Revenue Protection Service (NRPS).

As part of the review process for UNC 0245 those shippers, which expressed support for the setting up of a NRPS, discussed an outline for the proposed service and the nascent ideas have been formalised into an appendix to the UNC 0245 Review Group Report.

Proposal

The proposal seeks to consider the development of a NRPS. The NRPS agent would determine strategies to improve the investigation, detection and prevention of theft in the GB gas market. This would include handling theft reporting, operating mechanisms to detect theft and investigating suspected consumers. The NRPS agent would be responsible for the development of the national strategy for theft detection as well as for the holding and processing of data needed for the efficient operation of the service. It could also offer field services to those parties unable to run a national field force of agents capable of attending site.

The proposal intends that the costs for such activity would be borne by the gas industry. The NRPS would attempt to recover money from customers who had stolen energy; subject to legislative and practical considerations the NRPS would also attempt to recover its own costs from the offending customer. Any costs not borne by the consumer would be borne by the industry. It is also reasonable to suppose that the NRPS agent would have some form of profit incentive, based around the amount of money recovered.

The scheme should allow for some parties who may wish to continue to perform certain parts of the service in-house to continue doing so, where it would not impact on the ability of the NRPS to adequately perform its activities. Therefore, subject to adequate safeguards, it should be possible to allow flexibility in these arrangements.

The proposal would also seek to encourage the participation of Consumer Focus (or other consumer representatives) in the development phase to ensure that the issue of vulnerable and fuel poor customers are considered in the scope of the service.

Whilst the proposer recognises that the scope of the UNC development process is to consider changes to the UNC, they believe that development of this proposal should include consideration of a project plan for the commercial elements of delivering the NRPS, identifying an appropriate route for all aspects to be implemented when it is concluded that the UNC is not appropriate.

Scope and Deliverables

The Development Group is asked to consider:

- the impacts of NRPS on licences and governance arrangements
- the scope of the NRPS core services and non core services
- who the NRPS customer should be
- the development of the project plan for the NRPS
- the delivery of the project plan for the NRPS
- whether there are any User Pays impacts
- funding of the NRPS
- general working practices for the NRPS including performance incentives
- the provision of relevant information/data to the NRPS
- the development of commercial frameworks
- the development of detailed business rules
- recommendations to the proposer to allow the proposal to go to consultation

A Report will be produced containing the findings of the Development Group in respect of the work identified above.

Composition

The Development Group is open to representatives from all bodies from relevant areas, including Consumer Focus, other consumer representatives, revenue protection providers, MAMs, iGTs, UIPs and any other governance bodies/administrators that may have a direct involvement in the delivery of these services.

A Development Group meeting will be quorate provided at least 2 Transporter and 2 User representatives are present.

Information Sources

- Uniform Network Code – Sections (to be identified).
- iGT Network Code
- GT, Shipper and Supplier Licences.
- Gas Act.
- Various Industry legislation as appropriate – may include reference to:
 - Gas Safety (Installation & Use) Regulations.

- Gas Safety (Management) Regulations.
- Industry Codes of Practice as relevant.

Timetable

It is proposed that a total period of 6 months be allowed to conclude this Development Group with the aim of producing a report to UNC Panel by May 2010.

- Frequency of meetings – monthly. The frequency of meetings will be subject to review and potential change by the Development Group.
- Meetings will be administered by the Joint Office and conducted in accordance with the Chairman's Guidelines.