






UNC Modification	At what stage is this document in the process?
<h1>UNC 0734:</h1> <h2>Reporting Valid Confirmed Theft of Gas into Central Systems</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>The intent of this Modification is to introduce a new process to help ensure that valid confirmed theft data, received from Suppliers, is appropriately reported into central systems.</p>	
	<p>The Proposer recommends that this Modification should be:</p> <ul style="list-style-type: none"> <li>subject to self-governance</li> <li>assessed by a Workgroup</li> </ul> <p>This Modification will be presented by the Proposer to the Panel on <b>20 August 2020</b>. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>
	<p>High Impact:</p> <p>None</p>
	<p>Medium Impact:</p> <p>None</p>
	<p>Low Impact:</p> <p>Shippers</p> <p>Central Data Service Provider (CDSP)</p>

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Timetable			
<b>The Proposer recommends the following timetable:</b>			Transporter: <b>Scotia Gas Networks</b>
Initial consideration by Workgroup	27 August 2020		 <b>David Mitchell</b>
Workgroup Report presented to Panel	15 October 2020		 <b>07799 343082</b>
Draft Modification Report issued for consultation	15 October 2020		Systems Provider: <b>Xoserve</b>
Consultation Close-out for representations	05 November 2020		 <a href="mailto:UKLink@xoserve.com">UKLink@xoserve.com</a>
Final Modification Report available for Panel	10 November 2020		Other: <b>Fraser Mathieson (SPAA)</b>
Modification Panel decision	19 November 2020 ( <i>at short notice</i> )		 <a href="mailto:Fraser.Mathieson@electralink.co.uk">Fraser.Mathieson@electralink.co.uk</a>
			 <b>07921 458276</b>

# 1 Summary

## What?

This Modification seeks to place obligations on Shipper parties to ensure that valid confirmed theft of gas data received from Suppliers, such as consumption volumes, are appropriately entered into central systems for the purposes of Settlement. It also seeks to ensure corrections to Annual Quantities (AQ) that are required as a result of theft of gas are undertaken as required

## Why?

In March 2019, [UNC Request 0677R group](https://www.gasgovernance.co.uk/0677)<sup>1</sup> (also known as the Joint Theft Reporting Review (JTRR)) was established as a cross-code working group between Uniform Network Code (UNC) and Supply Point Administration Agreement (SPAA) parties. The JTRR was tasked with reviewing theft reporting arrangements for Shippers, Transporters and Suppliers to consider concerns over discrepancies between Supplier and Shipper theft reporting; consider whether current theft reporting can be simplified; and produce clear recommendations for improvement. The UNC Workgroup Report can be found here:

<https://www.gasgovernance.co.uk/0677>

The JTRR provided a unique opportunity to consider, in a holistic way, the end to end reporting of gas theft information, from those responsible for carrying out investigations (i.e. Suppliers) to those responsible for ensuring theft consumption data is entered into Settlement (i.e. Shippers and Transporters). The group was an industry first in the sense that it was the first time Shippers, Transporters and Suppliers have come together to review theft reporting across the UNC, SPAA and the Data Services Contract.

The group received expert support from the Central Data Service Provider (CDSP), the Allocation of Unidentified Gas Expert (AUGE), and ElectraLink as the administrator of the Theft Risk Assessment Service (TRAS) and Energy Theft Tip-Off Service (ETTOS).

The JTRR met on eight occasions and identified circa 30 issues relating to theft of gas reporting. The issues included, amongst other things, that there is not currently sufficient provision in code to

- a) ensure confirmed theft data is shared between Shippers and Suppliers and
- b) ensure confirmed theft volumes are entered into Settlement.

In support of the existence of this issue, the group identified clear evidence of a significant discrepancy between the number of confirmed thefts reported by Suppliers via the Theft Risk Assessment Service (TRAS) and those reported by Shippers via Xoserve's Contact Management System (CMS). 30% of all confirmed theft records in TRAS do not appear in CMS and 17% of confirmed theft records in CMS do not appear in TRAS. In short, this indicates that Shippers and Suppliers are not talking to one and other as would be expected, and is likely a product of there being no clear obligation in either the UNC or SPAA for these parties to report confirmed theft data to each other.

This results in two highly undesirable effects, the first is an inaccurate view of the impact of theft of gas on Unidentified Gas (UIG) and unnecessary volatility in UIG calculations. The second is that the significant effort of Suppliers in detecting and investigating theft of gas is, unfairly, not recognised in Settlement.

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<sup>1</sup> UNC 0667R: Shipper and Supplier Theft of Gas Reporting Arrangements <https://www.gasgovernance.co.uk/0677>

The single largest confirmed theft that appeared in TRAS but did not appear in CMS equated to 85GWh of energy – which represents £2.5m of gas at wholesale prices<sup>2</sup>. The AUGÉ has stated that this is a clear and direct contributory factor in the volatility of Unidentified Gas experienced by industry parties and the JTRR agreed it is vital that improvements are made by codifying the requirement for Shippers and Suppliers to communicate and for confirmed theft data to be entered into Settlement.

SPAA Change Proposal (SCP) 492 – JTRR Reporting Confirmed Theft of Gas (available here: <https://www.energytheftdetection.co.uk/change/scp-492-jtrr-reporting-confirmed-theft-of-gas/>) has already been implemented to require Suppliers to provide consumption data to Shippers, where theft of gas is confirmed. This UNC Modification is now required to ensure the appropriate obligations exist in the UNC.

## How?

An obligation will be placed in the UNC to require Shippers to report valid confirmed theft of gas data, received from their Suppliers, into Settlement.

For the avoidance of doubt an obligation already exists to require Shippers to undertake AQ corrections as may be necessary as a result of confirmed theft of gas.

For the avoidance of doubt, the UNC obligations will not be prescriptive about the method by which confirmed theft of gas information should be reported into Settlement. However, the JTRR have reviewed in detail the method by which confirmed theft data could be shared between parties and have recommended a process whereby confirmed theft data (such as consumption volume and start/end dates) is automatically input into Settlement systems where a theft is confirmed, with Shippers having an opportunity to review and object before the data is entered into final Settlement.

## 2 Governance

### Justification for Self-Governance

This Modification is considered capable of proceeding under self-governance arrangements as it is unlikely to have a material effect on:

- consumers
- competition
- the operation of pipe-line systems
- matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies;
- the uniform network code governance procedures or the network code modification procedures; and
- is unlikely to discriminate between different classes of parties to the uniform network code/relevant gas transporters, gas shippers or DN operators.

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<sup>2</sup> Consumption data provided by the AUGÉ. Monetary value based on System Average Price of 3p per kWh.

Furthermore, this Modification demonstrates that industry parties are capable of utilising the industry-led self-regulatory approach to code governance in resolving historic mischiefs in the reporting of confirmed theft, without recourse to the Authority.

## Requested Next Steps

This Modification should:

- be considered a non-material change and subject to self-governance
- be assessed by a Workgroup.

The changes proposed within this Modification are a result of the recommendations developed by the cross-code JTRR group.

This group consisted of Shippers, Transporters, Independent Gas Transporters, Suppliers, the CDSP, the Allocation of Unidentified Gas Expert (AUGE) and ElectraLink (As Code Administrator of the Supply Point Administration Agreement (SPAA)). As such, significant development and review has already been undertaken and the proposed new obligations are high level and, arguably, should already exist in code or in agreements between Shipper and Suppliers. Therefore, it is hoped that assessment at two UNC Workgroup sessions is sufficient to enable the Modification to be issued to consultation from the appropriate UNC Panel meeting following two workgroup meetings.

Note that the UNC Performance Assurance Committee (PAC) is expected to be able to monitor the results of this Modification and as such the monitoring tools (reports or making available any/ all required data) will need developing at Workgroup. The Workgroup should specify what will be required to monitor actions, considering which data will be most suitable for this task.

## 3 Why Change?

Please see section 1 above.

In summary, the driver of this change is significant evidence that confirmed theft data from Suppliers is not entering Settlement. This is likely to be a product of there being no obligations in code for Shippers and Suppliers to report confirmed theft to one and other. The effect of not implementing this change would be to perpetuate a historic loophole in theft reporting arrangements that directly contributes to UIG, through there being insufficient provision in code for confirmed theft consumption data to be entered into Settlement. This is evidenced by the significant discrepancy in the number of confirmed thefts entered into TRAS by Suppliers and the number of confirmed thefts entered into CMS by Shipper – with 30% of all confirmed thefts in TRAS not appearing in CMS.

## 4 Code Specific Matters

### Reference Documents

Workgroup Report 0677R v3.0 <https://www.gasgovernance.co.uk/0677>

SCP 492 - JTRR Reporting Confirmed Theft of Gas <https://www.energytheftdetection.co.uk/change/scp-492-jtrr-reporting-confirmed-theft-of-gas/>

## Knowledge/Skills

No specific knowledge or skills are required to assess this Modification, other than an understanding of code governance processes and the importance of ensuring confirmed theft data is reported into central systems for the purpose of accurate Settlement.

## 5 Solution

The solution recommendations of the JTRR are numerous and somewhat complex, however under SCP 492: Joint Theft Reporting Review: Reporting Confirmed Theft of Gas, an obligation is placed on Supplier Parties to ensure that all confirmed theft data is reported to their appropriate Shipper. This Modification seeks to require Shippers to report valid confirmed theft of gas data, received from their Suppliers, into Settlement.

Suppliers must ensure that details of Confirmed Thefts are provided to the relevant Shipper to enable consistent reporting under the UNC.

The details provided to Shippers are proposed to include: the Supplier Investigation ID; the MPRN; confirmation of Theft of Gas; the supply start and end date of the assessed period of unrecorded gas; and the volume of unrecorded gas but these will be developed further as part of the DSC solution

Business Rule (BR)1. The Central Data Service Provider (CDSP) will receive Supplier Confirmed Theft Data (SCTD) from the relevant administrative body (currently SPAA) on a monthly basis.

BR2. Subject to BR1, the CDSP will notify relevant Shipper(s) of relevant Supplier(s) Confirmed Theft Data (SCTD) on a monthly basis.

BR3. The relevant Shipper(s) will be required to notify the CDSP of any Supplier Confirmed Theft Data (SCTD) which is invalid within 10 Days of receipt of such notification from the CDSP.

BR4. On receipt of such notification under BR3, the CDSP will notify the relevant administrative body (currently SPAA) accordingly.

BR5. Relevant Shipper(s) will be required to report any valid Supplier Confirmed Theft Data (SCTD) into settlement within 15 Days of receipt of such notification from the CDSP.

BR6. In the absence of any notification in accordance with BR3 and BR5, the CDSP will report any Supplier Confirmed Theft Data (SCTD) into settlement no earlier than 20 Days following submission of the notification to the relevant Shipper(s).

For the avoidance of doubt, any Annual Quantity (AQ) amendments required as a result of any material change to the existing AQ remains an existing obligation of the relevant Shipper and this Modification does not propose any intervention on such matters by the CDSP.

For the avoidance of doubt, the Proposer would expect the Performance Assurance Committee to have access to appropriate tools to enable them to monitor the performance of these arrangements.

## 6 Impacts & Other Considerations

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

No.

## Consumer Impacts

By improving the reporting of theft of gas it ensures charges are more reflective of actual use of the system.

## Cross Code Impacts

May have relevance to the IGT.

## EU Code Impacts

None identified.

## Central Systems Impacts

The CDSP has been involved with the development of the JTRR and the solution does not mandate a specific IT solution. The Proposer would expect the CDSP to help develop a suitable solution.

# 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.	None
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.	Positive
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.	None
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

The proposal is positive in relation to Relevant Objective *d) Securing of effective competition* as it provides a mechanism by which energy relating to valid Thefts is more accurately allocated between Shippers.

## 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

### Text Commentary

To be provided in due course.

### Text

To be provided in due course.

## 10 Recommendations

### Proposer's Recommendation to Panel

Panel is asked to:

- Agree that self-governance procedures should apply
- Refer this proposal to a Workgroup for assessment.