Theft process – post 0734 clarification

February ChMC - AOB

Background

- Modification 0734 was raised to introduce a new process to help ensure that valid confirmed theft data (claims), received from Suppliers via Retail Energy Code Company (RECCo), are appropriately reported into central systems

- Modification 0734 was implemented on 01 April 2023

- From this point, the previous process whereby a Shipper would raise a Shipper Theft of Gas (TOG) contact within CMS was replaced by the 0734 process

- To summarise the 0734 process:
  - Confirmed thefts raised by Suppliers are sent to the CDSP via RECCo
  - Initial validations will be applied by the CDSP
  - If validations are passed, the theft claims will be sent to the relevant Shipper
  - The Shipper has 15 SPSBDs to object to the theft based on manifest error
  - If the Shipper does not object, the CDSP will ensure the theft is reflected in settlement via an adjustment
  - Following the adjustment, the relevant Shipper is invoiced in accordance with the claim value

Current situation

- Within the theft files we are receiving from RECCo, there are a number of claims with a theft value of 0 or 1

- Modification 0734 legal text (now live UNC), is explicit in confirming at a theft value within a claim can be zero:

> (h) **"Theft Energy Value"** means the energy volume associated with a Confirmed Energy Theft Claim which, for the avoidance of doubt, may have a zero value.

- As this is explicit within UNC, in these instances, we would pass the claim to the Shipper to have the opportunity to object. In the absence of an objection, rather than reflecting the theft in settlement, there would be no adjustment for the CDSP to process (as it is a zero-value claim), and therefore no invoice for the Shipper

- Although theft values of 1 are not explicitly called out in the UNC, we believe it is right to treat them as proxy zero claims. This means the process mentioned above would also apply to claims with a theft value of 1

Ask of ChMC

- We want to make ChMC aware of these instances and the treatment of theft claims with 0 or 1 value

- To recap this would be as follows:
  - CDSP receive theft claims with value of 0 or 1 via RECCo
  - CDSP pass these to the relevant Shipper (providing validation is passed)
  - Shipper has the opportunity to reject to the claim on the grounds of manifest error (as per the normal process)
  - If rejected, this will be fed back to RECCo
  - In the absence of the rejection, **no adjustment** will be made by the CDSP for claims with a 0 or 1 value
  - As there will be no adjustment, the relevant Shipper **will not** be invoiced

- We will also take this presentation to the DWG on the 22nd February to make parties aware of this

- Following discussion at DWG, Shippers can expect to see some of these instances of theft claims with values of 0 or 1 via the 0734 process

- Any questions??