














| UNC Modification  | 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> |   |
|    | <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 17 October 2019. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p> |
|    | <p>High Impact:<br/>Transporters</p>  |
|    | <p>Medium Impact:<br/>CDSP</p>  |
|    | <p>Low Impact: Shippers, Consumers</p>  |

| Contents  |                                |  Any questions?   |
|---|--------------------------------|--|
| 1   | Summary                        | 3  |
| 2   | Governance                     | 3  |
| 3   | Why Change?                    | 3  |
| 4   | Code Specific Matters.         | 6  |
| 5   | Solution                       | 6  |
| 6   | Impacts & Other Considerations | 7  |
| 7   | Relevant Objectives            | 8  |
| 8   | Implementation                 | 9  |
| 9   | Legal Text                     | 9  |
| 10  | Recommendations                | 9  |
| Timetable   |                                |  Any questions?   |
| The Proposer recommends the following timetable:  |                                | Contact:<br>Joint Office of Gas Transporters   |
| 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:<br>David Mitchell  |
| 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:<br>SGN  |
|   |                                |  <a href="mailto:david.mitchell@sgn.co.uk">david.mitchell@sgn.co.uk</a>          |
|   |                                |  07799 343082   |
|   |                                | Systems Provider:<br>Xoserve   |
|   |                                |  <a href="mailto:UKLink@xoserve.com">UKLink@xoserve.com</a>                     |

## 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 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

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 assessed by a Workgroup

## 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<br>- Shipper Actioned |   |
|   | Number of Cases Cleared<br>- GT Actioned      |   |
|   | Reasonable Endeavours<br>Claims Received      |   |
|   | Reasonable Endeavours<br>Claims Cleared       |   |
|   | Reasonable Endeavour<br>Claims Rejected       |   |
|   | Reasonable Endeavours<br>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 V 14

## 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 V 14

| <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. |
|-----------------|---|--|

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

#### EU Code Impacts

None

#### Central Systems Impacts

No central system impacts are envisaged, the CDSP will collate the reporting and provide it to the Joint Office of Gas Transporters for Publication as they currently do.

## 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 <ul style="list-style-type: none"> <li>(i) the combined pipe-line system, and/ or</li> <li>(ii) the pipe-line system of one or more other relevant gas transporters.</li> </ul>   | None              |
| c) Efficient discharge of the licensee's obligations.   | Positive          |
| d) Securing of effective competition: <ul style="list-style-type: none"> <li>(i) between relevant shippers;</li> <li>(ii) between relevant suppliers; and/or</li> <li>(iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.</li> </ul> | 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              |

### Impact of the modification on the Relevant Charging Methodology Objectives:

| Relevant Objective  | Identified impact |
|---|-------------------|
| a) Save in so far as paragraphs (aa) or (d) apply, that compliance with the charging methodology results in charges which reflect the costs incurred by the licensee in its transportation business;  | None              |
| aa) That, in so far as prices in respect of transportation arrangements are established by auction, either: <ul style="list-style-type: none"> <li>(i) no reserve price is applied, or</li> <li>(ii) that reserve price is set at a level -               <ul style="list-style-type: none"> <li>(I) best calculated to promote efficiency and avoid undue preference in the supply of transportation services; and</li> <li>(II) best calculated to promote competition between gas suppliers and between gas shippers;</li> </ul> </li> </ul> | None              |



|   |      |
|---|------|
| b) That, so far as is consistent with sub-paragraph (a), the charging methodology properly takes account of developments in the transportation business;  | None |
| c) That, so far as is consistent with sub-paragraphs (a) and (b), compliance with the charging methodology facilitates effective competition between gas shippers and between gas suppliers; and                                    | None |
| d) That the charging methodology reflects any alternative arrangements put in place in accordance with a determination made by the Secretary of State under paragraph 2A(a) of Standard Special Condition A27 (Disposal of Assets). | None |
| e) 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 |

Demonstration of how the Relevant Objectives are furthered inserted here

This modification will further relevant objective c as it will discharge Standard Licence Condition 7 in the transporters license to investigate theft of gas in addition to this it will further relevant objective f by promoting efficiency across code by removing duplicated 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

### Text Commentary

Legal Text to be provided.

## 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.