

<b>UNC Request Workgroup Report</b>	At what stage is this document in the process?
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# UNC 0677R:

## Shipper and Supplier Theft of Gas Reporting Arrangements

<b>01</b>	Request
<b>02</b>	Workgroup Report
<b>03</b>	Final Modification Report

**Purpose of Request:**

This request is to review and identify any discrepancies in Shippers and Suppliers theft of gas reporting arrangements.

	The Workgroup recommends that the Panel refer the Request back to a Workgroup for further review.
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	High Impact:
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	Medium Impact: Shippers, Transporters, CDSP
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	Low Impact:
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<b>2 Impacts and Costs</b>	<b>4</b>	 <a href="mailto:enquiries@gasgovernance.co.uk"><b>enquiries@gasgovernance.co.uk</b></a>
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<b>4 Recommendations</b>	<b>8</b>	Proposer: <b>Carl Whitehouse</b>
<b>About this document:</b>		 <a href="mailto:carl.whitehouse@shellenergy.co.uk"><b>carl.whitehouse@shellenergy.co.uk</b></a>
This document is a Request, which will be presented to the panel on 17 October 2019.		 <b>07545 209826</b>
The Panel will consider the recommendation and agree whether this Request should be referred back to a Workgroup for further review or not.		Systems Provider: <b>Xoserve</b>
		 <a href="mailto:UKLink@xoserve.com"><b>UKLink@xoserve.com</b></a>
		<a href="#"><u>m</u></a>

## 1 Request

### Why is the Request being made?

This request has been proposed on behalf of the Performance Assurance Committee (PAC).

#### Issue

Gas theft leads to a misallocation of costs among industry parties which can distort competition and create inefficiencies in the market. Gas Shippers and Suppliers currently have individual responsibilities when reporting confirmed and unconfirmed cases of theft. The PAC highlights theft of gas as the biggest risk to accurate settlement and proposes a review of all gas theft processes and reporting followed by Shippers and Suppliers. This would require a cross codes workgroup (UNC and SPAA) to investigate potential deficiencies in the theft of gas reporting processes and identify potential solutions including changing industry codes.

Shippers report cases of confirmed theft to the Central Data Services Provider (CDSP). This information is made available to the Allocation of Unidentified Gas Expert (AUGE) to determine the impact on Unidentified Gas (UG) through the use of Unidentified Gas (UG) factors and then apportioned to Product Classes. Shipper performance reports are made publicly available on the Joint Office website.

Suppliers are obligated to report cases of confirmed theft on a monthly basis specifically through the Supply Point Administration Agreement (SPAA) Schedule 33 Theft Code of Practice. An annual report is compiled by the SPAA code administrator. The report is anonymised for publishing to the industry however the Authority receives named reporting.

#### Theft of Gas Reporting

The creation of the Theft Risk Assessment Service (TRAS) in 2016 has provided the industry with more detailed analysis and reporting. There are concerns in the industry that the numbers and related energy (kWh) reported by Shippers and Suppliers do not match. This is reflected in the detail of various reports:

5 February 2018: [Theft Overview for the PAC](#) – 21,075 confirmed thefts (176,262,156 kWh) reported for period April 2016 to April 2017 inclusive.

13 November 2018: Energy Theft Performance Assurance Report TRAS and Energy Theft Tip Off Service (ETTOS) – 68,068 confirmed thefts reported for period April 2016 to June 2018 inclusive.

[Monthly Shipper Theft of Gas Reports](#) - 4,125 “number of cases cleared as valid” reported for period January 2017 to October 2018 inclusive.

### Scope

The scope of this request only focuses on theft of gas reporting processes completed by the Shipper and a corresponding SPAA document is to be raised to ensure supplier processes are also covered. The reports from the Joint Workgroup to the relevant Code Panels will include details of any recommendations for related cross code changes. Gas Transporters also have theft of gas reporting obligations and although this is not the primary focus of this review their attendance and input will be welcome.

## Impacts & Costs

Shippers and Suppliers will be impacted mostly by this request if potential changes are recommended to how theft of gas is reported. There could also be some CDSP impact to central systems as a result of any proposed changes.

## Recommendations

It is proposed that a Joint Workgroup is held to ensure both Shippers and Suppliers theft of gas processes are investigated to ensure theft of gas is reported effectively and efficiently.

## Additional Information

A Code Administration Joint Working Practice document has been developed to facilitate the Code Administrators Code of Practice (CACoP) Principle 13, Code Administrators will ensure cross code coordination to progress changes efficiently where Modifications impact multiple codes. This document highlights that where practicable a joint meeting or back to back workgroup meetings (held on the same or consecutive day(s) at the same location) should be used. In this case a Joint Workgroup is proposed.

## 2 Impacts and Costs

### Consideration of Wider Industry Impacts

None identified.

### Impacts

Impact on Central Systems and Process	
Central System/Process	Potential impact
UK Link	<ul style="list-style-type: none"> <li>CMS Reporting</li> </ul>
Operational Processes	<ul style="list-style-type: none"> <li>None</li> </ul>

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	<ul style="list-style-type: none"> <li>How Shippers report theft of gas</li> </ul>
Development, capital and operating costs	<ul style="list-style-type: none"> <li>How Shippers report theft of gas</li> </ul>
Contractual risks	<ul style="list-style-type: none"> <li>None</li> </ul>
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> <li>None</li> </ul>

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	<ul style="list-style-type: none"> <li>None</li> </ul>
Development, capital and operating costs	<ul style="list-style-type: none"> <li>None</li> </ul>

Impact on Transporters	
Recovery of costs	<ul style="list-style-type: none"> <li>None</li> </ul>
Price regulation	<ul style="list-style-type: none"> <li>None</li> </ul>
Contractual risks	<ul style="list-style-type: none"> <li>None</li> </ul>
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> <li>None</li> </ul>
Standards of service	<ul style="list-style-type: none"> <li>None</li> </ul>

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none"> <li>None</li> </ul>
UNC Committees	<ul style="list-style-type: none"> <li>None</li> </ul>
General administration	<ul style="list-style-type: none"> <li>None</li> </ul>
DSC Committees	<ul style="list-style-type: none"> <li>None</li> </ul>

Impact on Code	
Code section	Potential impact
	<ul style="list-style-type: none"> <li>TPD Section V14</li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	<ul style="list-style-type: none"> <li>None</li> </ul>
General	Potential Impact
Legal Text Guidance Document	<ul style="list-style-type: none"> <li>None</li> </ul>
UNC Modification Proposals – Guidance for Proposers	<ul style="list-style-type: none"> <li>None</li> </ul>
Self-Governance Guidance	<ul style="list-style-type: none"> <li>None</li> </ul>
	<ul style="list-style-type: none"> <li></li> </ul>
TPD	Potential Impact
Network Code Operations Reporting Manual (TPD V12)	<ul style="list-style-type: none"> <li>None</li> </ul>
UNC Data Dictionary	<ul style="list-style-type: none"> <li>None</li> </ul>
AQ Validation Rules (TPD V12)	<ul style="list-style-type: none"> <li>None</li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
AUGE Framework Document	<ul style="list-style-type: none"> <li>• Dependant on any proposed solutions</li> </ul>
Customer Settlement Error Claims Process	<ul style="list-style-type: none"> <li>• None</li> </ul>
Demand Estimation Methodology	<ul style="list-style-type: none"> <li>• None</li> </ul>
Energy Balancing Credit Rules (TPD X2.1)	<ul style="list-style-type: none"> <li>• None</li> </ul>
Energy Settlement Performance Assurance Regime	<ul style="list-style-type: none"> <li>• None</li> </ul>
Guidelines to optimise the use of AQ amendment system capacity	<ul style="list-style-type: none"> <li>• None</li> </ul>
Guidelines for Sub-Deduct Arrangements (Prime and Sub-deduct Meter Points)	<ul style="list-style-type: none"> <li>• None</li> </ul>
LDZ Shrinkage Adjustment Methodology	<ul style="list-style-type: none"> <li>• None</li> </ul>
Performance Assurance Report Register	<ul style="list-style-type: none"> <li>• Dependant on any proposed solutions</li> </ul>
Shares Supply Meter Points Guide and Procedures	<ul style="list-style-type: none"> <li>• None</li> </ul>
Shipper Communications in Incidents of CO Poisoning, Gas Fire/Explosions and Local Gas Supply Emergency	<ul style="list-style-type: none"> <li>• None</li> </ul>
Standards of Service Query Management Operational Guidelines	<ul style="list-style-type: none"> <li>• None</li> </ul>
Network Code Validation Rules	<ul style="list-style-type: none"> <li>• None</li> </ul>
	<ul style="list-style-type: none"> <li>•</li> </ul>
OAD	Potential Impact
Measurement Error Notification Guidelines (TPD V12)	<ul style="list-style-type: none"> <li>• None</li> </ul>
	<ul style="list-style-type: none"> <li>•</li> </ul>
EID	Potential Impact
Moffat Designated Arrangements	<ul style="list-style-type: none"> <li>• None</li> </ul>
	<ul style="list-style-type: none"> <li>•</li> </ul>
IGTAD	Potential Impact
	<ul style="list-style-type: none"> <li>• None</li> </ul>
DSC / CDSP	Potential Impact
Change Management Procedures	<ul style="list-style-type: none"> <li>• None</li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
Contract Management Procedures	<ul style="list-style-type: none"> <li>• None</li> </ul>
Credit Policy	<ul style="list-style-type: none"> <li>• None</li> </ul>
Credit Rules	<ul style="list-style-type: none"> <li>• None</li> </ul>
UK Link Manual	<ul style="list-style-type: none"> <li>• None</li> </ul>
	<ul style="list-style-type: none"> <li>•</li> </ul>

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	<ul style="list-style-type: none"> <li>• None</li> </ul>
Gas Transporter Licence	<ul style="list-style-type: none"> <li>• None</li> </ul>

Other Impacts	
Item impacted	Potential impact
Security of Supply	<ul style="list-style-type: none"> <li>• None</li> </ul>
Operation of the Total System	<ul style="list-style-type: none"> <li>• None</li> </ul>
Industry fragmentation	<ul style="list-style-type: none"> <li>• None</li> </ul>
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	<ul style="list-style-type: none"> <li>• None</li> </ul>

## 3 Terms of Reference

### Background

#### Topics for Discussion

- Understanding the objective
- Assessment of alternative means to achieve objective
- Development of Solution (including business rules if appropriate)
- Assessment of potential impacts of the Request
- Assessment of implementation costs of any solution identified during the Request
- Assessment of legal text.

#### Outputs

Produce a Workgroup Report for submission to the Modification Panel, containing the assessment and recommendations of the Workgroup including a draft Modification where appropriate.

#### Composition of Workgroup

The Joint Workgroup is open to any party that wishes to attend or participate.

A Workgroup meeting will be quorate from a UNC perspective provided at least two Shipper Users and two Transporter representatives are present. It is anticipated that the corresponding SPAA proposal will require that two Supplier representatives are present.

#### Meeting Arrangements

The Joint Office and Electralink will provide the Chair, Secretariat, and facilities for the Joint Workgroup for alternating meetings to ensure costs are equitable. Both administrators have also committed to being present at all meetings to support their respective code processes.

Meetings will be conducted in accordance with the Code Administration Code of Practice.

## 4 Recommendations

### Workgroup's Recommendation to Panel

The Workgroup invites the Panel to:

- refer the Request back to a Workgroup for further review.

The Joint Theft Reporting Group (UNC & SPAA) concluded its discussions at its last meeting held on 27 September 2019. The joint report which is to be attached to the final version of this Workgroup Report, makes a number of recommendations for changes to the DSC, IGTUNC, UNC and SPAA.

The Workgroup is requesting additional time to review the recommendations in the joint report prior to submitting the Workgroup Report for Panel consideration.