

UNC Workgroup 0734S Minutes
Reporting Valid Confirmed Theft of Gas into Central Systems
Thursday 25 February 2021
via Microsoft Teams

Attendees		
Alan Raper (Chair)	(AR)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Andy Clasper	(AC)	Cadent
David Addison	(DA)	Xoserve
David Mitchell	(DM)	SGN
Ellie Rogers	(ER)	Xoserve
Fiona Cottam	(FC)	Xoserve
Fraser Mathieson	(FM)	SPAA/Electralink
Gareth Evans	(GE)	Waters Wye Associates
Heather Ward	(HW)	Energy Assets
Hilary Chapman	(HC)	SGN
John Welch	(JW)	PAFA
Kate Lancaster	(KL)	Xoserve
Lorna Lewin	(LL)	Orsted
Mark Jones	(MJ)	SSE
Max Lambert	(ML)	Ofgem
Michael Lain	(MLa)	E.ON
Najaah Jamalkhan	(NJ)	Corona Energy
Oorlagh Chapman	(OC)	Centrica
Owen Mason	(OM)	Bulb Energy
Paul Bedford	(PB)	Drax
Rose Kimber	(RK)	CNG Ltd
Steve Britton	(SB)	Cornwall Insights
Steve Mulinganie	(SM)	Gazprom Energy
Tracey Saunders	(TS)	Northern Gas Networks

Copies of all papers are available at www.gasgovernance.co.uk/0734/250221

The Workgroup Report is due to be presented at the UNC Modification Panel by 15 April 2021.

1.0 Introduction

Alan Raper (AR) welcomed all to the meeting.

1.1. Approval of Minutes

The minutes from 28 January 2021 were approved.

1.2. Approval of Late Papers

There were no late papers for approval.

1.3. Review of Outstanding Actions

Action 0101: *Business Rule 4 Reporting* - PAFA JW to discuss with PAC and return to Workgroup.

Update: JW confirmed this was discussed at PAC and provided an update to Workgroup as part of Business Rule 4 discussions. **Closed**

Action 0102: *Regarding the 3 items for PAC to monitor* - KD to provide suggested table.

Update: The update for Workgroup was provided as part of Business Rule 4 discussions. **Closed**

Action 0103: Business Rule 6: FM to look at what the trans and supp obligations are and how they can work better together.

Update: The update for Workgroup was provided as part of Business Rule discussions. **Closed**

2.0 Consideration of amended Modification

Referring to the amended modification published on the Joint Office website on 17 February 2021 (v3.0) AR advised Workgroup that the modification has been updated to reflect Workgroup discussions held on 28 January 2021.

FM was invited to provide an overview of the changes made, the discussion of which is captured below:

Section 5: Solution

No change to **Business Rule 1**.

Business Rule 2

BR2 - *For the avoidance of doubt if the correction is not objected to this will result in the previous claim being ~~invalidated~~ withdrawn and the CDSP will act accordingly.*

Guidance – *a correction must always relate to a previously accepted claim and by its very nature would only occur in exceptional circumstances. See examples below Example 1: Supplier A reports a valid theft into the REC in relation to Supplier Investigation ID 1234 for 500 units. This is submitted to the CDSP by REC on behalf of the Supplier to the Shipper who does not object. Accordingly, the 500 units will be put into settlement, Subsequently Supplier A finds that the theft was erroneously reported. They submit a correction to REC which, in the absence of an objection by the Shipper, would mean Supplier Investigation ID 1234 was withdrawn and the 500 units which was put into settlement would be reversed out. Example 2: Supplier A reports a valid theft into the REC in relation to Supplier Investigation ID 1234 for 500 units. This is submitted to the CDSP by REC on behalf of the Supplier to the Shipper who does not object. Accordingly, the 500 units will be put into settlement, Subsequently Supplier A finds that the theft was erroneously reported and should be 400. They submit a correction to REC which, in the absence of an objection by the Shipper, would mean Supplier Investigation ID 1234 was withdrawn and subject to the correction not being objected to would then submit a new Supplier Investigation ID 5678 for 400.*

FM explained the word withdrawn is being used as opposed to *invalidated* as agreed by Workgroup on 28 January 2021.

ER clarified that this means a correction will always relate to a previous claim and would replace that claim with a new one, and, as such, a withdrawal would always be triggered by a correction.

DA asked, with regards to the correction process, can a correction and a new claim come in the same month? SM advised it is highly likely they would be in close proximity with each other. Also, SM confirmed a correction always remove of the original claim and that this would definitely need system validation. A correction may not always be followed by a new claim, (for instance when the whole claim is simply reversed out).

DA asked if there is a risk that when a correction and new claim exist, a Shipper could accept one and reject one? FM advised it would depend on what order the Shipper processes them, they would need to interact with the Supplier and process them sequentially. He added it is likely they will occur in close proximity with each other. SM advised that a correction follows on from something that has been accepted and can only be done on the grounds of manifest error, so instances of the scenario are exceptions and volumes should be low.

FM said that TRAS may need a rule to cover this, the order has to be at least a month apart which is an action triggered by the Supplier, if it needs a correction, the Supplier initiates through TRAS; and then the claim would be looked at in the next month's report.

Business Rule 3

BR3 - *The Shipper can object at MPRN level to the claim(s) or corrections within 20 Business Days Supply Point System Business Days of receipt of the claim from the CDSP. The grounds for objection are limited to instances of manifest error. For the avoidance of doubt in the event of an objection other than as set out in BR4 no further action is required by the CDSP.*

Guidance – *It was felt that four weeks would provide enough time for Shippers and Supplier to enter dialogue in terms of any concerns. Of course, the frequency of reporting into CDSP needs to be considered to avoid overlaps.*

FM advised the 20 Supply Point System Business Days are as agreed by Workgroup on 28 January 2021 in order to mitigate the risk of CDSP system not being available, e.g. Scottish Bank Holiday.

SM advised that the 20 Supply Point System Business Days might be tight and that 15 days might be better which would fit better with a monthly cycle. It was suggested that the 20 Supply Point System Business Days should be changed to 15, SM said that 15 days is sufficient without impinging on the overall process.

DA noted that if CDSP are processing a consumption adjustment and it gets to end of the 20-day period, then any correction against that Site would be processed in the following month.

Business Rule 4

BR4 - *Any objection submitted will be notified to the Performance Assurance Committee (PAC) and the Retail Energy Code who submitted the relevant Notification to the CDSP on behalf of the Supplier.*

Such notifications shall include, but not be limited to, the following data:

- *The number of objections per Shipper;*
- *The number of corrections per Shipper, and;*
- *The changes to energy values as a result of resubmitted claims.*

Guidance – *This provides a very limited scope for objection and should mean that scenarios where the Supplier and Shipper disagree are exceptional. The monitoring of the number of objections would fall within the scope of the Performance Assurance function.*

Comment – the notifications on the number of objections and corrections to be provided to PAC and/or REC could be monthly, quarterly or a rolling twelve months. The notification of changes to energy values following resubmitted claims could be kWh or percentage.

FM explained he has included some more specifics on what the output would be to PAC.

There needs to be a monitoring process in place to capture if a Shipper is objecting routinely.

The proposal is not to hard code the report into the UNC itself but to propose report structure for inclusion in the PARR. John Welch (JW) advised it would be ideal to have the structure of the PARR table in the modification and confirmed he is happy with the wording.

JW agreed to provide some text that could be used to amend the wording for this Business Rule.

ER noted that the with the 2nd item in the list of data that will be in the notification, *number of corrections per Shipper*, corrections are Supplier driven. SM advised that the wording for the report would be updated.

DA asked if the PAFA gets the PARR data via DDP, JW clarified the PAFA gets some of it and the eventual aim is that PAFA would get all of it via DDP.

Business Rule 5

BR5 - *In the absence of an objection the relevant energy will be addressed in settlement by the CDSP.*

Guidance – *This recognises that the outcome may be both positive or negative. It is proposed that this would normally be done via a Consumption Adjustment.*

FM noted the brackets that surround the word 'settlement' in this Business Rule is because the correct terminology has not yet been agreed.

David Mitchell (DM), (legal text provider), advised he is happy with the term settlement as opposed to the term consumption adjustment as the wording ('consumption adjustment' and 'settlement') are discrete definitions in the UNC.

DA clarified this should be termed as consumption adjustment and FM agreed to change the wording to"addressed by a consumption adjustment via the CDSP".

ER requested clarification in the scenario when there is a consumption adjustment, in order for it to be processed CDSP need a meter reading at the start of the period and at the end of the theft period and asked what if there is no reading, what is the approach to address that scenario? When asked to refer to current process, ER advised, in terms of current process, the CMS team have the contact with the Shipper but this is different because it is Supplier raised for the Shipper to validate.

SM suggested if CDSP know the window to which the volume of energy relates to, there needs to be the guidance to ensure CDSP are able to reflect that volume as set out in the claim.

DA advised the CDSP would be defining a consumption adjustment against an assumed consumption, the Supplier would have assessed what they think has been consumed over that period.

SM clarified, when there are no reads in the system, but CDSP do know the period and the energy associated, there needs to be a method by which this may be achieved. He added that a Business Rule may need to be developed to deal with this scenario. SM asked if the CDSP could look into how to process an adjustment in this scenario.

New Action 0201: DA to liaise with SM/FM in order to provide wording for suggested Business Rule to cover how the consumption adjustment process needs to work in this scenario.

New Action 0202: DM to request that their lawyer have a provisional look at legal text to see how the new BR could apply to a consumption adjustment when no actual meter readings are available.

New Business Rule 6:

In the event that a claim or correction, relating to a previous claim, that covers a period during which multiple Shippers were Registered then any objection in accordance with BR3 will apply to the claim or correction in its entirety.

FM advised this has been added as agreed at Workgroup on 28 January 2021 and confirmed that if one Shipper objects, then this objection would apply to the whole claim.

ER sought clarification that CDSP are expected to notify all Shippers to advise of the objection triggered. FM confirmed this and advised that the communication requirement would be added to the Change Request.

Business Rule 7:

BR7 - *Shippers shall use reasonable endeavours to ensure relevant Suppliers who they provide Shipping services for are made aware of any relevant suspected thefts which they themselves have been made aware of, by a party other than the relevant Supplier, and which relate to that relevant Supplier who they provide Shipping services for in relation to that MPRN. The Shipper shall retain evidence of such notification and acknowledge they may be asked to provide such evidence upon request from a relevant party.*

Guidance – *This codifies the requirement for Shippers to report suspected theft of gas to the relevant Supplier for investigation. We do not see a role arising for the CDSP at this time as a result of this business rule, so no specific solution is required. If some form of oversight was needed, we would expect it would evolve via the PAC.*

[Note 1: *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.*

Note 2: *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.*

Issue to consider: How to tackle dual routes of reporting since Suppliers are obliged to report suspected theft to the Network under SPAA.

This raised a question as to whether a carve-out is required for suspected cases originating from Supplier and then being re-reported back to the Supplier by the Shipper. FM advised there are advantages and disadvantage for this; the advantage would be there is less opportunity for duplication or confusion; and the disadvantage would be this adds complexity to the DSC solution and removes potential verification/corroboration route for Supplier.

FM clarified that this Business Rule focusses on how suspected theft is dealt with and makes it clear that Shippers are generally required to advise the relevant Supplier of suspected theft.

ER enquired what the approach would be for the transition from current practice to the new process. FM confirmed this would be made clear in the implementation section of the modification. In principle, cases that are in flight at the moment would transfer to the new process.

2.1. Issues and Questions from Panel

2.1.1. Workgroup to consider any potential cross-Code impacts and implementation timelines.

It was confirmed this is reference in the amended Modification.

3.0 Review of Business Rules

Please refer to agenda item 2.0 where a full review of the Business Rules was undertaken.

4.0 Consideration of Draft Legal Text

Legal Text has not yet been provided. It was confirmed by the Legal Text provider, SGN, that once the modification is stable, the Legal Text would be provided.

5.0 Development of Workgroup Report

AR confirmed he will annotate what has been discussed so far in the Workgroup Report.

6.0 Next Steps

AR summarised as follows:

- A new version of the modification is expected.
- The Legal Text will be provided once the modification stabilises.
- The Workgroup Report will start to be developed once the modification stabilises.
- A request to March UNC Panel to extend to June 2021.

7.0 Any Other Business

None.

8.0 Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/events-calendar/month

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
Thursday 10:00 25 March 2021	Teleconference	Distribution Workgroup standard Agenda
Thursday 10:00 22 April 2021	Teleconference	Distribution Workgroup standard Agenda
Thursday 10:00 27 May 2021	Teleconference	Distribution Workgroup standard Agenda

Action Table (as of 25 February 2021)						
Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
0101	28/01/21	2.0	<i>Business Rule 4 Reporting</i> - PAFA JW to discuss with PAC and return to Workgroup	February 2021	PAFA (JW)	Closed
0102	28/01/21	2.0	<i>Business Rule 4 Regarding the 3 items for PAC to monitor</i> - KD to provide suggested table	February 2021	E.ON (KD)	Closed
0103	28/01/21	2.0	<i>Business Rule 6:</i> FM to look at what the Transporter and Supplier obligations are and how they can work better together	February 2021	SPAA/Electralink (FM)	Closed
0201	25/02/21	2.0 (BR5)	DA to liaise with SM/FM in order to provide wording for suggested Business Rule to cover how the consumption adjustment process needs to work in this scenario	March 2021	CDSP (DA)	Pending

0202	25/02/21	2.0 (BR5)	DM to request that their lawyer have a provisional look at legal text to see how the new BR could apply to a consumption adjustment when no actual meter readings are available..	March 2021	SGN (DM)	Pending
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