

UNC Workgroup 0734S Minutes
Reporting Valid Confirmed Theft of Gas into Central Systems
Thursday 26 November 2020
via Microsoft Teams

Attendees		
Alan Raper (Chair)	(AR)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Carl Whitehouse	(CW)	Shell Energy
Chris Hooper	(CH)	E.ON Energy
David Addison	(DA)	Xoserve
David Mitchell	(DM)	SGN
Ellie Rogers	(ER)	Xoserve
Fiona Cottam	(FC)	Xoserve
Fraser Mathieson	(FM)	SPAA/Electralink
Gareth Evans	(GE)	ICoSS
Guv Dosanjh	(GD)	Cadent
India Koller	(IK)	SGN
Joshua Merriweather	(JM)	Cadent
Kirsty Dudley	(KD)	E.ON
Lorna Lewin	(LL)	Orsted
Oorlagh Chapman	(OC)	Centrica
Phil Lucas	(PL)	National Grid
Rebecca Cailles	(RC)	BUUK
Rose Kimber	(RK)	CNG Ltd
Steve Britton	(SB)	Cornwall Insights
Steve Mulinganie	(SM)	Gazprom Energy
Sonniya Fagan	(SF)	Joint Office
Tracey Saunders	(TS)	Northern Gas Networks

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0734/261120>

The Workgroup Report is due to be presented at the UNC Modification Panel by 18 February 2021.

1.0 Introduction

1.1. Approval of Minutes

The minutes from 22 October 2020 were approved.

1.2. Approval of Late Papers

There were no late papers for approval.

1.3. Review of Outstanding Actions

None raised.

2.0 Consideration of Modification

Alan Raper (AR) opened the discussion.

FM briefly summarised the considerations from the previous meeting, then shared that he had discourse with Steve Mulinganie (SM) pertaining to queries from Xoserve about the 'rejection window' within the Gas Theft reporting system.

SM underscored the necessity for a 'rejection window' for Shippers as the current system has a significant amount of cases flagged through Contract Management Server (CMS) that within a set period of time automatically close without an outcome or settlement. For addressing the concerns regarding the over complication of the Modification solution, he also suggested removing aspects of the solution pertaining to Theft Management procedures.

FM agreed with SM comments, as the Joint Theft Reporting Review Group (JTTR) highlighted that approximately 11% of CMS reports are closed with no outcome or investigation. He queried whether there was merit in creating CMS queries relating to suspected Gas Theft.

FM advised that suspected theft is not currently in the modification and explained the recommendation from the Joint Theft Reporting Review Group:

Changes should be made to Settlement systems to improve the way in which suspected theft records are treated, where these are raised by either the Shipper or Transporter, with the records no longer remaining 'open' until an outcome is provided or 'auto-closing' where no outcome is provided but instead closing once the Shipper confirms the information has been passed to the Supplier by providing the Supplier Investigation ID once it is returned by the Supplier.

Kirsty Dudley (KD) raised the concern that this modification was originally raised to address the reporting of valid Theft of Gas into Central Systems and not to establish a challenge mechanism for claims. The addition of the Shipper checking what the Supplier inputs as confirmed theft is bringing in a different set of governance arrangements which could create an issue.

KD also commented on the outcomes of cases when Shippers have the option of a 'rejection window' and as to whether the cases would be individually evaluated at that level. Lastly, she explained how rejected theft reports would ultimately result in added costs for Suppliers, which could in turn result in added costs for their customers.

SM clarified that Shipper involvement exists as a safeguarding measure to ensure that Suppliers could not, by default, impose charges on shippers through the Uniform Network Code (UNC).

KD shared other considerations to be addressed regarding the dual-code / governance within the Modification. Currently, the rules imposed by the Supply Point Administration Agreement (SPAA) are not being properly adhered to. She commented that progression of this Modification would see another body having governance over the same issue which would therefore stand to broaden the scope of the Modification, which would not be appropriate.

SM explained the Modification seeks to address the amount of Gas Theft Reports with the implementation of Shipper review. It does not give deciding power to the Shippers but seeks to simply assure that claims are valid. This in turn should reduce the quantity of immediate energy settlements that could later have approval rescinded. The overall intention is to create a better degree of alignment and assurance of standards between Shippers and Suppliers.

FM followed by sharing that the processing of Gas Theft claims stands to benefit from Shippers review with the auto system. Additionally, the 'rejection window' would be a fixed period of time, or the claim would naturally progress to settlement.

David Addison (DA) queried as to whether this would also apply to entities that were both Supplier and Shipper.

SM stressed that the Modification in question should not seek to differentiate. as its objective solely lies in providing extra assurance to the validation procedure. DA agreed and expressed

the need for extreme clarity regarding this matter in the wording of the code for all other possibilities that could arise, such as:

- Are Shippers reports done offline?
- Can Shippers overwrite a claim?
- How does the procedure apply when the Shippers seeks to raise a Theft claim through a supplier?

SM shared the opinion that Gas Theft Reporting from a Shipper versus a Supplier are two very distinct matters. The Gas Theft from a Supplier is a retail matter and would not be applicable at a Shipper level, thus the application of this code does not apply to Shippers in that sense. FM confirmed that the research shows the figure of Shipper utilisation were extremely negligible and presented itself most strongly as a Supplier and Transporter issue.

KD explained further apprehension in terms of the purpose of the Modification. She observed that it presents itself to protecting those who are not practicing the due diligence required in Gas Theft Reporting. Moreover, she questioned the actual changes to Shipper requirements from a governance perspective within the proposed system.

FM explained that the proposed system seeks to amend the system in place. Where there once was confusion as to the obligations and roles of the parties involved in Gas Theft Reporting, the Modification seeks to clearly distinguish Shippers as conduits in the process and separate the tasks relating to CMS and Theft Reporting Advisory Service (TRAS). The purpose of Shipper involvement is to facilitate majority of claims reaching settlement.

AR quelled concerns by reiterating that the Modification seeks to address obligations of parties involved in Gas Theft Reporting. It aims to openly distinguish this and the follow-up actions where applicable. There are no intentions to deliver outside that specific scope. To strengthen this point, he suggested that the Modification remove mention of specific software systems, such as CMS, that could cause distraction from the business process objective.

SM further commented that Shippers would be limited to only rejecting reported Gas Theft based on 'manifest error'. In any event, where a report is rejected the theft reporter could resubmit their claim. Following that, and any subsequent resubmissions, they would be recorded and presented to all performance assurance arrangements including, but not limited, to the Performance Assurance Committee (PAC). He noted that the additional level of surveillance could be highlighted in the Business Rules.

KD agreed and expressed that without higher audit and review involved, the Modification would not regulate the overarching issue within Gas Theft Reporting. She conveyed the importance of seeing this carefully reflected in the updated Modification Report.

FM noted the following items requiring refinement in the Modification, as requested by the Workgroup:

- The definition of 'Valid Theft'
- The definition of a 'rejection window'
 - i.e. its fixed time allotment,
 - the distinction of 'manifest error' and
 - actions permissible of all relevant parties
- The lifecycle of a report that has been rejected
 - For instance, which reports are sent to audit,
 - when the relevant parties are informed of an objection
- Clarification on suspected theft
- Clarification on desired outcome of process
 - Maintaining a 'good' level of theft settlement.
- Removal of specific software reference e.g. CMS should refer generically to CDSP
- Inclusion of a high-level workflow diagram

New Action 1101: SPAA/Electralink (FM) and the Proposer (SM) to update the Modification to address feedback received.

AR reminded the Workgroup that the next meeting would not follow the monthly schedule on account of the holiday season. However, he did confirm that the Modification had received an extension from Panel and shared February 2021 as the new deadline for Workgroup Report completion. He advised FM to collaborate with Xoserve and SM regarding distinguishing contractual obligations of parties involved. He lastly inquired if SGN would be ready to work on legal text; to which David Mitchell (DM) confirmed they would.

DA requested if FM could share the updated workflow diagram as a guiding exemplar for the CMS rebuild, to which FM agreed.

2.1. Issues and Questions from Panel

There were no new questions raised from the Panel.

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

The following was discussed as part of the Consideration above and will undergo further deliberation at the next Workgroup.

3.0 Review of Business Rules

This will be discussed at the next Workgroup.

4.0 Consideration of Draft Legal Text

This will be discussed at the next Workgroup.

5.0 Development of Workgroup Report

This will be discussed at the next Workgroup.

6.0 Next Steps

AR summarised as follows:

- FM to update the Modification Report with the reflection of commentary received from Workgroup with the support of SM and Xoserve.
- FM to liaise with Xoserve regarding system changes
- FM to produce a high level process flow
- DM to prepare the legal text once the amended Modification has been published.

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
Monday 14 December 2020	Teleconference	Distribution Workgroup standard Agenda

Action Table (as at 26 November 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1101	26/11/20	2.0	SPAA/Electralink (FM) and the Proposer (SM) to update the Modification to address feedback received.	SPAA/Electralink (FM), Gazprom Energy (SM) and Xoserve	Pending