

UNC Workgroup 0734S Minutes
Reporting Valid Confirmed Theft of Gas into Central Systems
Thursday 28 January 2021
via Microsoft Teams

Attendees		
Alan Raper (Chair)	(AR)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Andy Clasper	(AC)	Cadent
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
Guv Dosanjh	(GD)	Cadent
James Barlow	(JB)	Xoserve
John Welch	(JW)	PAFA
Josh Myers	(JM)	CNG
Kate Lancaster	(KL)	Xoserve
Kirsty Dudley	(KD)	E.ON
Laurie Hayworth	(LH)	Cornwall-Insight
Lorna Lewin	(LL)	Orsted
Mark Jones	(MJ)	SSE
Steve Mulinganie	(SM)	Gazprom Energy
Tracey Saunders	(TS)	Northern Gas Networks

Copies of all papers are available at www.gasgovernance.co.uk/0734/280121

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

1.0 Introduction

The Proposer, Steve Mulinganie (SM), provided an update and advised that implementation will now be assumed to be in line with the REC start date. Dave Addison (DA) sought clarification that implementation would be no sooner than the REC start date to which SM confirmed. DA added a concern that one of the challenging elements of the implementation will be the Contact Management System (CMS) rebuild.

1.1. Approval of Minutes

The minutes from 14 December 2020 were approved.

1.2. Approval of Late Papers

There were no late papers for approval.

1.3. Review of Outstanding Actions

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

Update: Alan Raper (AR) confirmed an amended modification has been published. **Closed**

Action 1201: FM to check the data on reversals and resubmissions.

Update: Fraser Mathieson (FM) provided an updated and advised he has checked with the TRAS teams and confirmed this does happen, usually where there is a manifest error, although volumes are very low. The Business Rules have been updated in the amended modification accordingly to reflect this. When asked, FM advised that the reportable instances of this could give the wrong impression as there have been a few instances where the bulk of reports have not been meeting the threshold for the incentive scheme, but they would still be confirmed thefts. FM added that is key to note that if using TRAS, there would be facility to reject a report of theft if incorrect, which is reflected in the business rules. DA suggested the numbers that would be subjected to the reversal/correction process to be very low. There needs to be some function to facilitate a correction as easy as possible. SM advised he would expect the number of reports that are manifestly erroneous to be very low. **Closed**

Action 1202: Kirsty Dudley (KD) to check the approach if an IGT modification needs to be raised.

Update: KD advised this was raised at IGT UNC where it was decided that, until the legal text is provided, it is unsure if an IGT modification is required. **Closed**

Action 1203: FM and SM to provide an amended modification.

Update: AR suggested this action is a replication of Action 1101. **Closed**

2.0 Consideration of amended Modification

Referring to the amended modification published on the Joint Office website on 22 January 2021 (v2.0) AR advised Workgroup that the modification has significantly been redrafted and suggested a full walkthrough of the changes.

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

Purpose of Modification:

Minor clarification wording has been added.

Timetable:

The timetable has been updated to reflect the Workgroup Report is due to be presented to the April 2021 UNC Panel.

What:

Clarification has been added to make clear the modification seeks to place a requirement for Shippers to notify Suppliers of suspected thefts.

Section 5: Solution

Business Rule 1

BR1 - Notifications of claim(s), or correction(s) relating to previous claim(s), of Theft(s), associated with relevant Meter Point Reference Numbers (MPRN's) received by the Central Data Service Provider (CDSP) from the Retail Energy Code (REC) will be passed to the relevant Shipper for consideration.

Guidance - this allows for Supplier initiated corrections to occur although one may expect these will only occur in exceptional circumstances. For the avoidance of doubt, on implementation of the solution described by this Modification Shippers will no longer be required to manually enter Supplier confirmed Thefts directly into central systems as

this process will now be replaced by an automated process initiated by claims submitted by the Supplier via the REC.

Claims or corrections will be passed to CDSP or Suppliers and guidance provided. SM advised this is where the concept of corrections is introduced which is the additional item.

KD commented that the Supplier makes any changes and the Shipper needs to replicate that.

SM clarified there are three areas being addressed:

1. Claim being submitted which may or may not be rejected.
2. Correction to a claim which may or may not be rejected.
3. Rejection of a claim due to manifest error.

DA referred to some examples within the modification to seek clarification about whether or not the correction process is a withdrawal of the initial claim or a net effect in terms of the value. SM referred DA to Business Rule 2.

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 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.

DA clarified that, in effect the User is not submitting a correction, the User is submitting a withdrawal and subsequently submission of a new claim.

SM confirmed this will be creating a correction which results in the invalidation of a claim that has been accepted.

DA said that the effect of the correction will be to withdraw the previous claim and substitute that with the correction provided. Any values that are included within that correction value are treated as a new claim.

KD referred to this process and suggested it is similar to a replacement meter read where the current read is withdrawn and replaced by the correct read.

SM advised this Business Rule resets what the correction does, it resets the position, there may be a subsequent claim received, which may or may not be rejected.

When asked, SM confirmed the expectation will be for the UNC to include text to say there is a correction process, BR2 reflects that.

SM suggested the removal of the word invalidated and replace with withdrawn should clarify the matter and that FR will amend the rule.

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.

AR noted that a correction does not necessarily have to correct the volume of units down, it could go up as well, SM clarified this, and said the subsequent claim could be higher, the consequence of the correction could be higher.

AR asked if there is any time limit on a correction. SM advised he has not contemplated a time limit. KD said that if the correction is to be counted in the incentive scheme, the driver is to submit a correction within two monthly cycles. She noted that in some cases, it might be a valid challenge which might not end with a resubmitted claim. KD added that if a claim is resubmitted a new unique identifier would have to be provided.

Dave Mitchell advised that some of the BR's refer to reconciliation rather than settlement. He said that reconciliation could be a misplaced term. Workgroup agreed there should be a standard approach and to align the BR's to settlement.

DA sought clarification on the timeline for when a correction would be needed. It was confirmed that when the correction is raised it is driven by the timeline in Business Rule 3. Anything not objected to within 20 Business Days CDSP would be processed.

Business Rule 3

BR3 - The Shipper can object at MPRN level to the claim(s) or corrections within 20 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 explained a Shipper can object to the claim within a timeframe. If an objection is raised then no further action is required by CDSP and it would not be processed into settlement.

Workgroup discussed and agreed to change from business days to **system** business days in order to mitigate the risk of CDSP system not being available, (which in effect is only relevant to 02 January since it is a Scottish Bank Holiday).

No further comments for this BR.

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.

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.

Objections:

This Business Rule sets out the mechanism so that Suppliers get notified of an objection.

ER commented that it is assumed that Retail Energy Code, (REC), are responsible for relaying back to the individual Supplier.

KD asked if this will be in the PARR; FM advised that PAC should decide if anything is required regarding these notifications. SM advised this Business Rule has been kept at a high level, he advised there may be a requirement to provide further detail in the Business Rule.

JW advised that if it is decided that PAC would monitor the objections then the PARR is the best approach.

When asked what the key data items that would be expected to be provided to enable PAC to monitor the situation, KD suggested three things for PAC to monitor: the volume of adjustments designated as manifest errors; the nature of the challenge; how much the volumes were adjusted by and suggested a simple table could easily be produced.

It was mentioned that if the suggestion is for a PARR report, it could become part of the modification; if it is not in the modification, an assessment would be made by PAC as to whether or not the report is required.

If the report is formalised it will be added into the Business Rule; if the report is not formalised it will be added to the guidance note.

JW will discuss with PAC and return to Workgroup.

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

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

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 explained that the data provided by the Supplier goes into settlement unless it is objected to. He added the Guidance mentions Consumption Adjustment, which could be the wrong terminology and floated a question as to whether it should refer to reconciliation rather than Consumption Adjustment.

ER advised that UNC TPD E 3.5 (Gas Illegally Taken) mentions Consumption Adjustment.

The question was addressed to Xoserve as to what the terminology should be, Reconciliation; Consumption Adjustment; Settlement or 'by CDSP'.

DA commented that there needs to be caution applied into how the Legal Text is constructed and suggested the phrase 'addressed in accordance with UNC TPD Section M 1.9 (Consumption Adjustment)' is used.

AR further added that a Meter Bypass Adjustment (UNC TPD Section M 2.4 (Meter by-pass)) also refers to Consumption Adjustments and an analogy may be appropriate as this process also addresses a quantity of gas that has not gone through the meter.

It was suggested, to take this forward for now, to place square brackets around the word Settlement whilst assessing the terminology.

DA clarified that UNC TPD Section M 1.9.1 reflects the process that CDSP would follow in this instance:

1.9.1 In the circumstances provided in the Code, an adjustment ("Consumption Adjustment") to metered consumption shall be made in determining the amount of gas offtaken from the Total System at a Supply Meter Point.

In addition to the Business Rules above it is also proposed to make the following associated change:

New Business Rule 6:

BR6 - *Shippers shall use reasonable endeavours to ensure Suppliers who they provide Shipping services for are made aware of any suspected thefts which they themselves have been made aware of and which relate to that Supplier who they provide Shipping*

services for. 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.

FM clarified this Business Rule should be considered separately to the other Business Rules as it relates to processing suspected theft by shippers rather than confirmed theft.

KD advised that, for some parties, they feed in the suspected theft from the beginning of the process and update the status through various stages and any reporting should cover all theft activity, regardless of source.

SM confirmed this Business Rule is high-level and left for Shippers to decide how the suspected thefts get through to the Supplier.

It was mentioned that the Transporter has no direct relationship with the Supplier, everything is input to CMS which notifies Shipper who subsequently notifies the Supplier.

KD aired her concern that this may be overcomplicating the process with the suspected theft and suggested the majority of which will become no theft rather than confirmed theft.

SM questioned if BR6 needs to be relevant to the settlement aspect of theft being addressed by the modification.

FM advised he would be uncomfortable if BR6 was removed, this was something that was identified as important as part of the Joint Theft Reporting Review Group (JTTR). KD requested the efficiency of the modification should be considered and added her concern that potentially this could cause additional complexity, when the whole reason for this modification was simplification and efficiency.

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

SM set the challenge that BR6 can be removed unless Workgroup say they want it kept in.

Section 6: Impacts & Other Considerations

In this section, FM advised the Cross Code impacts updated in order to highlight that this solution will apply to both UNC and IGT UNC.

ER sought clarification of assuming this modification would supersede the current processes that records suspected theft.

AR asked if this would require a DSC change, ER confirmed that the Change Proposal is raised at the moment and the DSC element would be picked up once the modification is stabilised.

SM suggested the following wording for an additional Business Rule to accommodate theft where the period of the covered two shippers. It was suggested that the rule should reflect activity at a MPRN level and should a “one-fail: all-fail” principle:

DRAFT BR [X] - 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.

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 Cross-Code impact of the proposal was discussed as part of action update 1202 where Workgroup were advised that until the legal text is provided, it is unsure if an IGT modification is required.

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 would be provided once the modification stabilises.
- The Workgroup Report would start to be developed once the modification stabilises.

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 February 2021	Teleconference	Distribution Workgroup standard Agenda
Thursday 10:00 25 March 2021	Teleconference	Distribution Workgroup standard Agenda

Action Table (as of 28 January 2021)						
Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
1101	28/11/20		SPAA/Electralink (FM) and the Proposer (SM) to update the Modification to address feedback received.	January 2021	SPAA/Electralink (FM) and the Proposer (SM)	Closed
1201	14/12/20		FM to check the data on reversals and resubmissions	As soon as possible	SPAA/Electralink (FM)	Closed
1202	14/12/20		KD to check the approach if an IGT modification needs to be raised.	January 2021	E.ON (KD)	Closed
1203	14/12/20		FM and SM to provide an amended modification.	January 2021	CDSP (MP)	Closed
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)	Pending
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)	Pending
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)	Pending