0734 – Integration of Theft Regimes

Distribution Workgroup
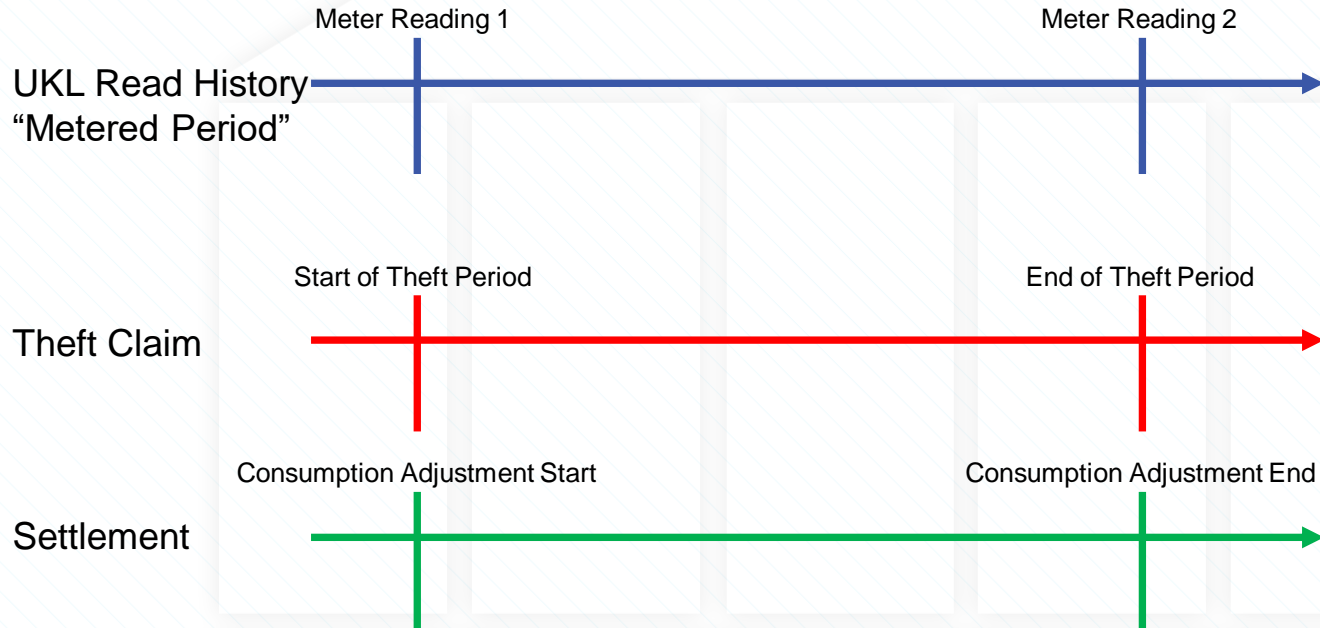
July 2021

Business Rules – our understanding

- Modification 0734 has been raised to allow the TRAS (nominally the Code will reflect RECCo to reflect that the revised TRAS process and body is TBC) to raise Theft Claims directly with the CDSP
- The CDSP shall pass these Theft Claims to the relevant Registered Shipper(s) for the duration of the Theft Period
    - A Theft Claim will define a Theft Period and it will specify a Theft Volume which the confirmed theft of gas (which resulted in the metered consumption in the Theft Period at the Supply Meter Point being less than the actual consumption) (NB: (slightly reworded G2.3.21))
- The Shipper must object within 15 SPSBDs, else the CDSP will progress the Theft Claim into Settlement
- The CDSP will progress the Theft Claim into Settlement after the expiry of the 15 SPSBDs
    - The CDSP will primarily use the Consumption Adjustment approach so that the outcomes of the Theft Claim are accounted for within downstream processes – including Unidentified Gas, AQ, Settlement and future Consumption challenges (such as Corrections).
- The CDSP will align the Theft Claim to a Metered Period – which will form the Settlement Period
    - Where a Metered Period doesn't exist the CDSP may create a Metered Period by creating a Meter Reading for the [End Date of the Theft Period] . This Meter Reading for the will be a nil incrementing Meter Reading from the previous Meter Reading recorded on UKL.

- [Once a Theft Claim has progressed into Settlement any amendment to this Claim will require a Theft Claim (i.e. a Correction Claim) which reverses the previous Claim, and then a new Theft Claim needs to be submitted for the correct value for the Original Theft Claim Theft Period – if necessary.]

Business Rules

- The Distribution Workgroup actioned CDSP to define specific BRs

- This Modification requires that the UNC will interface with REC, as such, it is important that the UNC obligations are clear about what will and will not be done, and the Suppliers / TRAS / RECCo are also aware of this

- **If the Supplier has used an alternative Meter Reading to assess the Theft Period - being clear about what the CDSP will do in the absence of such Meter Readings being in UKL is important**

Scenario - Theft Period = Metered Period

- Theft Period = Metered Period – everything aligns

Meter Reading 1   Meter Reading 2

UKL Read History
"Metered Period"

Start of Theft Period   End of Theft Period

Theft Claim

Consumption Adjustment Start   Consumption Adjustment End
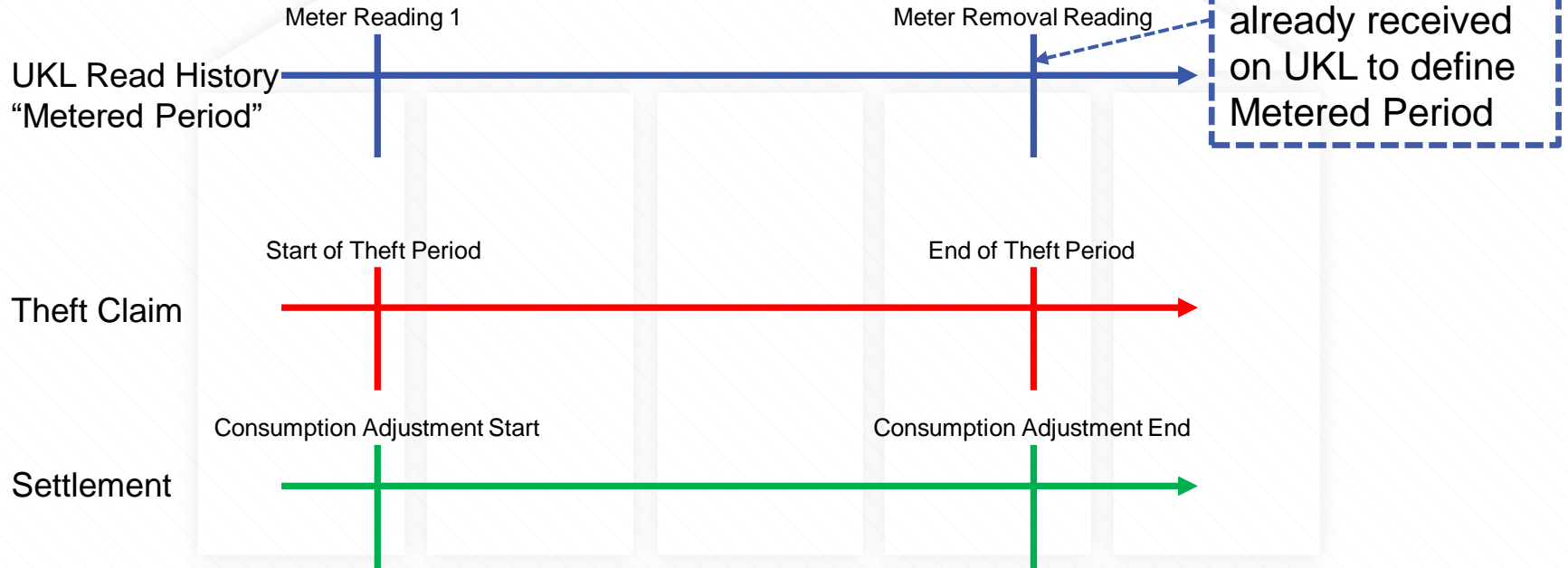
Settlement

Why are the CDSP suggesting additional BRs

- CDSP needs to do certain activities to solution this Modification:

- The WG has established that the Theft Volume can only be determined against the Metered Volume - <mark>i.e. that the Theft Volume will be nett against Metered Volume where applicable</mark>

- Ideally Theft Period will align to Metered Period – where they do, this should be fairly straight forward

- Scenarios are unclear where it won't align, but we have to assume there are [a few] legitimate reasons why it won't (such as Meter itself having been stolen)

- ~~It is assumed that the number of such instances will be negligible~~

- In all other instances, we would expect that as part of the Theft Assessment process that a site visit has occurred so a Meter Reading **should be available**

- The Mod doesn't mandate the provision of Meter Readings, but we anticipate that other Code obligations will ensure that Readings are generally available – for example: we understand that the majority of End of Theft Periods will be bounded by a Meter Exchange
  - Meter Exchange timings under C&D Regs / UNC means that these will ALWAYS precede a Theft Claim being received by the CDSP

Scenario - Theft Period = Metered Period

- Theft Period = Metered Period – tampered Meter Removed

Meter Reading 1

Meter Removal Reading

UKL Read History
"Metered Period"

Meter Removal Transaction already received on UKL to define Metered Period

Start of Theft Period

End of Theft Period

Theft Claim

Consumption Adjustment Start

Consumption Adjustment End

Settlement

Theft Period <> Metered Period Scenarios

- Where the Theft Period doesn't align to Metered Period
  - Excluding the 'No Meter Ever' Scenario, we presume the scenarios fit into two categories:
    - Reading history available (just different dates)
    - No 'Start of' or 'End of' Theft Period Readings Available
      - ~~Not aware of scenarios where a Start of Theft Period Reading is required?~~

  - 'No Meter Ever' – it is assumed that these are very rare instances, in which case the CDSP will be required to use the Theft Claim Volume and the Theft Period to insert Consumption against that Meter Point
    - This is a manual process – how is this best to limit this scenario? and it not become a path of least resistance?
    - [This may prevent historic Meter / Reading insertion] – what warranty is in place that the Supplier is stating that this will not be required

  - Are there any other scenarios?

Why are the CDSP suggesting additional BRs

- Readings Available

  - The Mod doesn't mandate the provision of Meter Readings, but we anticipate that other Code obligations will ensure that Readings are generally available in UKL – for example: Meter Exchange timings under C&D Regs means that these will ALWAYS precede a Theft Claim being received by the CDSP
  - Therefore expect that the Readings are available in UKL, but that they may not align – e.g. the Readings used by the Supplier differ from those on UKL
    - To minimise this we anticipate that the solution will require that Meter Reading data is made available to Suppliers [on API] for this to be looked up, but there will be no obligations [in UNC] for them to do so, we are unaware whether any such obligations in SPAA/REC exist
    - Suppliers can therefore submit claims in the knowledge of the CDSP treatment
  - We therefore propose that the **CDSP will assess the Meter Reading History to specify the Metered Period that best aligns to the Theft Period**
    - **Are there any detailed rules that the WG expect to be considered?**
    - **Currently, we would expect that any Metered Period covers the Theft Period, but there are some exceptions to this – e.g. we will not associate a Theft End to an Opening Exchange Read (see subsequent slides)**
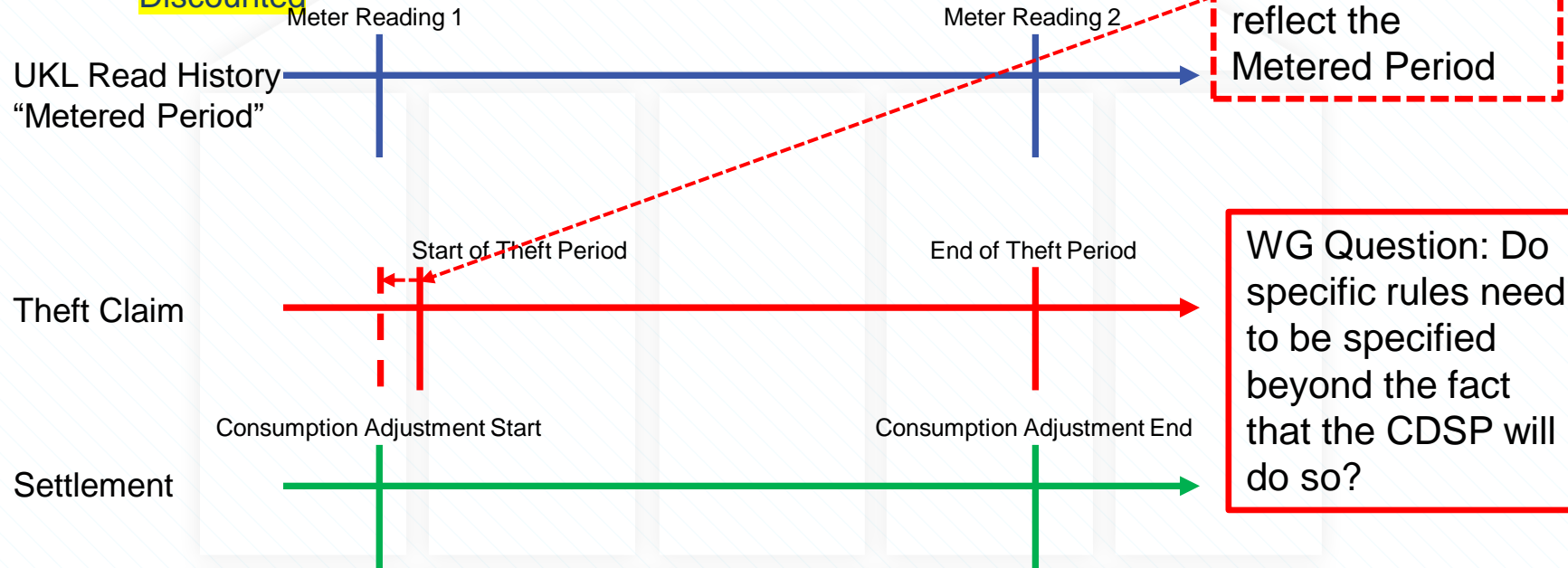
Why are the CDSP suggesting additional BRs

- No 'Start of' or 'End of' Theft Period Readings Available

  - It is proposed that the CDSP will have discretion to estimate the 'Start of' or 'End of' Theft Period Readings, currently within the Code **the CDSP has the instruction to estimate Meter Readings** – normally true for Opening Readings; Class Change
  - We also suggest that as this **methodology deviates from standard methodology it is specified**

  - There could be scenarios where Start of Theft Period Readings are required
    - If so, are these Nil Incrementing, or 'Normal' derivation using the profiles?
    - It is proposed within the Mod that these will be nil incrementing – any missed metered consumption should be identified in subsequent Readings.

Scenario - Theft Period <> Metered Period

- Theft Period <> Metered Period – extend period to nearest read
  - Discounted

Theft Period extended to reflect the Metered Period

Meter Reading 1

Meter Reading 2

UKL Read History "Metered Period"

Start of Theft Period

End of Theft Period

Theft Claim

WG Question: Do specific rules need to be specified beyond the fact that the CDSP will do so?

Consumption Adjustment Start

Consumption Adjustment End

Settlement

BR Statement: CDSP proposes that the period will be expanded (other than in this instance).
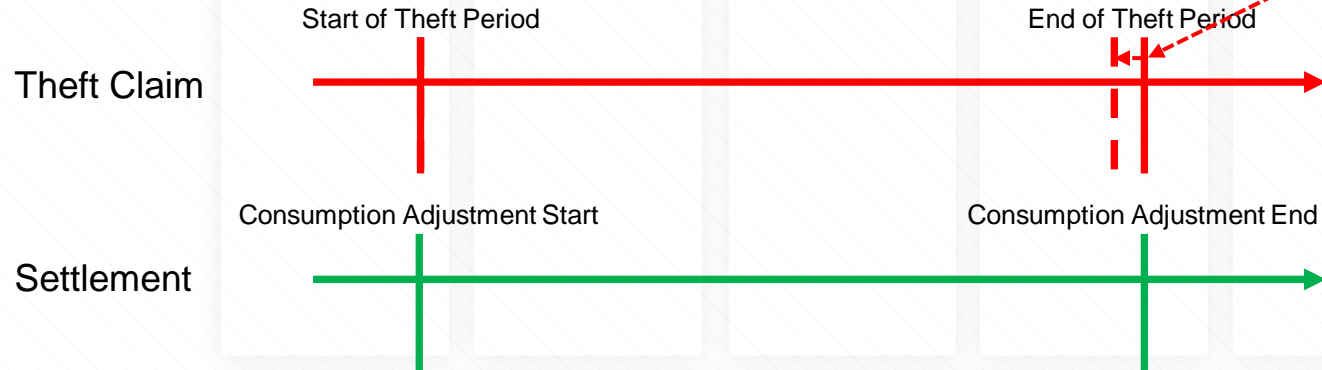
Scenario - Theft Period <> Metered Period

- Theft Period <> Metered Period – reduced by 1 day
  - See BRs

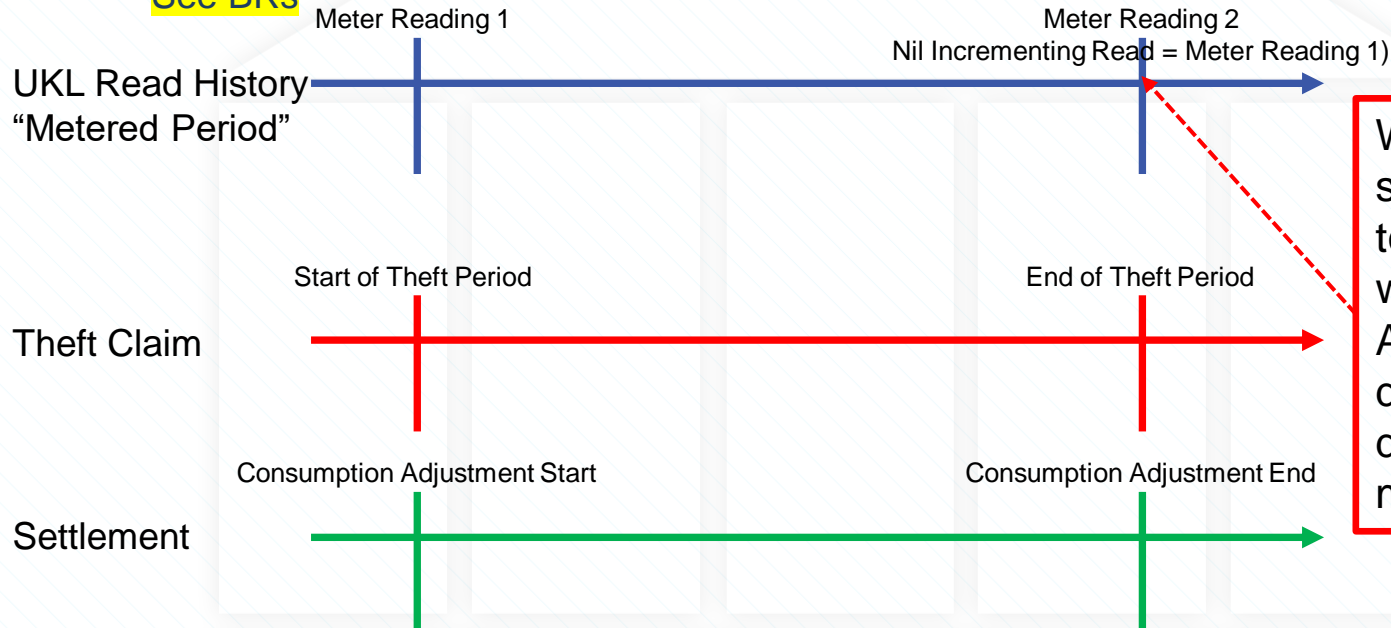**Theft Period reduced to reflect the Removal of the Tampered Meter**

UKL Read History "Metered Period"

Meter Reading 1

FINX Reading (MEX D-1)

OPNX Reading

Tampered Asset

New Asset

Theft Claim

Start of Theft Period

End of Theft Period

WG Question: Do specific rules need to be specified beyond the fact that the CDSP will do so?

Settlement

Consumption Adjustment Start

Consumption Adjustment End

Scenario - Theft Period <> Metered Period

- Theft Period <> Metered Period – No End of Theft Read
  - See BRs

UKL Read History "Metered Period"

Meter Reading 1

Meter Reading 2
Nil Incrementing Read = Meter Reading 1)

Theft Claim

Start of Theft Period

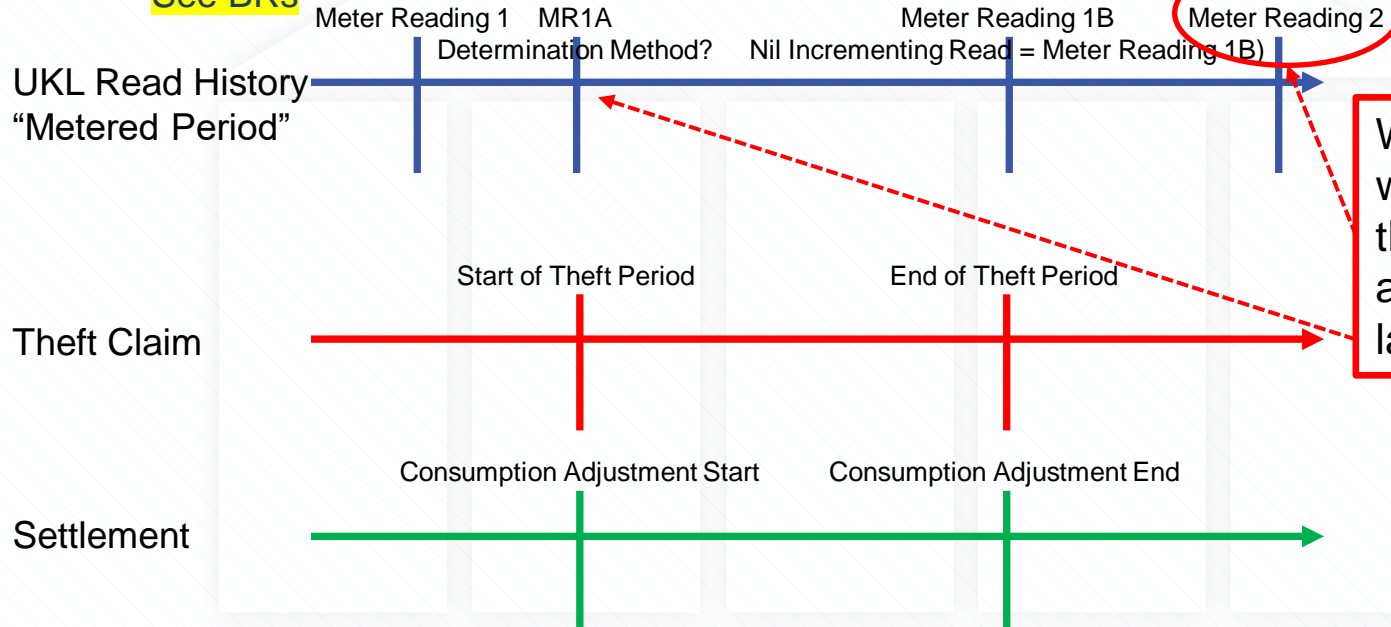End of Theft Period

Settlement

Consumption Adjustment Start

Consumption Adjustment End

WG Question: Do specific rules need to be specified within the Code? Ability for CDSP to do so, and the derivation methodology?

Scenario - Theft Period <> Metered Period

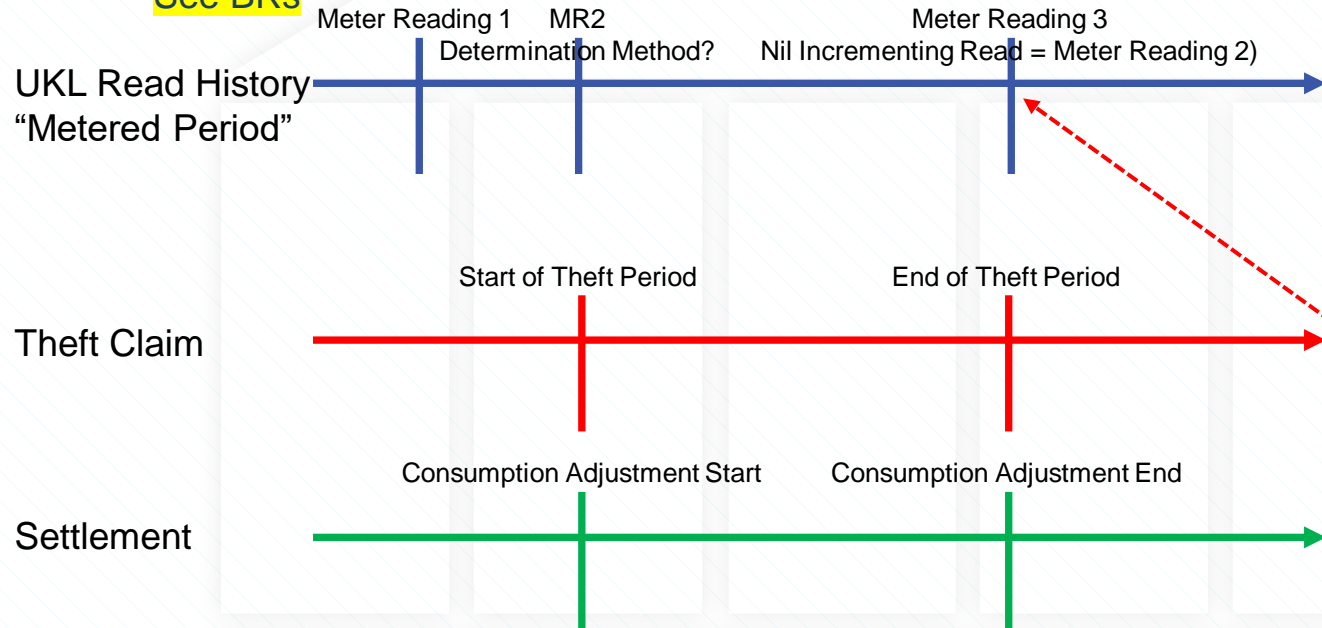- Theft Period <> Metered Period – No Theft Period Readings
  - See BRs

Scenario - Theft Period <> Metered Period

- Theft Period <> Metered Period – No Theft Period Readings
  - See BRs

Other Qs

- Is there a de-minimis amount where a CA is not required?

  - During WG discussions we have identified a Fiscal Theft – are these to be reported to CDSP?

    - Are there any Settlement impacts of these? If not, what is the CDSP required to do with these?

- It is proposed that the CDSP will estimate the [End of] Theft Period Readings, currently within the Code **the CDSP has the instruction to estimate Meter Readings** – normally true for Opening Readings; Class Change

  - We also suggest that as this **methodology deviates from standard methodology it is specified**

  - Are there scenarios where start of Theft Period Readings are required?

  - IF so, what is the methodology? Nil Incrementing or Standard (H2.2)?

Proposed Business Rules

- Where there is not a Meter Reading at the Start of or End of Theft Period, or that can be used for the Start of or End of the Theft Period, the CDSP shall insert a Meter Reading. [This Meter Reading shall be nil incrementing from the previous Meter Reading recorded in UKL (i.e. will be the same Meter Reading as the previous Meter Reading)]
  - This is different from existing methodology that is set out in Code which stipulates the CDSP methodology (see M5.4.2 / H2.2 extract)

5.4.2 Where, in relation to a Class 3 or 4 Supply Meter, the Code requires an estimated Metered Volume for any period, the Metered Volume shall (unless otherwise provided) be estimated by converting the NDM Supply Meter Point Demand (in accordance with

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Section H2.1) for each Day in the period to volume (by dividing by the applicable Calorific Value for the Day), and aggregating those volumes for each such Day;

5.4.3 Where, in relation to any Supply Meter, the Code requires an estimated Meter Reading, the Meter Reading shall be estimated to be that Meter Reading which would result in the Metered Volume estimated under paragraph 5.4.1 or 5.4.2.

2.2 **Supply Meter Point Demand Formula**

2.2.1 NDM Supply Meter Point Demand ('SPD') for a Day (Day 't') shall be determined according to the following formula:

$$SPD = \frac{AQ}{365} \times AL\bar{P}t \times (1 + (DAF_t \times WCF_t))$$

where AQ is the Annual Quantity (in kWh) in respect of the relevant Class 3 or 4 Supply Meter Point;

Proposed Business Rules

- Where the recorded Metered Periods do not align to the Theft Period the CDSP shall align the Theft Period to the Metered Period in order to progress the Consumption Adjustment. [The value of the Theft Claim will not be amended].
  - In this instance the Theft Volume will not be amended, ==but== it will be applied over a different period
  - This will help the end to end process clarity about how these will be treated for Settlement purposes

  - ==Discounted as a solution option==

Proposed Business Rules

- If the Supplier has used an alternative Meter Reading to assess the Theft Period - being clear about what the CDSP will do in the absence of such Meter Readings being in UKL is important

- What are the WG views on the suggested rules?