





UNC Modification		At what stage is this document in the process?
<h1>UNC 0734S:</h1> <h2>Reporting Valid Confirmed Theft of Gas into Central Systems</h2>		<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid green; background-color: #008000; color: white; padding: 2px; display: inline-block;">01 Modification</div> <div style="border: 1px solid blue; padding: 2px; display: inline-block;">02 Workgroup Report</div> <div style="border: 1px solid purple; padding: 2px; display: inline-block;">03 Draft Modification Report</div> <div style="border: 1px solid orange; padding: 2px; display: inline-block;">04 Final Modification Report</div> </div>
<p>Purpose of Modification:</p> <p>The intent of this Modification is to introduce a new process to help ensure that valid confirmed theft data (claims), received from Suppliers via the Retail Energy Code (REC), is appropriately reported into central systems.</p>		
	<p>The Proposer recommends that this Modification should be:</p> <ul style="list-style-type: none"> subject to self-governance assessed by a Workgroup <p>This Modification will be presented by the Proposer to the Panel on 20 August 2020. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>	
	<p>High Impact: None</p>	
	<p>Medium Impact: None</p>	
	<p>Low Impact: Shippers Central Data Service Provider (CDSP)</p>	

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Timetable	
The Proposer recommends the following timetable:	
Initial consideration by Workgroup	27 August 2020
Workgroup Report presented to Panel	15 April 2021
Draft Modification Report issued for consultation	15 April 2021
Consultation Close-out for representations	07 May 2021
Final Modification Report available for Panel	12 May 2021
Modification Panel decision	20 May 2021


? Any questions?


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1 Summary

What?

This Modification seeks to place obligations on Shipper parties to ensure that valid confirmed theft of gas data received from Suppliers via the Retail Energy Code (REC), such as consumption volumes, are appropriately entered into central systems for the purposes of Settlement.

The modification further seeks to place obligations on Shippers to 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, for example, via the Transporter.

Why?

In March 2019, [UNC Request 0677R group](https://www.gasgovernance.co.uk/0677)¹ (also known as the Joint Theft Reporting Review (JTRR)) was established as a cross-code working group between Uniform Network Code (UNC) and Supply Point Administration Agreement (SPAA) parties. The JTRR was tasked with reviewing theft reporting arrangements for Shippers, Transporters and Suppliers to; consider concerns over discrepancies between Supplier and Shipper theft reporting; consider whether current theft reporting can be simplified, and; produce clear recommendations for improvement. The UNC Workgroup Report can be found here:

<https://www.gasgovernance.co.uk/0677>

The JTRR provided a unique opportunity to consider, in a holistic way, the end to end reporting of gas theft information, from those responsible for carrying out investigations (i.e. Suppliers) to those responsible for ensuring theft consumption data is entered into Settlement (i.e. Shippers and Transporters). The group was an industry first in the sense that it was the first time Shippers, Transporters and Suppliers have come together to review theft reporting across the UNC, SPAA and the Data Services Contract.

The group received expert support from the Central Data Service Provider (CDSP), the Allocation of Unidentified Gas Expert (AUGE), and ElectraLink as the administrator of the Theft Risk Assessment Service (TRAS) and Energy Theft Tip-Off Service (ETTOS).

The JTRR met on eight occasions and identified circa 30 issues relating to theft of gas reporting. The issues included, amongst other things, that there is not currently sufficient provision in code to

- a) ensure confirmed theft data is shared between Shippers and Suppliers; and,
- b) ensure confirmed theft volumes are entered into Settlement.

In support of the existence of this issue, the group identified clear evidence of a significant discrepancy between the number of confirmed thefts reported by Suppliers via the Theft Risk Assessment Service (TRAS) and those reported by Shippers via Xoserve's Contact Management System (CMS). 30% of all confirmed theft records in TRAS do not appear in CMS and 17% of confirmed theft records in CMS do not appear in TRAS. In short, this indicates that Shippers and Suppliers are not talking to one and other as would be expected and is likely a product of there being no clear obligation in either the UNC or SPAA for these parties to report confirmed theft data to each other.

Deleted: It also seeks to ensure corrections to Annual Quantities (AQ) that are required as a result of theft of gas are undertaken as required. ...

¹ UNC 0667R: Shipper and Supplier Theft of Gas Reporting Arrangements <https://www.gasgovernance.co.uk/0677>

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This results in two highly undesirable effects, the first is an inaccurate view of the impact of theft of gas on Unidentified Gas (UIG) and unnecessary volatility in UIG calculations. The second is that the significant effort of Suppliers in detecting and investigating theft of gas is, unfairly, not recognised in Settlement.

The single largest confirmed theft that appeared in TRAS but did not appear in CMS equated to 85GWh of energy – which represents £2.5m of gas at wholesale prices². The AUGE has stated that this is a clear and direct contributory factor in the volatility of Unidentified Gas experienced by industry parties and the JTRR agreed it is vital that improvements are made by codifying the requirement for Shippers and Suppliers to communicate and for confirmed theft data to be entered into Settlement.

SPAA Change Proposal (SCP) 492 – JTRR Reporting Confirmed Theft of Gas (available here: <https://www.energytheftdetection.co.uk/change/scp-492-jtrr-reporting-confirmed-theft-of-gas/>) has already been implemented to require Suppliers to provide consumption data to Shippers, where theft of gas is confirmed. This UNC Modification is now required to ensure the appropriate obligations exist in the UNC.

How?

An obligation will be placed in the UNC to require Shippers to report valid confirmed theft of gas data, received from their Suppliers, into Settlement.

For the avoidance of doubt an obligation already exists to require Shippers to undertake AQ corrections as may be necessary as a result of confirmed theft of gas.

For the avoidance of doubt, the UNC obligations will not be prescriptive about the method by which confirmed theft of gas information should be reported into Settlement. However, the JTRR have reviewed in detail the method by which confirmed theft data could be shared between parties and have recommended a process whereby confirmed theft data (such as consumption volume and start/end dates) is automatically input into Settlement systems where a theft is confirmed in TRAS (or any successor service), with Shippers having an opportunity to review and object before the data is entered into final Settlement.

2 Governance

Justification for Self-Governance

This Modification is considered capable of proceeding under self-governance arrangements as it is unlikely to have a material effect on:

- consumers
- competition
- the operation of pipe-line systems
- matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies;
- the uniform network code governance procedures or the network code modification procedures; and
- is unlikely to discriminate between different classes of parties to the uniform network code/relevant gas transporters, gas shippers or DN operators.

² Consumption data provided by the AUGE. Monetary value based on System Average Price of 3p per kWh.

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Furthermore, this Modification demonstrates that industry parties are capable of utilising the industry-led self-regulatory approach to code governance in resolving historic mischiefs in the reporting of confirmed theft, without recourse to the Authority.

Requested Next Steps

This Modification should:

- be subject to self-governance, and;
- be assessed by a Workgroup.

The changes proposed within this Modification are a result of the recommendations developed by the cross-code JTRR group.

This group consisted of Shippers, Transporters, Independent Gas Transporters, Suppliers, the CDSP, the Allocation of Unidentified Gas Expert (AUGE) and ElectraLink (As Code Administrator of the Supply Point Administration Agreement (SPAA)). As such, significant development and review has already been undertaken and the proposed new obligations are high level and, arguably, should already exist in code or in agreements between Shipper and Suppliers.

Note that the UNC Performance Assurance Committee (PAC) is expected to be able to monitor the results of this Modification and as such the monitoring tools (reports or making available any/ all required data) will need developing at Workgroup. The Workgroup should specify what will be required to monitor actions, considering which data will be most suitable for this task.

3 Why Change?

Please see section 1 above.

In summary, the driver of this change is significant evidence that confirmed theft data from Suppliers is not entering Settlement. This is likely to be a product of there being no obligations in code for Shippers and Suppliers to report confirmed theft to one and other. The effect of not implementing this change would be to perpetuate a historic loophole in theft reporting arrangements that directly contributes to UIG, through there being insufficient provision in code for confirmed theft consumption data to be entered into Settlement. This is evidenced by the significant discrepancy in the number of confirmed thefts entered into TRAS by Suppliers and the number of confirmed thefts entered into CMS by Shipper – with 30% of all confirmed thefts in TRAS not appearing in CMS.

4 Code Specific Matters

Reference Documents

Workgroup Report 0677R v3.0 <https://www.gasgovernance.co.uk/0677>

SCP 492 - JTRR Reporting Confirmed Theft of Gas <https://www.energytheftdetection.co.uk/change/scp-492-jtrr-reporting-confirmed-theft-of-gas/>

Knowledge/Skills

No specific knowledge or skills are required to assess this Modification, other than an understanding of code governance processes and the importance of ensuring confirmed theft data is reported into central systems for the purpose of accurate Settlement.

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5 Solution

Under SCP 492: Joint Theft Reporting Review: Reporting Confirmed Theft of Gas, an obligation is placed on Supplier Parties to ensure that certain confirmed theft data is reported to their appropriate Shipper. This Modification seeks to require Shippers to report valid confirmed theft of gas data, received from their Suppliers via the Retail Energy Code (REC), into Settlement.

The Modification also codifies the requirement for Shippers to report suspected theft of gas to the relevant Supplier for investigation.

Suppliers must ensure that details of Confirmed Thefts are provided to the relevant Shipper to enable consistent reporting under the UNC.

The details provided to Shippers via the Retail Energy Code are proposed to include, but are not limited to; the Supplier Investigation ID; the MPRN; confirmation of Theft of Gas; the supply start and end date of the assessed period of unrecorded gas; and the volume of unrecorded gas,

Business Rules (BR's)

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.

BR2 - For the avoidance of doubt if the correction is not objected to this will result in the previous claim being 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.

BR3 - The Shipper can object at MPRN level to the claim(s) or corrections within 15 Supply Point System Business Days of receipt of the claim or correction 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.

Commented [FM1]: Agreed as preferred wording at Jan DWG

Commented [FM2]: Feb 2021 DWG – 15 days agreed to enable balance between time for Shipper to object and the anticipated monthly output of confirmed theft from TRAS.

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Guidance – It was felt that three 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.

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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. [Amend the PARR table to include the following report – or relevant data should be retained and made avail for a PARR report.]

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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.

Commented [FM3]: Feb 2021 DWG – PAFA to propose BR wording and table for PARR output

Deleted: **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....**

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.

BR5 - In the absence of an objection the relevant energy will be addressed via a Consumption Adjustment by the CDSP.

Commented [FM5]: Feb 2021 DWG – Use of Consumption Adjustment agreed as relevant wording.

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 and overrides any previous adjustments or meter reading.

Commented [FM6]: Feb 2021 DWG – How do system validations interact with this? Currently CDSP will have dialogue with Shipper to note that theft consumption data may break tolerance and manage the submission of meter reads that make this work.

In addition to the Business Rules above we also propose to make the following associated change:

Conceptually, Shipper would amend readings to make the theft volume work, but in an automated process CDSP/DSC parties will need to identify a method to enable automatic input of theft volumes. DA to consider whether additional wording required in BRs to accommodate this. Meter readings are challenging in relation to theft as there are often no valid reads to measure breaker validation from.

BR6 - 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.

Options include:
- Estimated/theoretical reads used for theft input.
- A market breaker tolerance override function
- The removal of the need for meter reads during Consumption Adjustments specific to confirmed theft.
- Do nothing in BRs and leave for DSC development/CDSP process (i.e. bespoke process backed by high level legal text wording)

Guidance – Where such a claim or correction that is objected to by one Shipper, the other relevant Shippers to which the period of the theft claim relates shall be notified by the CDSP of the objection.

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Guidance – Where the start and end date of a claim spans multiple Shippers or is otherwise for a period where more than one Shipper provided the relevant Shipping services for that site, the energy volume and associated allocation shall be pro-rated between each relevant Shipper.

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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. ¶

Commented [FM7]: Feb 2021 DWG – New guidance note agreed in relation to confirmed theft periods that span multiple Shippers

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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.

Commented [FM8]: Feb 2021 DWG – Agreed that theft volume will be pro-rated where spans multiple Shippers

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.

Commented [FM9]: Feb 2021 DWG – Dual routes of reporting (e.g. where Supplier reports suspected theft to Transporter, and to TRAS, and may then receive notification of same suspected theft back from the Transporter via the Shipper reporting route), DWG agree this is for the Supplier to manage to ensure not reported twice into TRAS (something which should already be occurring – i.e. validation of suspected thefts). FM to represent at SPAA Theft Issues Group (TIG).

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.

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Notes 3: For the purpose of notifications to the PAC, as described in BR4, the anticipated data items to be reported are described below and the intention is any such notification/reporting will be enacted through the Performance Assurance Reports Register (PARR) and include the following data:

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.

The above reporting structure will not be specifically codified, to enable flexibility in the creation and future use/development of the relevant PARR report by the PAC. A draft PARR report is provided as Attachment 1.

Commented [FM10]: Feb 2021 DWG - PAFA to propose wording table for PARR output

Commented [FM11]: N.B. This may be better expressed as the separate aggregate value of energy for objections and corrections – for context would you also not need the number of valid claims and the aggregate energy

Commented [FM12]: Feb 2021 DWG – agreed to remove from BRs and specify elsewhere in solution section for purpose of incorporation into PARR.

6 Impacts & Other Considerations

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No.

Consumer Impacts

By improving the reporting of theft of gas it ensures charges are more reflective of actual use of the system.

Cross Code Impacts

This Modification has arisen as a result of the cross-code JTRR which brought together SPAA and UNC parties to review theft reporting arrangements. As such there is a direct cross-code impact on SPAA, which is being managed through involvement of the SPAA Secretariat in the development of this Modification. This Modification and any associated or consequential SPAA change is being managed in accordance with the Code Administration Code of Practice (CACoP) Principle 13 - Code Administrators will ensure cross code co-ordination to progress changes efficiently where modifications impact multiple codes.

The solution is intended to apply to both GT and IGT supply points and therefore has relevance to IGT UNC parties. With is in mind, it is recommended that IGT UNC parties consider whether any permissions must be granted in the IGT UNC to enable confirmed theft at IGT sites to be addressed in Settlement. IGT UNC parties were represented at the JTRR, and the IGT UNC Code Administrator has been engaged by the SPAA Secretariat on an ongoing basis.

Commented [FM13]: Further discussion to be held once legal text takes shape. Options are either:
- Nothing in IGT UNC
- Signpost to UNC in IGT UNC
- Replicated text in IGT UNC
- Other undefined

EU Code Impacts

None identified.

Central Systems Impacts

The CDSP has been involved with the development of the JTRR and the solution does not mandate a specific IT solution. The Proposer would expect the CDSP to help develop a suitable solution. Please see CDSP Change Proposal [XRN 5236 \(Reporting Valid Confirmed Theft of Gas into Central Systems \(Modification 0734S\)\)](#).

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7 Relevant Objectives

Impact of the modification on the Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Positive
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

The proposal is positive in relation to Relevant Objective *d) Securing of effective competition* as it provides a mechanism by which energy relating to valid Thefts is more accurately allocated between Shippers.

8 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

Transitional Arrangements:

The new processes proposed by this Modification will supersede the existing Shipper theft process in CMS. As such, it is proposed there is a 'hard' transition, whereby existing 'in-flight' theft records are closed and replaced via the new process. In practice this would mean any existing confirmed thefts still to be input into CMS, would be closed and the information then received via the output report from TRAS (or its successor system/process). Suspected theft would also be closed in CMS, and the Shipper would be required to retain evidence that the suspected theft has been reported to the relevant Supplier, in accordance with BR7 above.

9 Legal Text

Text Commentary

To be provided in due course.

Text

To be provided in due course.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that self-governance procedures should apply; and,
- Refer this proposal to a Workgroup for assessment.

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