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Dear Bob

**Re: Modification 277 Creation of Incentives for the Detection of Theft of Gas (Supplier Energy Theft Scheme)**

Please find attached Gazproms response to Modification 277. We are happy for our comments to be shared with other interested parties.

Gazprom **does not support** Modification Proposal 0277 Creation of Incentives for the Detection of Theft of Gas (Supplier Energy Theft Scheme)

We have been participated in the development of a number of approaches to addressing theft of gas including modification 0277 and modification 0274 Creation of a National Revenue Protection Service. While we recognize the concerns set out in the proposal we believe that the implementation of a National Revenue Protection Service (NRPS) is a more appropriate solution.

It is our belief that the proposal will create a commercial “bounty” for “finding” theft and this could lead to inappropriate and disproportional behavior by revenue protection agents.

In addition: -

Unlike the NRPS the SETs scheme does not provide an industry wide view of theft.

We do not believe SETS is compatible with the proposals for an NRPS

The SETS scheme does not make provision for reallocation of settlement costs incurred across the industry as other proposals do.

The SETS scheme is a commercial incentive so may not protect vulnerable customers without a code of practice.

Customers may not be treated consistently without a code of practise.

The SETS scheme does not take into account geographical spread

Targets for cases of theft to be identified is based on market share, so assumes market share and instances of theft are equal across the market.

The level of investment required under this scheme is not capped and will be borne by the Shipper and ultimately the consumer.

Shippers may be unable to obtain enough evidence to obtain a credit from the scheme if a consumer actively switches between suppliers.

I trust these comments are helpful. If you have any queries regarding this response please do not hesitate to contact me directly.

Yours Sincerely

Steve Mulinganie  
Regulation & Compliance Manager