

0574S:

Creating the permission to release supply point data to the Theft Risk Assessment Service (TRAS)

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|----|---------------------------|
| 01 | Modification |
| 02 | Workgroup Report |
| 03 | Draft Modification Report |
| 04 | Final Modification Report |

This is an enabling modification, which seeks to create the necessary permissions in UNC for supply point data to be provided to the Theft Risk Assessment Service (TRAS) to increase the accuracy of the service.

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|  | <p>The Workgroup recommends that:</p> <ul style="list-style-type: none"> • This modification should now proceed to consultation. • That the self-governance status of this modification is reviewed. |
|  | <p>High Impact: None</p> |
|  | <p>Medium Impact: None</p> |
|  | <p>Low Impact: Shippers and Transporters</p> |

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| 5 Implementation | 6 |  sasha.pearce@npower.com |
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| 7 Legal Text | 6 | Transporter: Northern Gas Networks |
| 8 Recommendation | 7 |  jferguson@northerngas.co.uk |
| About this document: | |  0113 397 5323 |
| This report will be presented to the panel on 16 June 2016. | | Systems Provider: Xoserve |
| The panel will consider whether the modification should proceed to consultation or be returned to the workgroup for further assessment. | |  commercial.enquiries@xoserve.com |
| The Workgroup recommends the following timetable: | | |
| Initial consideration by Workgroup | 25 February 2016 | |
| Amended Modification considered by Workgroup | 26 May 2016 26 May 2016 | |
| Workgroup Report presented to Panel | 18 August 2016 | |
| Draft Modification Report issued for consultation | 18 August 2016 | |
| Consultation Close-out for representations | 08 September 2016 | |
| Final Modification Report presented to Panel | 09 September 2016 | |
| UNC Modification Panel decision | 15 September 2016 | |

1 Summary

Is this a Self-Governance Modification?

The Modification Panel determined that this is a self-governance modification because it merely seeks to grant permission to release an existing dataset for use by the Theft Risk Assessment Service (TRAS), therefore there will be no material effect on existing or future gas consumers and competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes.

The workgroup does not consider this modification as suitable for self-governance as it may have a material impact due data protection issues in terms of the type of information being released.

Is this a Fast Track Self-Governance Modification?

The modification would meet the self-governance criteria, however as it is not properly a housekeeping modification required as a result of some error or factual change it would not be suitable for Fast Track Self-Governance.

Why Change?

The TRAS has a requirement to access Supply Point Information, arising from terms agreed with the Supply Point Administration Agreement (SPAA) process for the purposes of assessing energy theft risk. The provision of data to TRAS will contribute towards fulfilment of supply licence obligations to detect, prevent and investigate theft of energy.

Solution

This enabling modification is proposing to grant access and permissions to access relevant Supply Point Information to the TRAS provider.

Relevant Objectives

Theft of energy has a material impact on energy consumers in terms of cost and safety. It also leads to a misallocation of costs among energy suppliers, which can distort competition and hamper the efficient functioning of the market. Therefore, UNC objective D(ii), securing of effective competition between relevant suppliers is better facilitated by this modification.

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. However, should the self-governance status of the modification change, no implementation timescales are being proposed.

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

No.

2 Why Change?

Background

In January 2013 Ofgem implemented new licence conditions for gas suppliers to detect, prevent and investigate theft (SLC12A). Contained within these conditions is a requirement for gas suppliers to implement a central service to assess the risk of theft of gas at consumer premises and so help target theft investigations. To meet this condition a dual-fuel industry procurement was run to appoint a single energy TRAS provider. A contract has been agreed and these services are now being implemented.

The TRAS has a requirement to access Supply Point Information, arising from terms agreed with SPAA for the purposes of assessing energy theft risk. The provision of data to TRAS will contribute to fulfilment of the licence obligations outlined above, and will also deliver a clear benefit to the Industry by identifying supply points with a high likelihood of energy theft.

The specific use of the Supply Point Information data as a quarterly download is to provide the universe of gas supply points as a reference file against which all the consumption files submitted to TRAS by suppliers can be matched. Using advanced address data processing tools, the TRAS provider will be able to assess the completeness and accuracy of the meter addresses and identify exceptions. The matching process used by the TRAS will identify supply points that are not being billed by any of the gas suppliers. In this respect, giving the TRAS provider access to this data for the TRAS project will help to improve TRAS data quality. In addition, access to this reference dataset will enable the TRAS provider to create a better set of predictive models, because all known supply points can be included, not just those notified to TRAS by the gas suppliers.

The TRAS provider has already taken steps to meet data protection requirements as part of the TRAS arrangements and already has access to the data by virtue of permissions granted under the TRAS contract with SPAA. The dataset created from the quarterly download of Supply Point information under the UNC will only be used for the purposes of TRAS and will not be loaded or used in any other product or service and will not be distributed to other divisions of the TRAS provider organisation. The TRAS provider has a Data Security policy in place, which documents in detail the steps that the TRAS provider takes to ensure robust data protection standards and procedures are in place to safeguard all data received from parties.

The benefit of increased theft detection is decreased cost for consumers and industry parties, as theft volume is accounted for within industry unallocated energy processes. Additionally and significantly, reducing the number of theft instances within the industry will reduce the overall safety risk to consumers.

This modification should be considered as 'enabling', since the change would mainly be of benefit to the TRAS provider and Suppliers, which are not Code parties and therefore of indirect benefit to UNC parties.

More information on the TRAS industry procurement can be found at:

<http://www.electralink.co.uk/services/procurement-services>

3 Solution

This enabling modification is proposing to grant the relevant permissions to allow the TRAS provider to specifically access:

- Meter Point Reference Number
- Meter Point Address and Postcode
- Meter Serial Number

This is an ongoing requirement and quarterly refreshes of the data are needed.

This may require amendment to UNC TPD Section V5 (INFORMATION AND CONFIDENTIALITY) to permit the release of the data in question to TRAS.

For the avoidance of doubt this data does not include unique sites or “Special Metering Supply Points” defined at UNC TPD Section G.

| User Pays | |
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| Classification of the modification as User Pays, or not, and the justification for such classification. | This is not a User pays modification, as it does not create or amend a User pays service as it merely provides permission for the release of data. |
| Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view. | Not applicable |
| Proposed charge(s) for application of User Pays charges to Shippers. | Not applicable |
| Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve. | Not applicable |

4 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 |

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| 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 |

Securing of effective competition between relevant suppliers

Theft of energy has a material impact on energy consumers in terms of cost and safety. It also leads to a misallocation of costs among energy suppliers, which can distort competition and hamper the efficient functioning of the market.

Supplier Licence Condition 12A.8 requires gas suppliers to develop a Theft Risk Assessment Service (TRAS) to support detection, investigation and prevention of gas theft. It has been determined, as part of the industry procurement of TRAS that access to the data items specified in this modification, this data would benefit the service provided by improving exception management and overall data quality of the TRAS service.

Therefore, UNC objective D(ii), securing of effective competition between relevant suppliers would be better facilitated by the implementation of this enabling modification.

5 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.

No implementation timescales are proposed, however should the Modification Panel agree this modification is not suitable for self-governance, implementation should be as soon as is practicable following Ofgem direction.

6 Impacts

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

No.

7 Legal Text

Text Commentary

Text Commentary was not available for Workgroup assessment.

Text

The following legal text was provided by Northern Gas Networks in response to a formal request for legal text at the 16 June 2016 Panel meeting.

Please note: The legal text provided for this Modification is contingent upon implementation of UNC Modification 0584S - Energy Theft Tip-Off Service (ETTOS) – Release of Supplier identity.

TRANSPORTATION PRINCIPAL DOCUMENT

SECTION V - GENERAL

Amend paragraph 5.5.3(l) to read:

“5.5.3

- (l) to a person appointed pursuant to the SPAA to provide Energy Theft Tip-off Services (“**ETTOS**”) when information is received by that person of an allegation of a potential theft of gas at a premises and the identity of the relevant Supplier is required. For the purposes of the Code ETTOS shall have the same meaning as contained within SPAA; or”

Add new paragraph 5.5.3(m), as follows:

“5.5.3

- (m) to a person appointed pursuant to the SPAA to provide Theft Risk Assessment Service, on a quarterly basis, the following data items; Meter Point Reference Number, Meter Point Address and Postcode, and Meter Serial Number.

For the purposes of the Code TRAS shall have the same meaning as contained within SPAA.”

8 Recommendation

The Workgroup invites the Panel to:

- Review the self-governance status of this modification
- AGREE that this modification should be submitted for consultation.