

## Representation

### Draft Modification Report

#### 0431: Shipper/Transporter – Meter Point Portfolio Reconciliation

**Consultation close out date:** 12 December 2013  
**Respond to:** enquiries@gasgovernance.co.uk  
**Organisation:** E.ON  
**Representative:** Colette Baldwin  
**Date of Representation:** 02 December 2013

#### Do you support or oppose implementation?

Support

#### Please summarise (in one paragraph) the key reason(s) for your support/opposition.

We support the intention of the transporter in raising the modification – to maintain the accuracy of the Supply Point Register which will facilitate the correct allocation of gas between market participants, as well as supporting the delivery of their Licence Condition 7.

We believe that the reconciliation activity will allow the transporters to better target their investigations for potential illegal offtaking of gas in conveyance. This will result in lower investigation costs and improved theft detection rates, because for the Unregistered sites, without the reconciliation activity, the transporter can't know whether the meter point is being supplied or is still in the planning stages. Identifying the billing relationship between the customer and a supplier unequivocally rules out theft in conveyance by the consumer and so ensures the transporters investigations are more accurately focussed.

Equally, if a supplier is billing the customer but there is an absence of a current shipper registration ("shipperless site"), it provides reassurance to the transporter that there is no illegal offtaking of gas in those circumstances either, and that the shipperless status is probably being caused by a failed registration attempt which hasn't yet been remedied. It avoids the need (and therefore the transporters' costs) of a site visit. By enabling the registration to be completed by the gas transporters' agent it will reduce unallocated gas.

#### Are there any new or additional issues that you believe should be recorded in the Modification Report?

No

#### Self Governance Statement:

*Do you agree with the Modification Panel's decision that this should not be a self-governance modification?*

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Yes

The changes to systems and business processes required to support forced registration by the transporters' agent make this a material change for shippers, and therefore the merits of the proposal should be considered by Ofgem and not left to the industry to determine.

### Relevant Objectives:

*How would implementation of this modification impact the relevant objectives?*

Since SLC 7 relates to scenarios where a person has or may have taken gas at a premise where gas has been conveyed to, the GT has the power to investigate and subject to the out come of the investigation use their reasonable endeavours to recover the value of the gas. This SLC doesn't apply only where there is evidence of theft it applies where there is a possibility of theft. Having better information to enable more targeted investigations will reduce the transporters' costs and should hopefully improve detection rates. Improvements should ultimately flow benefits back to consumers in the future by ensuring theft in conveyance is tackled sooner and investigation conversion rate are improved, thereby reducing the amount of gas lost through theft activities. The consequential benefit to shippers will be reduced unallocated gas and improvements in the accuracy of allocation.

### Impacts and Costs:

*What analysis, development and ongoing costs would you face if this modification were implemented?*

We will need to have processes in place to deal with transporter initiated registrations. Our systems are geared to events being triggered by certain activities in the gains process. A registration attempt can only be initiated after certain sales activities have been completed and verified (including but not limited to, agreement to the quotation, contract cooling off arrangements, fulfilment being issued to the new customer to set out what going to happen next). Only after those processes are complete does the registration request get issued, and when a confirmation response files is received it triggers other following dependent activities (getting opening readings, setting up any DD arrangements, etc).

Since the transporter hasn't yet set out how the forced registration will work, we can't provide any costs for re-engineering the process and estimate the system development costs.

### Implementation:

*What lead-time would you wish to see prior to this modification being implemented, and why?*

18 months, given the impact on our sales and registration processes.

### Legal Text:

*Are you satisfied that the legal text will deliver the intent of the modification?*

Yes

### Is there anything further you wish to be taken into account?

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*Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.*

No