

Review Group 0208
Tuesday 01 July 2008
Elexon, 350 Euston Road, London

Attendees

Julian Majdanski (Chair)	JM Joint Office
Tim Davis (Secretary)	TD Joint Office
Richard Street (Proposer)	RS Corona Energy
Bali Dohel	BDo Scotia Gas Networks
Brian Durber	BDu EON
Chris Hill	CH RWE npower
Chris Warner	CW National Grid Distribution
Joanna Ferguson	JF Northern Gas Networks
Linda Whitcroft	LW xoserve
Mark Smith	MS xoserve
Mitch Donnelly	MD British Gas
Richard Dutton	RD Total Gas and Power
Stefan Leedham	SL EDF Energy
Shelley Rouse	SR Statoil (UK)

Apologies

Mark Jones	MJ SSE
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1. Introduction and Status review

1.1. Minutes from previous meeting

The minutes of the previous meeting were accepted.

1.2. Review of Actions from previous meeting

Action 0005: Shippers to investigate the management of unregistered sites.

Action Update: See 2.2 below - superseded by Action 0017

Action: Closed

Action 0005b: Transporters to investigate their processes for unregistered sites.

Action Update: See 2.2 below - superseded by Action 0017

Action: Closed

Action 0008: All to consider Shipper incentives to investigate theft.

Action Update: To build on previous work undertaken, Ofgem have indicated that they are going to look at the Theft of Gas issue, but no specific way forward has been identified.

Action: Carried Forward

Action 0009: All to consider incentives for Meter Reader theft detection.

Action Update: See Action 0008.

Action: Carried Forward

Action 0010: xoserve to provide meter bypass statistics.

Action Update: CW reported that volumes were believed to be low. LW confirmed that xoserve had not received notice of NDM bypasses being opened, and so no information on use was available. xoserve is investigating the number of NDM bypasses installed and the volume potentially involved.

Action: Carried Forward

Action 0011: “ERA/ENA recommendations paper regarding Theft of Energy” to be reviewed.

Action Update: It was agreed that Ofgem should be asked for feedback on how they expected the ERA/ENA recommendations to be taken forward.

Action: Carried Forward

Action 0012: xoserve to investigate and report the ability to bill for reported Theft of Gas consumption.

Action Update: The process is being reviewed internally within xoserve.

Action: Carried Forward

Action 0013: xoserve to investigate and report on the xoserve/Shipper interaction when clearing Theft of Gas allegations.

Action Update: LW confirmed that a reminder is sent to Shippers before allegations are cleared. The Theft of Gas presentation (2.1 below) provided more background.

Action: Closed

Action 0014: All to consider the billing of Theft of Gas energy and a process to encourage Shipper responses to theft allegations.

Action Update: See xoserve presentation, 2.1 below.

Action: Closed

Action 0015: xoserve to provide details of the Theft of Gas process at the next Review Group 0208 meeting.

Action Update: See 2.1 below.

Action: Closed

Action 0016: Shippers to check internal processes for reporting Meter bypass consumption when a bypass has been fitted.

Action Update: Shippers confirmed they had processes in place but were not clear they were regularly utilised, and were not believed to be actively monitoring NDM bypass usage – the presumption was that numbers of such bypasses were low and that it would be difficult to identify when a bypass had been used.

Action: Closed

2. Review Group Discussion

2.1. Theft of Gas

MS (xoserve, Theft of Gas Team) presented. About 250-300 reports of theft are received through the Emergency Bureau each month, and 10% of these are subsequently found to be valid cases. Where a safety risk is identified, an engineer will be dispatched and will make an assessment whether theft has occurred or not. RS questioned whether monitoring was in place, for example to see if the same site was continually reported. MS confirmed that queries are logged and trends can be identified, but that it was inevitable that weight was attached to judgements made by visiting engineers as to whether or not theft was an issue.

RD questioned the process when theft was identified upstream of a meter. MS explained this was passed to the networks who then chose whether or not to pursue the theft – which is part of shrinkage. CW argued that the DNs were appropriately incentivised to pursue this and that any issues were for a different group.

When theft is identified, Shippers are asked to investigate the allegation. If there is no response within 80 days, the case is deemed invalid and closed. CW questioned whether strengthened incentives to comply and provide full data were necessary. RS also questioned whether Shippers should be advised of all allegations, not just those considered to be valid – which may enable Shippers to build up some historic information and identify problem cases. SL agreed that this could be effective with AMR, but could also be useful for domestic customers since validation checks could be run on readings.

LW asked about Shipper incentives to investigate when occupiers had left the site – was there an incentive to investigate and report theft if there was no prospect of recovery from the customer? RS said the need for appropriate incentives on all parties was behind his decision to raise the Review Proposal and this aspect merited consideration.

SL asked if xoserve provide a methodology for estimating the volumes involved when theft is discovered. MS believed there was an industry, not xoserve, methodology.

RD questioned how the starting point for when theft first occurred was established, and whether a presumption of going back to the last confirmed reading would stand up in court. RD felt this put the Shipper in a difficult position as proving consumption and recovering the cost of stolen gas could be difficult, and the costs of pursuing this could exceed the amount recovered. RS agreed that this was a good example of where it was important to ensure the appropriate incentives are in place. SL suggested the key was the appropriate Shipper facing the cost, then it would be for the Shipper to decide whether or not it was appropriate to pursue its customer. RD agreed that getting incentives for reporting was important, but RS was concerned that the wrong signal might be given to consumers, especially domestic, if theft was not pursued on economic grounds.

LW asked if only the amount consumed would be billed for – in which case customers might take a chance as you cannot pay more if caught. RS said this would not be the case for an I&C contract, under which the customer could be pursued for breach of contract.

MS highlighted the incentive payments available under GT Licence Condition 7, paid when the cost of gas lost as a result of theft could not be recovered. SL emphasised that in many cases these incentive payments did not cover the costs of the steps which had to be taken in order to qualify for the payment.

As a reminder of the levels of activity involved, LW ran through previously presented statistics on allegations of theft.

2.2. Unregistered Sites

RS was concerned that the end to end process was clearly not working and that the industry needed to address the issue. He would be interested to see the conclusions reached by xoserve's Unregistered Sites group and see what improvements might be implemented. CW wanted to understand what was required to move this issue forward in terms of actions, and offered to contact a connections expert within National Grid and construct a process flow diagram, and then to combine this with the xoserve process. RS suggested that it would be helpful if all concerned put together a joint presentation for the Group covering the processes involved for each

party, including Shippers. BDu supported this, and thought it important to look at the incentives on each party to reduce the problem.

Action 0017: xoserve, National Grid, EON and Corona to work together to produce an end-to-end process description to illuminate the Unregistered Sites issue

LW provided an updated presentation on unconfirmed sites, looking at an age analysis snapshot of sites which remain unregistered but where xoserve had observed Shipper related activity. RS suggested contacting the Shippers as identified as potentially involved at a site, and LW confirmed this already happened – and also the consumer was directly contacted on occasion to identify the Shipper, as shown on the consumer’s bill. RS suggested naming and shaming may have value for those failing to confirm sites. SL asked if there was an escalation process to move this forward within Shipper organisations with a view to achieving resolution. RD wondered if a Shipper of Last Resort type arrangement could be contemplated should any Shipper be willing to undertake the process of taking ownership of the sites concerned. MD argued that picking up the sites attracted risk – e.g. if historic energy could be reconciled - and RS agreed that this is why incentives are important and need to be consistent across the whole process. SL cautioned against any approach which endorsed disconnection of unregistered domestic sites.

2.3. Meter Bypass

Information from xoserve was awaited to demonstrate the materiality of this issue and consequently whether it merited further consideration (see Action 0010).

3. Diary Planning for Review Group

RS suggested, before moving on to potential solutions, focussing on the Unregistered Sites issue at the next meeting.

10:00, 31 July 2008, Elexon, 350 Euston Road, London

4. AOB

None.

ACTION LOG - Review Group 0208

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0208 0005	22/04/2008	3.0	Shippers to investigate the management of unregistered sites.	Shippers	superseded by Action 0017 Closed
RG0208 0005b	09/06/2008	1.2	Transporters to investigate their processes for unregistered sites.	Transporters	superseded by Action 0017 Closed
RG0208 0008	13/05/2008	2.1	All to consider Shipper incentives to investigate theft.	All	Carried Forward
RG0208 0009	13/05/2008	2.1	All to consider incentives for Meter Reader theft detection.	All	Carried Forward
RG0208 0010	13/05/2008	2.1	xoserve to provide meter bypass statistics.	xoserve (LW/FC)	Carried Forward
RG0208 0011	09/06/2008	1.2	"ERA/ENA recommendations paper regarding Theft of Energy" to be reviewed.	All	Carried Forward
RG0208 0012	09/06/2008	2.1	xoserve to investigate and report the ability to bill for reported Theft of Gas consumption.	xoserve (LW/FC)	Carried Forward
RG0208 0013	09/06/2008	2.1	xoserve to investigate and report on the xoserve/Shipper interaction when clearing Theft of Gas allegations.	xoserve (LW/FC)	Closed
RG0208 0014	09/06/2008	2.1	All to consider the billing of Theft of Gas energy and a process to encourage Shipper responses to theft allegations.	All	Closed
RG0208 0015	09/06/2008	2.1	xoserve to provide details of the Theft of Gas process at the next meeting.	xoserve (LW/FC)	Closed

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0208 0016	09/06/2008	2.3	Shippers to check internal processes for reporting Meter bypass consumption when a bypass has been fitted.	Shippers	Closed
RG0208 0017	01/07/2008	2.2	xoserve, National Grid, EON and Corona to work together to produce an end-to end process description to illuminate the Unregistered Sites issue	xoserve, National Grid, EON, Corona (LW, CW, BDU, RS)	Pending