

**Minutes Development Work Group 0274
Creation of a National Revenue Protection Service
Monday 22 March 2010
31 Homer Road, Solihull, B91 3LT**

Attendees

Bob Fletcher (Chair)	BF Joint Office
Helen Cuiin (Secretary)	HC Joint Office
Alison Jennings	AJx xoserve
Andrew Wallace	AW Ofgem
Anne Jackson	AJ SSE
Bali Dohel	BD Scotia Gas Networks
Colette Baldwin	CB E.ON UK
Dave Watson	DW British Gas
Gareth Evans	GE Waterswye
Lorraine McGregor	LM Scottish Power
Phil Lucas	PL National Grid Distribution
Steve Mulinganie	SM Gazprom

1. Introduction

1.1. Minutes from the previous meeting

LM advised of a couple typographical errors and AW requested an amendment to Section 2.1 requesting an additional comment “but this could be reconsidered in future”. The minutes were then republished on the Joint Office website.

BF confirmed he had contacted Detica about the reference from the 12 February 2010 minutes and Detica provided the following amendment:

Detica would be confident of developing the analysis and data handling quickly with no significant delay. In the IFB case, it took about six months from when all the data sources were agreed and Detica started nightly processing, and he believed this was about a year from the start of the procurement process.

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The minutes from the previous meeting were then approved.

1.2. Review of actions from previous meeting

Action DG0274 005: CB to contact Information Commissioner and obtain a view on the acceptability of what is proposed (once it is sufficiently clear).

Action Update: CB confirmed that the Information Commissioners office has been contacted to request its involvement in the development phase, all the information from the group has been provided to the office. The office have provided a reference to the ISCO document for information sharing, this outlines the principal codes of practise for information sharing. CB confirmed she would continue to stay in contact with the Commissioner. **Complete.**

Post meeting note: ISCO guidance document published on the Joint Office website under the meeting date 22 March 2010.

Action DG0274 006: Transporters to reconsider which items in the operating model should be core/optional for the Transporters.

Action Update: BD confirmed that the Transporters have provided a template for the core/optional services for the Transporters with some additional explanations/comments. PL confirmed none of the items Transporters consider optional have transferred to core. **Complete.**

Action DG0274 007: GE to provide a diagram illustrating a potential high-level governance map to support establishment of the NRPS.

Action Update: See item 2.1. **Complete**

Action DG0274 008: Draft RFI to be developed and progress reported at the next meeting.

Action Update: It was agreed to discuss the Draft RFI outside of the group. **Carried Forward.**

Action DG0274 009: Provide high-level project plan.

Action Update: CB confirmed a high-level project has been produced and will be provided for publication. **Complete.**

2. Review Group Discussion

2.1. Governance

GE provided a Possible Governance Framework for the NRPS Appointment Process; he explained the different options he had considered for the diagram.

The job of TheftCo was to run and organise the NRPS as a permanent oversight body to ensure the tender process is undertaken properly and the services provided as detailed in the Code. Various parties could undertake this role. It was explained that Theftco needn't exist and as an alternative a contract could exist directly with suppliers but this would need to be co-ordinated which may prove difficult.

Comparisons with this model were made to SPAACo.

The inclusion of an appeal process was considered and that this could be linked into the process.

AW asked for clarification on what Ofgem's roll would be in defining the licence requirements. It was suggested that the high-level principles would be in licence and TheftCo would determine how the obligations in the licence would be met. PL questioned if Ofgem would need an input into TheftCo, it was considered that Ofgem would only become involved if there were an appeal. It was anticipated that the Committee would be a new committee and not a UNC committee.

It was considered that Transporters should have the option to take services from TheftCo but would have no obligations beyond the provision of information to TheftCo.

AW did not want to rule out the Transporters having obligations.

AJ highlighted the requirement for incentives to ensure the detection of theft.

It was envisaged that TheftCO would be an organisation owned by Suppliers and that the data management/investigation would be undertaken by the NRPS. LM questioned if an existing structure could be used such as SPAA. LM suggested having a separate vehicle under SPAA. DW suggested that all users could be obligated to contract with SPAA. It was acknowledged voting arrangements for SPAA is under consideration. PL

wished to understand what changes would be required to SPAA to allow consideration of using SPAA as an alternative option to setting up a separate organisation within SPAA. CB believed that the changes to SPAA may cost more than creating a new organisation.

LM was concerned with contracting with another organisation and the payment for secretariat. DW believed that the changes to SPAA could be minimal.

GE suggested this could be implemented for existing SPAA members but non members would not be obligated. SM highlighted that there are a number of I&C suppliers who are not contracted to SPAA and have no intention of contracting with SPAA due to the existing voting restrictions. He highlighted that changes have been suggested though SPAA has not. It was suggested if appropriate changes were made to SPAA the TheftCo operation could be transferred to SPAA.

DW questioned the process from this point forward. SM suggested a modification to the UNC would be required for the provision of information as an enabling device.

DW questioned the governance structure. BF confirmed that obligations would need to be agreed along with a modification for the provision of information. In addition, the Suppliers would need to establish via an appropriate forum to create the vehicle to ensure the obligations are met.

AW questioned if it was necessary to establish an obligation, the discussion considered an obligation would need only be created if there were little engagement.

CB confirmed an open invitation would be provided for the setting up of TheftCo. CB envisaged the Gas Forum (or similar body) developing the Theft Code. PL surmised that the UNC change would not go ahead until the other elements are fully developed.

CB was keen to develop the Code but was concerned about losing momentum and fragmenting the development into various groups.

AW questioned if this was a data provision modification or a element of the Theft Code. He questioned the Transporters obligation within the UNC.

GE believed it may not be necessary for a licence condition to move this forward, he suggested having something in place, with the majority of participation and making it mandatory with a licence condition in the future for 100% participation. AJ believed a licence condition would be required to ensure participation.

The group considered the expansion of service beyond the gas Market. It was agreed that the group should concentrate on the gas market with a view to considering other opportunities once the service was sufficiently defined.

The banking / insurance market comparison was made where 96% of the market participate in a commercial arrangement for theft and fraud investigation without an obligation with this they have certain integrity. CB highlighted the amount of money involved is an incentive.

There was general support for TheftCo model provided by GE. However, some reservation was expressed about who TheftCo could be and that it need not be set up as separate entity. DW believed it was possible for other bodies to operate TheftCo.

Some consideration was given on how to move the governance forward. The view was the shell for TheftCo need only be developed in the short term, with a constitution to keep costs limited building upon it when required. The Constitution (Theft Code) can then be developed and agreed by the members of TheftCo.

It was felt the shell company could be set up with nominal supplier costs and that the Theft Code, along with the business rules, operating model, data items and incentives that need to be established could be done later.

AW questioned the RFI and the incentive regime, CB envisaged contracts and a code of practise to manage the process. It was believed the detail would be in the contract.

It was agreed that the Theft Code would be developed along with the RFI to develop the final tender. Some debate occurred about how to develop the process and where the Theft Code would reside. The group agreed the options and principles need to be outlined for further consideration before the services could be established. It was suggested that there might be three models which could be used; MRA code of practise, Theft Co SPAA set up and UNC.

It was planned to start work on the Theft Code

DW was keen to have an industry solution developed fairly quickly with a degree of clarity.

Action DG0274 010: Governance to be considered further in relation to three models: MRA code of practise, Theft Co SPAA set up and UNC.

Action DG0274 0011: GE to provide set up details required for the establishment of TheftCo.

2.2. Core/Optional Services

It was agreed to review the Matrix Transporters and comments on the core/optional services.

Action RG0274 012: All to provide a view on the Core/Optional Service Matrix.

The operating model was considered, it was agreed each box will need to be considered further to determine the scope of each element. The following boxes were considered:

Internal watch list: it was decided to re-title this box to case follow up. This would relate to where a site requires further investigation.

Legal Action: all actions relating to the recovery of debt, it was accepted that the debt stays with the Supplier. There was a discussion about the options to take legal action or to pursue legal action through different means. It was discussed whether scenarios of theft need to be considered and decisions on whether to prosecute a case lay with the responsible Supplier. Multiple supplier rules needs to be considered and whether all Suppliers need to prosecute to avoid weakening the case of theft. Treatment by Suppliers was considered, AJ believed rules should be outlined to ensure Suppliers treat customers in the same manner. It was suggested that some guidelines need to be considered for a case by case assessment, multiple supplier cases, vulnerable customers and the value of the theft. GE suggested that consistency should be considered. It was suggested that the NRPS provide a recommendation to Suppliers and that this is monitored for Supplier outcomes and reasons why a decision to prosecute or not was taken.

Consideration was given to dual Supplier theft and energy reimbursement. RbD allocation was also considered. It was recognised that high level business rules will need to be established to ensure appropriate reimbursement of energy and avoid Suppliers profiteering.

Action RG0274 013: DW to work up some scenarios for energy reimbursement.

Option and Core Services were briefly considered and how this may affect the funding of the NRPS.

2.3. RFI

It was agreed to develop the RFI further.

3. AOB

None raised.

4. Diary Planning for Development Group

Thursday 29 April 2010, 10:00, ENA, 52 Horseferry Road, London, SW1P 2AF

Monday 17 May 2010, 10:00, ENA, 52 Horseferry Road, London, SW1P 2AF

Friday 18 June 2010, 10:00, ENA, 52 Horseferry Road, London, SW1P 2AF

ACTION LOG - Development Group 0274

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DG0274 005	05/03/10	1	Contact Information Commissioner and obtain a view on the acceptability of what is proposed (once it is sufficiently clear)	EON (CB)	Complete
DG0274 006	05/03/10	2.1	Reconsider which items in the operating model should be core/optional for the Transporters	All Transporters	Complete
DG0274 007	05/03/10	2.3	Provide a diagram illustrating a potential high level governance map to support establishment of the NRPS	Waters Wye (GE)	Complete
DG0274 008	05/03/10	4.0	Draft RFI to be developed and progress reported at the next meeting.	EON UK (CB) and British Gas (DW)	Update due on 29 April
DG0274 009	05/03/10	4.0	Provide high-level project plan.	EON UK (CB)	Complete
DG0274 010	22/03/2010	2.1	Governance to be considered further in relation to three models: MRA code of practise, Theft Co SPAA set up and UNC.	All	Pending
DG0274 011	22/03/2010	2.1	Provide set up details required for the establishment of TheftCo.	Waters Wye (GE)	Pending
DG0274 012	22/03/2010	2.2	All to provide a view on the Core/Optional Service Matrix.	All	Pending
DG0274 013	22/03/2010	2.2	Work up some scenarios for energy reimbursement.	British Gas (DW)	Pending