

GAS TAKEN ILLEGALLY

A SCHEME

DESIGNATED BY

THE DIRECTOR GENERAL OF GAS SUPPLY

**FOR THE PURPOSES OF STANDARD CONDITION 24
OF THE LICENCE TREATED AS GRANTED UNDER
SECTION 7 OF THE GAS ACT 1986 TO**

BG PLC

Pursuant to, and for the purposes of standard conditions 24(2) to 24 (5) of the above mentioned licence, the Director General of Gas Supply hereby designates the following scheme.

CITATION

- 1 This scheme shall be referred to as the Transco (Allowances for Gas Taken Illegally) Scheme 1997.

INTERPRETATION

- 2 In this scheme, unless the context otherwise requires –

“the Act” means the Gas Act 1986 as amended:

“the licence” means the licence treated as granted under section 7 of the Act of BG plc by virtue of the scheme made by the Secretary of State in respect of British Gas Plc under paragraph 4 of Schedule 5 to the Gas Act 1995:

“primary sub-deduct premises” means premises to which gas is conveyed by Transco before being conveyed to secondary sub-deduct premises;

“the reasonable endeavours document”. (abbreviated in the table in paragraph 6 below as RED) means the document prepared, in July 1997, by Transco, pursuant to standard condition 24(6) of the licence, to describe the reasonable endeavours expected to be made by suppliers to investigate and recover charges when gas is taken illegally, provided that if any provision of that document is modified any reference in this scheme to one of its provisions shall be interpreted (insofar as such an interpretation is consistent with this scheme) as a reference to that provision as amended;

“Schedule 2B” means Schedule 2B to the Act;

“secondary sub-deduct premises” means premises to which gas, which has been conveyed to a person’s premises by Transco is conveyed by that person in pursuance of an exemption from

section S(1)(a) of the Act, granted under section 6A thereof, for supply by a gas supplier to some other person;
“Transco” means BG plc acting as a public gas transporter (within the meaning of Part 1 of the Act) in respect of the licence.

GAS TAKEN IN THE COURSE OF CONVEYANCE

3 Paragraph 4 below shall apply:

(i) Where it appears that:

- a) Sub paragraph (1) of paragraph 9 of Schedule 2B may apply by reason that a person has, or may have, taken a supply Of gas in the course of conveyance by Transco, or
- b) Sub paragraph (2) of the said paragraph 9 may apply by reason that a person has, or may have, taken a supply of gas at any premises which has been conveyed thereto by Transco, and

In either of the above cases, Transco has investigated the matter and, subject to the outcome of that investigation, used reasonable endeavours to recover or attempt to recover, in pursuance of the said sub-paragraphs (1) or (2), the amount which, if the gas had been taken in such circumstances as are mentioned in sub- paragraph (2) of paragraph 8 of Schedule 2B, could reasonably be expected to have been payable in respect of that gas under a contract deemed to have been made by virtue of that sub-paragraph; or

(ii) Where it appears that:

- a) person has, or may have, taken a supply of gas previously conveyed by Transco to primary sub-deduct premises in Circumstances where sub-paragraph (1) of paragraph 9 of Schedule 2B to the Act might have applied but for the fact That the gas was, at the time of such taking, in the course of being conveyed to secondary sub-deduct premises; or
- b) A person has, or may have, taken a supply of gas previously conveyed by Transco to primary sub-deduct premises in Circumstanced where sub-paragraph (2) of the said paragraph 9 might have applied but for the fact that the Premises to which the gas had, at that time, been conveyed were secondary sub-deduct premises, and either of the above cases, Transco has investigated the matter and, subject to the outcome of that investigation, Used reasonable endeavours to recover or attempt to recover the amount which, if the gas had been taken in such circumstances as are mentioned in sub-paragraph (2) or paragraph 8 of Schedule 2B, could reasonably be expected to have been payable in respect of that gas under a contract deemed to have been made by virtue of that sub-paragraph.

- 4 When this paragraph applies, Special Condition 9C of the licence, which limits or has the effect of limiting the charges made by Transco in pursuance of transportation arrangements or the revenue derived there from, shall be modified.
- (i) by deducting from Transportation Revenue the costs incurred by Transco
- a) In the investigation referred to in paragraph 3 of this scheme;
- b) In the recovery of attempted recovery of the amounts referred to in paragraph 3 of this scheme; and
- c) Attributable to any gas being acquired, or not being disposed of, by reason of the taking of gas in the circumstances set out in paragraph 3 of this scheme and not otherwise recoverable; and
- (ii) by adding to Transportation Revenue any amounts recovered by Transco as mentioned in paragraph 3 of this scheme,

so as to secure that, as nearly as may be, and taking one year with another, Transco suffers no financial detriment, and acquires no financial benefit, as a result of the taking of the gas and its compliance with its obligation to investigate the taking of the gas and to recover an amount in respect of the gas, as described in paragraph 3 of this scheme.

OTHER TAKING OF GAS

The calculation of allowances to be granted by Transco for the purposes of calculating charges to be paid to it by shippers.

- 5 The Allowances to be granted to shippers by Transco pursuant to paragraph (4) of Standard condition 24 of the licence shall be such as ameliorate any disincentive on the part of suppliers:
- (i) to the investigation of the matters referred to in paragraph (3)(a), (3)(b) and (3)(c) of Scotland Condition 24 of the licence; and
- (ii) Subject to the outcome of such investigation, to the use of reasonable endeavours to recover charges to which they are entitled, in respect of the supply of gas taken as mentioned in paragraph (3) of Standard Condition 24 of the licence including any sums to which they are entitled in connection with the taking of such gas or by way of costs incurred in investigating the matter.
- 6 It shall be sufficient compliance with paragraph 5 of this scheme if Transco grants allowances to gas shippers in pursuance of Standard condition 24(4) of the licence equal to the fixed amounts

for measures reasonably shown to have been taken by suppliers as set out in the following table as Annex 1, provided always that:

- (i) In respect of a single case only one of the allowances set out in sections (i), (ii), and (iv) of the table may be claimed; and
- (ii) Where, in respect of any matter investigated, the supplier recovers a proportion of such charges as are mentioned in paragraph 5 (ii) of this scheme, the total of the allowances calculated in accordance with the table in respect of that matter shall be reduced by that proportion.

The Seal of the Director General of
Gas supply hereunto affixed i
Authenticated by

Authorised in that behalf by the
Director General of Gas Supply

17 October 1997

EXPLANATORY NOTE

GAS ILLEGALLY TAKEN: TRANSCO (ALLOWEDS FOR GAS TAKEN ILLEGALLY) SCHEME 1997

(This explanatory note is not part of the designation)

Standard Condition 24 of the Public Gas Transporters' Licence sets out arrangements between public gas transporters, gas shippers and gas suppliers for the investigation of illegal takings of gas, and pursuit of charges. The overall objective of the condition is to remove any disincentive licensees may have to complying with their licence obligations to report and pursue theft.

1 Gas taken in course of conveyance

Paragraphs (1), (1A) and (2) of the the condition concern circumstances where the gas is taken in the course of conveyance by a public gas transporter. Where the transporter has investigated the matter and, subject to the outcome of that investigation, used reasonable endeavours to recover or attempt to recover the value of gas taken, the Condition provides that the transporter should be made neutral to any loss or benefit which results. Paragraphs 3 and 4 of the Ofgas scheme relate to arrangements for modifying Transco's price control for this purpose.

2 Other Takings of Gas

Paragraphs (3)-(8) of Condition 24 concern circumstance where gas supplied under a contract of deemed contract has been taken in any of the following circumstances.

- Injury to gas fittings and interference with meters constituting an offence under paragraph 10 (1) of schedule 2B to the Gas Act 1986.
- Reconnection, without relevant consent, of premises which have been statutorily disconnected constituting an offence under paragraph 11(1) of schedule 2B to the Gas Act 1986.
- Taking of gas under a deemed contract without the knowledge of the supplier concerned, for example because the person concerned is a squatter, or has absconded without making arrangements to pay.

Paragraph (4) of the Condition provides for the treatment of costs where the shipper has requested the supplier concerned to investigate the matter and, having done so, the supplier is unable to recover some or all of the charges due. The transporter is obliged not to charge for unrecovered costs of gas and transportation provided “reasonable endeavours” in respect of recovery has been undertaken. Further, the shipper is entitled to an allowance in respect of the supplier’s costs of undertaking “reasonable endeavours” ie. Costs of investigation and pursuit of charges. It is anticipated that the shipper will enter into arrangements with the supplier for passing the allowance on.

Paragraph (5) of Condition 24 provides for the allowance for undertaking “reasonable endeavours” to be calculated in accordance with principle contained in a scheme designated by the Director. These matter are dealt with in paragraphs 5 and 6 of the Ofgas scheme, and detail of allowances are contained in Annex 1.

Paragraph (6) of Condition 24 provides for the transporter to lay down requirements for “reasonable endeavours” in a published document, subject to prior consultation with relevant shippers and suppliers and approval by the Director. The allowances given in Annex 1 of the Ofgas scheme relate to specific actions described in Transco’s “reasonable endeavours” document.

The Ofgas scheme provides for the pro-rating of allowance where the supplier recovers a proportion of charges due. For this purpose, the proportion by which allowance shall be reduced is the proportion which sums recovered have to total charges due, ie. These comprise the cost of gas, transportation, and total costs of investigating and pursuing charges. In its arrangements for the pro-rating of allowances the Ofgas scheme follows the method used by Transco to pro-rate gas and transportation charges when these are recovered in whole or in part by suppliers.

ANNEX 1

To the

TRANSCO (ALLOWANCE FOR GAS TAKEN ILLEGALLY) CHEME 1997

(i) Attendance at premises (including at primary or secondary sub-deduct premises) following a breach of paragraph 10 (1) of Schedule 2B, including preparation of investigation report and notification to the police (actions 1 and 2 in RED)	A fixed amount of £125
(ii) Attendance at premises (including at primary or secondary sub-deduct premises) following a breach of paragraph 11 (2) of Schedule 2B including preparation of investigation report and notification to the police (actions 1 and 2 in RED)	A Fixed amount of £125
(iii) In cases (i) and (ii) above the assessment and pursuit of charges for gas taken (actions 3,4 and 5 in RED)	A Fixed amount of £125
(iv) Attendance at premises (including at primary or secondary sub-deduct premises) where a supply has been taken in such circumstances as are mentioned in Standard Condition 24(3)(c) of the licence including assessment and pursuit of charges and attempted identification of person taking supply (actions 2, 3, 4 and 5 in RED)	A Fixed amount of £125
(v) Meter exchange costs, including material, labour and sundry costs relating to new meter and its installation	Actual costs for meter exchange up to U16 size with a limit of £250
(vi) Forensic tests	Actual coast up to a maximum of £120
(vii) Court fees including issue of summons, service, judgement and execution fees	Actual costs

