

**Theft of Gas Review Group (UNC0245) Minutes**  
**Tuesday 03 November 2009**  
**Ofgem, 9 Millbank, London, SW1P 3GE**

**Attendees**

Bob Fletcher (Chair)	BF	Joint Office of Gas Transporters
Helen Cuin (Secretary)	HC	Joint Office of Gas Transporters
Alison Jennings	AJ	xoserve
Andrew Wallace	AW	Ofgem
Anne Jackson	AJa	Scottish and Southern Energy
Bali Dohel	BD	Scotia Gas Networks
Chris Hill	CH	RWE Npower
Chris Warner	CW	National Grid Distribution
Collette Baldwin	CB	E.ON UK
David Watson	DW	Centrica
Erika Melen	EM	ENA
Gareth Evans	GE	Waters Wye Associates
Joanna Ferguson	JF	Northern Gas Networks
Mark Woodward	MW	xoserve
Matthew Willis	MWi	Consumer Focus
Mike Gibson	MG	Gemserv
Phil Lucas	PL	National Grid Distribution
Ralph Reekie	RR	Envoy Metering
Rosie McGlynn	RM	EDF Energy
Richard Street	RS	Corona Energy
Sarah Westrup	SW	GTC
Steve Mulinganie	SM	UK Gas Industry Consultant
Simon Trivella	ST	Wales and West Utilities

**1. Introduction and Status Review**

**1.1. Minutes from previous Review Group Meeting**

The minutes of the previous meeting were then approved.

**1.2. Review of actions from previous Review Group Meetings**

**Action RG0245 0013:** Review Group to consider a minimum set of rules for gathering evidence of theft, the key communication processes and what type of data is required in DN emergency procedures.

**Action Update:** The Review Group agreed the report has recorded the requirements of this action. **CLOSED**

**Action RG0235 0029:** Review group to consider the governance of code of practice documents

**Action Update:** The Review Group agreed governance has been included in the report. **CLOSED**

**Action RG0245 0034:** RR to provide an iGT view on the reasonable endeavours scheme.

**Action Update:** RR advised that iGTs have Reasonable Endeavours schemes in place. However, The Review Group have made recommendations to review these schemes in the report. **CLOSED**

**Action RG0245 0040a:** xoserve / Transporters to consider the process flow diagram for the management of Shipperless sites and provide a response.

**Action Update:** Transporters provided a written response to the process. PL explained the views and concerns of the Transporters, particularly their concerns that clause 18 is untested and it may not be prudent to build a process on this clause, as it is ambiguous. The Review Group agreed an amendment to the report. **CLOSED**.

**Action RG0245 0040b:** The Review Group to report to highlight the need for Transporters to disconnect customers that have not made reasonable efforts to secure a registered supplier.

**Action Update:** Discussed in the response to Action RG2450040a. **CLOSED**

**Action RG0245 0040c:** Transporters to advise the impacts of mirroring the GSMR for service disconnection following a meter removal for a process live service with no meter fitted within 12 months.

**Action Update:** Transporters do not consider there is merit in amending the GS(I&U)R to include service with no history of meter being installed as a reason for disconnection. Other members of the Review Group considered there was merit in seeking an amendment to GS(I&U)R. **CLOSED**

**Action RG0245 0044a:** xoserve to contact supplier representatives directly with a requirement to communicate with MAMs to allow the provision of supplier details to xoserve for the matched activity sites.

**Action Update:** AJ confirmed xoserve had contacted suppliers. **CLOSED**

**Action RG0245 0046b:** xoserve to provide a breakdown of the 20% unconfirmed sites.

**Action Update:** AJ provided a breakdown in the form of a spreadsheet. A number of parties expressed a view that they would like to see more detail on UIP performance but would seek information outside of the group. **CLOSED**

**Action RG0245 0051:** SM to present some potential solutions for incentive payments using a weighting scheme.

**Action Update:** Action superseded by presentation provided by British Gas (DW). **CLOSED**

**Action 0245 0054:** DW to consider if DM or other remotely metered sites should be included within the scheme.

**Action Update:** DW advised that currently there is no intention to included DM sites in SETS. **CLOSED**

**Action 0056:** All Transporters (including iGTs) to consider the inclusion of upstream theft and how Transporters would contribute to the funding of the service. Shrinkage impacts will also need to be considered.

**Action Update:** ST advised that Transporters consider their obligations are driven through licence and law. They do not consider the incentive schemes appropriate for their use. AJa confirmed any references to Transporters had been removed from the NRPf scheme proposal. **CLOSED**

**Action 0057:** AJa to clarify the complex costs statement within her presentation and what this relates to.

**Action Update:** AJa advised more detail had been provided in the update given to the meeting. However, AJa did not believe this was the appropriate forum to develop this level of detail. **CLOSED**

**Action 0058:** All to consider and provide a response to the set scheme.

**Action Update:** Comments provided during the review of the report. **CLOSED**

**Action 0059:** All parties to consider the appropriate governance.

**Action Update:** Comments provided during the review of the report. **CLOSED**

**Action 0060:** AJa and DW to provide summary of single RPU and set scheme for insertion within the Review Group Report.

**Action Update:** Summary provided and inserted into the Report. **CLOSED**

## 2. Review Group Process

### 2.1. Presentation Material

DW provided a presentation addressing the concerns raised at last months meeting that the SET scheme could present British Gas with a windfall. DW provided three options how a windfall could be avoided or mitigated. Option one was to delay the implementation, Option 2 was for British Gas to be revenue neutral for two years and Option 3 was to cap British Gas claims for the first two years. DW wished for the three options to be included in the Review Group Report to allow consideration and avoid any concerns.

AW expressed concern about different treatment from other suppliers in the scheme. AJa also expressed concern about treating a supplier differently, questioning the implications for any competition rules. Other members were less concerned as there was no question of undue discrimination as British Gas was volunteering the options to level the playing field.

DW highlighted Option 3 was the preferred model for British Gas. CH questioned the ability of self-capping. Self-capping was discussed as an option that could be manipulated as it was in the gift of the party setting the budget for their RPU.

SM questioned how these would be included within the Review Group Report. DW was keen for an acknowledgement within the Review Group report that there are some options within the SET scheme to negate concerns raised about British Gas gaining financially from the scheme. BF confirmed the intention to complete the Review Group Report for publication on the Joint Office Website for comment and final approval.

A discussion took place on how to include the Incentive scheme and the National Revenue Protection Force scheme within the report, it was recognised that both schemes were not fully developed and the parties who take the schemes forward should undertake additional development work.

AJa provided a paper copy on the NRPF scheme, providing a background to current framework, its revenue neutrality and its advantages and disadvantages. It was agreed to include this document within the report and overwrite the current draft appendices.

SM expressed a view that he would first like to consider the completed Review Group Report and additional papers provided at this meeting, prior to the publication of the Final Review Group Report. He requested a gap for reflection.

RM explained that any recommendations' within the Review group report are not at all binding and no party would be obligated to raise a modification in line with the recommendations.

RM asked about any changes to the text and what the process would be if any issues were raised.

It was agreed to hold an informal teleconference on Monday 09 November 2009 to discuss any issues raised and agree final sign off of the report prior to its publication on the Joint Office Website.

## **2.2. Review Group Report**

The Review Group considered the Review Group Report

During discussion on SETS, DW highlighted the estimated industry cost of revenue protection maybe lower than the estimated £25m. This had been based on an estimated cost of £10m to British Gas, further checks had identified the budget cost to British Gas should be nearer to £4m. This would give an overall scheme cost in the region of £10m.

SM asked if the report could record the differing views expressed if there was not a consensus reached. He wished to understand the varying views and wished for these to be incorporated into the report.

CB questioned if there was a greater preference for the SETS or NRPF options. There was a clear majority for the National RPU Option from those who chose to express a preference. Only British Gas supported SETS in the meeting.

ST questioned the Transporters participation within the schemes, he explained that currently Transporters are cash neutral to theft upstream of the meter. AW asked who would be liable for theft upstream of the meter. SM questioned if the schemes should be extended to theft upstream of the meter. ST thought this was a matter for licence and outside the scope of the Review Group.

CH asked AJa is she envisaged a Supplier license change to mandate the NRPF scheme, AJa recognised that the Governance needs to be considered which may result in a licence change or a SPAA change. It was recognised that the current licence places an obligation to manage theft though it does not contemplate incentive schemes. ST thought it would be easier to see an industry mandated incentive on the investigation of theft within the current regimes rather than change licence.

Within the two suggested schemes it was noted that the GTs were not precluded and there was the possibility of including Transporters though neither anticipated participation at this stage.

CB asked if there ought to be a competitive tender for the appointment of the NRPU. There was a general view this would be desirable and the report was amended to include this as an advantage.

BD questioned about the immediate disconnection of meters and if this had been agreed, he was particularly concerned with the treatment of vulnerable customers. AW asked for consideration and guidance to be included in the codes of practice for the management of customer relations, particularly those who are vulnerable.

The Review Group discussed meter tampering and questioned if a customer has tampered with a meter then safety will have been compromised and that the supply needs to be made safe, this may include the removal of the meter. ST clarified the definition of gas code disconnection and the use of the definition in the report. It was agreed consideration needs to be given to the circumstances of the customer before disconnection. Disconnection of the service pipe would only be considered if upstream tampering had occurred or no alternative options were available to make the situation safe.

RR questioned if the charges levied for attending sites through the use of the 0800 emergency call number would be recoverable for all GTs and iGTS. DW thought there is an obligation to attend a theft of gas report. RS believed that it maybe possible to

recover such costs if they are material, in the same way a Supplier might attempt to recover its costs from a person found to be stealing gas. RR explained that there is not an ability to pass the costs on for emergency site visit, which is instigated as part of a theft allegation. RM believed that this needs to be discussed within an alternative forum to raise any concerns with the costs of using the 0800 number. RR wished for the report to record that there is a cost associated with using the 0800 number, which in some circumstances may not be recoverable. RS had no problem with the principle of recovering costs incurred as part of a theft of gas investigation. However, evidence of its materiality needs to be provided before any agreement could be made. CB highlighted that all parties contribute to the cost of the emergency service. SM explained that a theft allegation poses a safety issue and funding should be through GT funding. RR wished for it be clear he was not disputing that a charge is levied but that the costs of using the 0800 solely to report a case of theft which involves a safety emergency visit should be recoverable, this would be in keeping with the principle that the person found guilty of theft should pay. It was questioned if this should be raised at the UKRPA.

DW highlighted that not all digital images would capture adequate evidence to prove meter tampering, it should be recognised that evidence may need to include meter testing.

A discussion took place on the collection of customer data.

The Review Group consider the issue where a Customer on receipt of a bill changes supplier before 28 days have elapsed. The previous supplier has no remedy to recover the outstanding debt. CB suggested this issue could be managed by the NRPU who will be able to collate data on customers and suppliers. DW questioned the use of the NRPU and the need to find a mechanism to prevent customers avoiding payment for legacy debt. He highlighted that the NRPU service does not address this issue; it does not offer a solution for recovering debt for previous suppliers. RS highlighted that the debt would have to be proven through court proceedings and none of the proposed incentive schemes would be able to recover the debt without a positive outcome in court. However, he thought the NRPF would still offer an option to track customer behaviour across multiple suppliers, which SETS could not.

RM asked Transporters to explain their view highlighted in the note published on the Joint Office website. PL explained that Transporters had published the note in response to an action from the Review Group to consider the proposal suggested by members of the Review Group. Transporters were concerned that the process put forward relied on references to Clause 18 of the Gas Code, which is untested and though it may be appropriate to use the clause for isolated and particular instances, it may not be desirable to build a process on this uncertainty.

PL then explained the Transporters concerns that the proposed process may require additional site visits by the Transporter and this may not be appropriate until they have received confirmation from suppliers that there isn't a supply contract in place. AJ suggested that the flow diagram is amended and it should link to the xoserve proposal put to the group at the July meeting. RM clarified that the process whereby xoserve produce a report suggests a meter could be in place and once the supplier has responded to the xoserve report either positively with a confirmation or negatively then the process presented last month should be followed. AJ asked in the first instance for all Shippers to respond to the Shipperless Reports, DW explained that British Gas run checks on the reports provided by xoserve and that not all sites have contracts, as customers change their mind even though an MPRN has been requested. DW understood the need to avoid unnecessary site visits especially if a contract has been established. The trigger point was discussed and the possibility of Shipper process failure not to respond. SM highlighted that there is an opportunity to proactively address 10% of the Shipperless Sites. AJ explained that this could equate to an extra 9,000 sites,

which normally would be cleared by waiting the current 12 months. SM expressed a concern that there is only a 10% gain by instigating the process at 12 months rather than proposed 6 months.

AJ suggested an additional step could be introduced whereby negative reports are fed back to xoserve and then reissued to all Shippers to ascertain if the customer has arranged an alternative supplier or the site has been duplicated, this would be via the Orphaned sites process. The success of confirmations resulting from these reports was discussed, xoserve wanted to limit the costs as much as possible to limit site visit costs for customers who are in fact paying a supply bill.

AJ highlighted that there are some 15,000 sites believed to have shipper activity but are not confirmed. RS expressed concern about potential duplicates and was not comfortable providing a definite no to having a supply contract when reviewing the Orphaned sites report as the site could have a different MPRN and be being billed.

It was agreed to operate the xoserve process and link the proposed process. SM wanted to see a single process flow diagram to demonstrate the process however DW believed a linked process could work equally well. AJ expressed that customers have previously complained about being approached by xoserve to confirm their supplier, and believed it was not unreasonable for suppliers to respond to xoserve report which suggests meter activity and that a customer is burning gas.

SM agreed to updated flow diagram for inclusion the Review Group Report prior to the teleconference on 09 November.

The governance of the existing Shipperless Sites operational forum was discussed and how assurances could be given that the suggested process would be implemented. RM suggested that the governance could be given to UNCC Subcommittee.

PL highlighted a potential concern whereby the customer may have signed a contract and can demonstrate a registration request or supply contract but may not be being billed.

JF and CW did not agree with the paragraph referencing clause 18 of the Gas Code where it suggests that Transporters can disconnect sites for improper use of gas, it was recognised that this has been discussed previously and it was recognised that there could be different legal interpretations. ST highlighted until it is tested in a court settlement it is difficult to judge the actual interpretations. The ability to use the current legislation until a test case has provided clarity was unclear.

CB was uncomfortable stating within the report of any legal uncertainty and drawing attention to this.

DW believed the Review Group Report statement was a factual and that there can be different legal interpretations on the ability to disconnect. However, this does not prevent the Review Group making a recommendation that the legal situation is addressed.

The Review Group discussed the retrospective charges for sites mistakenly withdrawn from and subsequently reconnected. xoserve confirmed that the sites need to be isolated and withdrawn to avoid site charges. DW questioned if a supplier can withdraw from a large number of sites to avoid respective charges, it was reiterated that the only way to avoid charges is to isolate and withdraw from site. ST explained that an isolation and withdrawal can be processed and on occasions the original meter or a new meter can be discovered on site which indicates the sites had been isolated and withdrawn on UK Link in error, it was recognised that there is current a gap in the process and retrospective charging mechanisms needs to be addressed by the industry.

The Review Group discussed the discouragement of speculative meter installation unless this was requested from a supplier or the customer has a meter rental contract.

SM thought it was unlikely any responsible MAM would behave this way as they would have an asset installed and no revenue stream.

The Review Group discussed the proposed review of the Gas Safety (Installation and Use) Regulations and the treatment of a live service without a meter and whether this ought to be extended and treated similarly to a service where a meter is removed and the service is disconnected after 12 months. ST thought it unlikely that Transporters would support a review for this reason alone.

**3. Diary Planning for Review Group**

Informal Meeting - Teleconference 11:00 Monday 09 November 2009.

**4. AOB**

None

**ACTION LOG – Review Group 0245**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
RG0245 0013	18/05/2009	2.2	Review Group to consider a minimum set of rules for gathering evidence of theft, the key communication processes and what type of data is required in DN emergency procedures.	All	Closed
RG0245 0029	01/06/2009	2.3	Review group to consider the governance of code of practice documents	All	Closed
RG0245 0034	15/06/2009	2.1	RR to provide an iGT view on the reasonable endeavours scheme.	Envoy Metering (RR)	Closed
RG0245 0040a	12/10/2009	1.2	xoserve / Transporters to consider the process flow diagram for the management of Shipperless sites and provide a response.	xoserve (AJ) Transporters	Closed
RG0245 0040b	12/10/2009	1.2	The Review Group to report to capture the right for Transporters to disconnect customers that have not made reasonable endeavours to secure a registered supplier.	Review Group	Closed
RG0245 0040c	12/10/2009	1.2	Transporters to advise the impacts of mirroring the GSMR for service disconnection following a meter removal for a process live service with no meter fitted within 12 months.	Transporters	Closed
RG0245 0044a	10/08/2009	1.2	xoserve to contact supplier representatives directly with a requirement to communicate with MAMs to allow the provision of supplier details to xoserve for the matched activity sites.	xoserve	Closed
RG0245 0046b	12/10/2009	1.2	xoserve to provide a breakdown of the 20% unconfirmed sites.	xoserve	Closed



<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
RG0245 0051	10/08/2009	2.1	SM to present some potential solutions for incentive payments using a weighting scheme.	SM	Closed
RG0245 0054	14/09/2009	2.1	DW to consider if DM or other remotely metered sites should be included within the scheme.	British Gas (DW)	Closed
RG0245 0056	12/10/2009	2.1	All Transporters (including iGTs) to consider the inclusion of upstream theft and how Transporters would contribute to the funding of the service. Shrinkage impacts will also need to be considered.	Transporters	Closed
RG0245 0057	12/10/2009	2.1	AJa to clarify the complex costs statement within her presentation and what this relates to.	SSE (AJa)	Closed
RG0245 0058	12/10/2009	2.1	All to consider and provide a response to the set scheme.	All	Closed
RG0245 0059	12/10/2009	2.1	All parties to consider the appropriate governance.	All	Closed
RG0245 0060	12/10/2009	2.1	AJa and DW to provide summary of single RPU and set scheme for insertion within the Review Group Report	SSE (AJa) and British Gas (DW)	Closed