

**Minutes Development Work Group 0274**  
**Creation of a National Revenue Protection Service**  
**Friday 12 February 2010**  
**Energy Networks Association, 52 Horseferry Road, London**

**Attendees**

Bob Fletcher (Chair)	BF Joint Office
Tim Davis (Secretary)	TD Joint Office
Abigail Hall	AH Consumer Focus
Alison Jennings	AJe 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
Felix Hoddinott	FD Detica
Ian Watts	IW Detica
Lorraine McGregor	LM Scottish Power
Phil Lucas	PL National Grid Distribution
Richard Street	RS Corona Energy

**1. Introduction**

BF welcomed all to the meeting.

**2. Detica Presentation**

IW introduced the presentation on behalf of Detica, who use data analytics to, among other things, support fraud detection in a number of fields. The presentation focussed on a case study looking at the Insurance Fraud Bureau, including a demonstration of the use of data.

Presenting the case study, FD emphasised that a starting point had been a scalable proof of concept exercise from which valuable lessons were learnt. Detica combine disparate real time data from multiple sources, in differing formats, and use this to identify the high-risk claims that may merit manual investigation.

DW asked about the ability to detect individual incidents as opposed to large, organised crime. FD clarified that the IFB has a specific remit to consider organised crime but Detica also supports individual insurance companies to look at lower level incidents, covering, for example, household insurance, car insurance and personal injury claims – the approach is fundamentally the same in that data is collated and scored to identify patterns and potential risk.

DW asked about the volume of data handled. FD explained that very high volumes are involved, with billions of data items assessed – for example for HMRC and in telecoms.

BD asked about Data Protection Act (DPA) implications. FD explained that there is a carve out for the detection of crime, and Detica worked closely with the DPA to ensure that their approach is regarded as proportionate and reasonable. AW questioned whether, as data processor, Detica held obligations or if these lay with the data owner. FD explained that Detica is accountable for keeping the data confidential and secure, as well as using the data proportionately within the terms of the DPA.

AW asked if the same front end was used for different applications. FD clarified that the same underlying approach may be used but tailored to specific circumstances. The same components may be used, therefore, but the way in which data is presented and analysed is different depending on the requirement.

AW asked how long training took to be able to use the application. FD suggested that this varied depending on the experience of the investigator and their understanding of the way in which the data is presented. Training for investigators was usually a day, or perhaps two days for those new to this form of investigative approach.

DW asked about the way in which data is provided to Detica. FD explained that multiple data sources were used in numerous formats with no specific limitations. The heart of the application was to combine data and being able to manage disparate data is central to Detica's role and systems. The proof of concept stage is particularly useful in developing both the way in which data is rapidly provided to Detica and how they present it for clients.

DW asked how theft in the energy industry might be approached in a proof of concept. FD suggested that Detica would work with the industry to identify the data to be considered, and would suggest a proof of concept which might, for example, cover a region. The analysts would then consider how to present the data and this could be tested during the proof of concept to clarify the preferred means for presenting data networks which might merit further investigation.

LM asked about likely set up times. FD emphasised that almost every project he had been involved in had encountered delays obtaining data – for understandable reasons, though in most cases this was essential in meeting governance requirements. The timescale from obtaining the data to when benefits are seen is typically 12 weeks – split one third to combine the data, one third to generate leads, and one third to investigate the leads.

DW asked CB about the business rules surrounding the data that might emerge from the NRPS service provider. CB suggested this remained to be worked out in detail.

CB asked about the timescale for moving from a proof of concept to full operation. IW suggested that, based on his experience, any delay would be due to the industry governance – working out the rules of engagement and financing arrangements. 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.

### **3. Status Review**

#### **3.1. Minutes from the previous meeting**

SL indicated that the minutes had omitted a point made by ST that the NRPS governance could sit under SPAA. Subject to this, the minutes from the previous meeting were approved.

### 3.2. Review of actions from previous meeting

**Action DG0274 002:** British Gas (DW) to provide a list of data items used for intelligence gathering, for subsequent review and expansion by the Group.

**Action Update:** DW confirmed that this had been produced. However, this was not on the JO website but had been provided as an input to debate solely for use by the Work Group. **Complete**

**Action DG0274 003:** Each Shipper to obtain a legal view on any impediments to the proposed intelligence sharing and how any impediments could be addressed.

**Action Update:** Discussions are summarised under 4.2 below. **Carried forward**

**Action DG0274 004:** All to consider which roles proposed for the NRPS should be regarded as core and which as optional services.

**Action Update:** Discussions are summarised under 4.3 below. **Carried Forward**

**Action DG0274 005:** JO (BF) to seek to arrange meetings at three weekly meetings going forward.

**Action Update:** BF confirmed that meetings have been re-organised at roughly three weekly intervals. **Complete**

## 4. Review Group Discussion

### 4.1. Intelligence Gathering

DW suggested that the list he had provided was intended as a starting point, illustrating the data used by British Gas to generate leads. This could be used to develop a mandatory minimum data set which all had to provide, although additional items could be added or provided voluntarily. CB emphasised that it would be important to allow for data to be refined over time if it emerged in practice that a helpful data item had been identified that was not originally anticipated.

DW ran through each of the data items used by British Gas to identify leads. CB felt this was a useful list and that having this type of dataset on a 100% basis would be helpful. AW asked if anything could be added in from the GT side and DW suggested Sites and Meters data would be useful and be provided centrally either instead of or in addition to data provided by Shippers and Suppliers. CB added that mismatches of data should not be an issue and that Detica had suggested they would prefer more rather than less data.

PL questioned whether a consistent response to the leads generated was required. CB explained that minimum expectations were envisaged such that all leads with a given score would be investigated either by a central agency or the individual Supplier. The core and non-core NRPS elements would need to be developed to allow appropriate choices. AH questioned whether the NRPS would engage its own investigators, and it was clarified that this was possible but separate to the data collection and lead generation process. AJ added that a potential advantage of the NRPS being responsible for investigating leads was that all customers would be treated the same in terms of both identifying and investigating potential theft. However, the intention was to have consistent standards that all investigators would be expected to follow such that there would be a single set of expectations between investigative service providers, including a feedback requirement. DW felt this had not been made clear in the scope and the audit role would need to be made clear.

AH asked whether the Transporters share theft related data at the moment. It was confirmed that this is provided by xoserve through the Conquest process.

AW asked about incentives and how the NRPS would be incentivised. If this were on the basis of proven theft, this would give an incentive to ensure work was carried through to its conclusion if they were the investigating party. DW added that an incentive scheme

on the Supplier would similarly ensure that those who had opted out would also be appropriately incentivised – and could be an alternative to audit. CB believed that establishing any scheme for which Shippers receive charges provides a clear incentive for all to work to make the scheme cost effective, and this would certainly be the case for the NRPS.

RS felt the key was that the Proposal was looking to put incentives on the NRPS and should be regarded as separate from Supplier incentives. He would wish to see incentives on the NRPS to encourage it to address the largest volumes first. AJ supported this in that she had a concern that with a Supplier incentive Suppliers might try to encourage the NRPS to investigate its cases first. TD asked if any incentive scheme for the NRPS investigator service could apply equally to other investigators – i.e. those who had opted out of the service. AJ did not think this would be possible as the incentive would be on the NRPS as a single provider, and RS was concerned that the incentive scheme needed to be kept simple. AW added that the NRPS could set the incentives for the investigators working on its behalf. However, AJ clarified that the proposed model was that the NRPS would be responsible for ensuring investigations were undertaken – they would not simply be providing leads in the way that xoserve do at the moment but would be moving deeper into the process. They would be telling those who had opted out which leads they were required to follow up and report on as opposed to giving them leads to deal with as they pleased.

DW asked, assuming an opted out investigator, how the NRPS would know that the lead had been appropriately followed up. RS suggested that this would be through a list of requirements to gain assurance that the required action had been provided – for example a photograph of the installation might be appropriate evidence that the lead had been followed up.

AW asked whether leads generated at the moment through, say, the emergency line would still be investigated. It was clarified that this information would be provided to the NRPS and scored appropriately for investigation, but all leads would be centralised. AW linked this to the Supplier Licence obligation to respond to theft and suggested that compliance with this would need to be considered.

#### **4.2. Intelligence Sharing – Legal View**

LM said that the general response from her legal advisers was positive, but would be subject to precisely what was proposed, and that the DPA may be an issue. BD said SGN advice supported this. CB added that her legal advice was that the DPA had a carve out for crime, confirming what Detica had presented. AW asked if any company would be willing to share its legal advice since Ofgem's lawyers expressed caution and would also wish to see the detail of what is proposed. DW added that it appeared key to moving this forward for the intended data items to be clarified in order to assess any DPA implications. AJ suggested that the use of the data would also be important, and notably there was an issue when theft was detected and whether the data could be used for debt recovery when debt arose from that theft – theft may be a criminal activity, but debt might not be.

It was agreed that legal issues would need to be addressed as part of the development process, and this would need to satisfy organisation's own legal teams if they were to support the Proposal. However RS felt legal concerns would be satisfied if the NRPS had satisfied itself that it was operating within the law. CB argued that the key was ensuring that DPA issues had been addressed, but the balance of probability was that if the majority of legal advice did not identify impediments, including guidance from the DPR, then all should be able to rely on this advice. Liabilities could also be backed off through the contract with the service provider. AW urged caution with any issue related to data protection, which was agreed and understood. AJ repeated that any issues, which emerge from the data, need to be considered, for example if a cannabis factory was uncovered, what actions would be acceptable under the DPA?

It was agreed that no red flags had been identified at this stage, and that all would consider whether their lawyers were willing to provide advice that could be provided to the group as a whole. AW added that if additional comfort was needed a potential route could be to introduce Licence obligations to support data sharing.

#### **4.3. NPRS Roles – Core/Optional Services**

LM suggested that some elements within the operating model could be signed on to via schedules, such that there were some multi-lateral and some bilateral agreements within the scheme. Additionally, contracts could be structured on the basis of deciding whether or not to accept the service on a case-by-case basis, perhaps being a commercial decision. CB accepted that some additional work around the optional elements would be valuable.

An issue was raised around the Reasonable Endeavours Scheme and how any funds would be attributed to Shippers or to the NRPS itself, including allowing for those who had opted out of parts of the service. It was agreed that here was a level of detail here that needed to be addressed.

PL asked how mandatory issues were envisaged if upstream theft was identified and required Transporter action. How will the service provider know whether to send leads to the investigatory service or to the Transporter? It was suggested that this was not particularly different to now. PL suggested he was trying to clarify what value the NRPS offered. CB suggested that more upstream theft might, hopefully, be discovered as the NRPS process would apply to all Suppliers and so cover any who were less active in discovering and reporting theft. If investigations revealed a need for Transporter involvement, they should expect to be contacted as now.

PL accepted that any process should involve mandation to provide data, but as a Transporter he would not support a scheme that mandated the Transporters to sign up for any service beyond this. AW suggested that it could be valuable to have all signing up to the service such that dual investigations are avoided – if an investigator goes to site, they should see the job through to the end rather than passing responsibility to the Transporter who would then have to arrange a second site visit. Shippers felt that the process would reveal more theft and that on-site investigations would be likely to identify upstream theft that the Transporters would benefit from through reduced shrinkage.

It was agreed that all would provide views on which of the boxes in the operating model should or should not be regarded as core by 25 February such that these could be collated ahead of the next meeting.

#### **5. AOB**

None raised.

#### **6. Diary Planning for Development Group**

The next meeting would consider the operating model box by box. CB also agreed to endeavour to provide a road map showing how progress to the end point was envisaged, including the governance issues.

Friday 05 March 2010, 10:00, ENA, 52 Horseferry Road, London, SW1P 2AF

Monday 22 March 2010, 10:00, 31 Homer Road, Solihull, B91 3LT

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

**ACTION LOG - Development Group 0274**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
DG0274 002	19/01/10	2	Provide a list of data items used for intelligence gathering, for subsequent review and expansion by the Group	British Gas (DW)	Complete
DG0274 003	19/01/10	2	Obtain a legal view on any impediments to the proposed intelligence sharing and how any impediments could be addressed	All	Initial views provided. All to ascertain if legal opinion can be provided in writing.
DG0274 004	19/01/10	2	Consider which roles proposed for the NRPS should be regarded as core and which as optional	All	Views to be provided to the JO by 25 February for collation and discussion at 5 March meeting
DG0274 005	14/01/10	4	Arrange meetings at three weekly meetings going forward	Joint Office (BF)	Complete