

Theft of Gas Review Group (UNC0245) Minutes
Monday 13 July 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
Aaron Toussaint	AT Consumer Focus
Alison Jennings	AJ Xoserve
Andrew Wallace	AW Ofgem
Anne Jackson	AJa Scottish and Southern Energy
Catherine Wheeler	CW Ofgem
Colette Baldwin	CB E.ON UK
David Thorne	DT Gas Forum
David Watson	DW Centrica
Erika Melén	EM Energy Networks Association
Gareth Evans	GE Watersye Associates
Joanna Ferguson	JF Northern Gas Networks
Joel Martin	JM Scotia Gas Networks
Keith Stout	KS Fulcrum
Mark Woodward	MW Xoserve
Rosie McGlynn	RM EDF Energy
Simon Trivella	ST Wales and West Utilities

Apologies

Bali Dohel	BD Scotia Gas Networks
Chris Hill	CH RWE Npower
Phil Lucas	PL National Grid Distribution
Vanja Munerati	VM Ofgem

1. Introduction and Status Review**1.1. Minutes from previous Review Group Meeting**

The following amendments were requested:

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Action RG0245 006: Joint Office to amend draft Terms of Reference in light of discussions and publish for comment on the Joint Office website.

Action Update: ADW confirmed that British Gas has revised the proposal in line with discussions at previous meetings. He agreed to provide a marked up version for publication with the minutes. BF confirmed that the draft Terms of Reference will be republished. **Complete.**

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There was a general discussion concerning which parties were accountable in scenarios where the theft of gas incident is either upstream or downstream of the ECV and who investigates. AW provided a definition of "~~convincing~~ conveyancing" and CB asked if

Transporter or Shipper views had changed since the last review on these procedures though no additional views were raised at the meeting.

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ST highlighted that an MPRN with a live service can stay live without a meter in situ and this currently sits outside the shipperless sites. It was challenged that these need to be monitored as meter could be fitted at any point in the future. It was accepted that a live service using gas without a meter should be treated as **possible** theft.

AW reminded the group that consideration will need to be given to vulnerable customers to ensure they are ~~not disconnected and are~~ appropriately supported through the process.

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AW provided a quote from schedule 2b.11.3 which suggested a customer premise meter installation can be reconnected ~~approved from~~ with the consent of the disconnecting supplier ~~or an incoming supplier~~.

Action RG0245 0043: All to consider the ENA/ERA Codes of Practise documentation provided by Ofgem and provide any feedback for inclusion within the beat practise.

The minutes of the previous meeting were then approved.

1.2. Review of actions from previous Review Group Meetings

Action RG0245 0008: Review Group 0245 to ensure the Theft of Energy Work Group recommendations is considered within the Review Group Report.

Action Update: BF confirmed that this will be reviewed at a suitable time. **Pending.**

Action RG0245 0009a: National Grid to confirm if evidence of theft is communicated to Shippers, if digital cameras are universally supplied to engineers and what action an engineer takes if an unsafe meter was discovered.

Post Meeting Note 26.06.09: National Grid Distribution's response:

"Is evidence of theft communicated to shippers?"

The details of the findings are passed to xoserve who then enter the details into ConQuest against the relevant query type and is issued to Shippers via ConQuest.

Are digital cameras are universally supplied to engineers?"

All National Grid Distribution engineers have a digital or Polaroid camera.

What action does an engineer take if an unsafe meter is discovered?"

This question was addressed by the WWU presentation given on 15 June 2009. This included the actions taken where there is an unfixed or tilted meter, where it has been tampered with and where it has been fitted in reverse. In general, if unsafe, the Engineer will "make safe" the installation which could mean closing and capping the ECV. The meter is usually left in situ, but can be removed on the grounds of safety as prescribed by the procedures."

AJ confirmed that if xoserve are provided with photographic evidence then these will be passed on to the supplier. **Complete.**

Action RG0245 0013: Review Group to consider a common set of rules for gathering evidence of theft and the key communication processes required.

Action Update: It was agreed that a detailed list will be incorporated into the final Review Group Report . **Pending.**

Action RG0245 0017: xoserve to provide a further breakdown on the valid, invalid and CCAC statistics.

Action Update: AJ explained the statistics which were provided at Junes meeting on the CCAC closures and subsequent resubmissions. Some questions were raised around the number of auto-closures. RM suggested that the 80 day process may need to be assessed to determine if the 80 days could be shortened or the process enhanced. AJ explained that ConQuest is capable of holding off the auto-closure. It was questioned if Shippers were aware of their obligations. DW asked about the possibility of transparent reporting to highlight relative performance. CB suggested that the report could be anonymous and the individual shippers advised of their relevant code, this will demonstrate if there is an industry wide problem or if auto-closures are isolated to a number of shippers. AJ confirmed that xoserve will be able to provide an anonymous report. ST also asked about a further breakdown of the invalid statistics wishing to understand why these have been classed as invalid and to determine if the invalid option is being used appropriately. See new Action 0017a. **Complete.**

New Action RG0245 0017a: xoserve to provide an anonymous Shipper report for CCAC invalid reasons and auto-closures. **Pending.**

Action RG0245 0018: xoserve to provide estimated theft of gas volumes.

Action Update: AJ explained the statistics provided at Junes meeting on the estimation of the gas stolen for 2007/08 and 2008/09. **Complete.**

New Action RG0245 0018a: xoserve to provide a breakdown on the estimated theft of gas volumes into LSP and SSP markets.

Action Update: AJ provided a further breakdown of the estimated theft of gas volumes she reported that 97% of the cases were attributed to SSP sites, in volume this was reported as 19% LSP and 81% SSP. **Complete.**

New Action RG0245 0022a: Review Group to establish the legal boundaries of exchanging customer information and potential transfer objection routes for the Review Group Report.

Action Update: DW confirmed that he will circulate the legal advice obtained regarding the exchange of customer information. He explained that customers are still able to change supplier during a theft of gas investigation and that any such transfer will remove any access rights. He suggested that the industry ought to consider a theft of gas register to record incidents. RM suggested that two registers could be considered one to record stolen meters the other to record theft of gas cases. However, RM expressed some concern about such a theft of gas register due to data protection issues. DW explained the intent of the register is not to prevent Supplier transfer. CB highlighted that this had been considered at a previous meetings and concern was expressed about reporting theft cases on a property as it is the occupant that steals and registering a property may result in new occupants being unfairly treated. DW was simply looking for a report which identifies areas where theft is occurring to help target resources, it was suggested this may be done by geographical area and not by customer or actual address. **Carried Forward.**

New Action RG0245 0022b: DW to consider and provide an update on the collection of theft of gas data. **Pending.**

Action RG0245 0026: xoserve to report back on the progress made with the MRPN “no activity” report.

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

Action RG0245 0027: AD to provide details of document sensitivity and any IPR issues. CB confirmed that she could make available a summary of the key points.

Post Meeting Note: RM circulated Domestic Codes of Practice document. DT to provide the key points from the Domestic Codes of Practice see Action 0028 **Complete**.

Action RG0245 0028: ~~E.ON UK~~ [Gas Forum](#) to provide a summary of the code of practise key points.

Action Update: DT confirmed that the Gas Forum will provide a summary of the key points at the next meeting. **Carried Forward**.

Post Meeting Note 14.07.09: DT has provided the following wording from the latest version of the Gas Forum Domestic Code of Practice regarding Theft of Gas:

“Shippers and Suppliers are responsible for investigating Theft of Gas taking place after the consumer control valve where there is a contract or deemed contract between the Supplier and consumer.

A Supplier should use 'reasonable endeavours' (as set out in the Licence) when investigating theft of gas incidents and attempts to recover the value of any gas stolen.

Provided 'reasonable endeavours' have been used, the GT is obliged not to charge and will refund any charges already made for any unrecovered costs of gas and transportation. In addition the GT will grant allowances in respect of the Supplier's costs of undertaking 'reasonable endeavours' where these are unrecovered.

Details of the procedures to be used in conjunction with the GT's 'reasonable endeavours' scheme itself and principles to be adopted by Suppliers in dealing with theft of gas leads are contained in separate documents.

Further work is currently being undertaken by Ofgem which may result in further changes in this area.”

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

Action Update: To consider at report stage. **Pending**.

Action RG0245 0030: ~~Ofgem~~ [British Gas](#) to provide a legal view on the rights and entitlements to bill for used energy.

Action Update: AW confirmed a view had been provided by WWU and Ofgem and that British Gas had agreed to provide a legal view obtained in relation to the Gas Act Schedule 2B The Gas Code, Paragraph 9 and the ability to make use of this right. **Carried Forward**.

Action RG0245 0031: Consideration to be given by the group as to the type of data which is required in DN emergency procedures for reporting theft of gas and the flow of information to Shippers and iGTs. **Pending**.

Action RG0245 0032: DNs to confirm the process for reviewing their Emergency procedures.

Action Update: ST confirmed each DNO is responsible for reviewing its own emergency procedures and this will include consideration of any relevant recommendations from the Review Group. **Completed**.

Action RG0245 0033: DNs to consider data items required by Shippers/Suppliers.

Action Update: ST confirmed that the Flow of data and future process to allow the flow of required data items is being considered. **Pending**.

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

Action Update: No update available. **Carried Forward.**

Action RG0245 0035: RR to provide a view on charges being passed through to iGTs for Theft of Gas and Co2 incidents in addition to those included in allowed revenues.

Action Update: No update available. **Carried Forward.**

Action RG0245 0036: Ofgem to confirm the process to amend the Gas Code.

Action Update: AW suggested that a legislative change may be required and he will await the legal view from Action 0030 before assessing what changes may be required. He suggested that there may be several options and that it will be difficult to amend the Gas Code in short timescales. **Complete.**

Action RGF0245 0038: xoserve to provide a definition of shipperless and orphaned sites for the draft Terms of Reference.

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

Action RG0245 0039: Ofgem to engage their Vulnerable Customers team.

Action Update: AW confirmed that he had consulted with the Vulnerable Customer Team to understand how vulnerable customers should be dealt with, he confirmed that the team are engaged developing a piece of work on vulnerable customers and provides the definitions of vulnerable customers, how to identify them as vulnerable and assistance required. He confirmed that there is still an ability to disconnect vulnerable customers and that the Vulnerable Customer Team will remain engaged. ST highlighted that the ERA initiative does provide vulnerable customers with protection but not against the refusal to pay for energy consumption where this is through choice rather than need. However, AT highlighted that the vulnerable customer may be living at a property but not responsible for paying utility bills and that this will need to be considered. ST provided the following link for further information:

<http://www.energy-retail.org.uk/documents/DebtandDisconnectionFINAL.pdf>

Complete.

Action RG0245 0040: SM/DW to provide a process flow diagram for the management of shipperless sites.

Action Update: DW agreed to include a references vulnerable customer measures. **Carried Forward.**

Action RG0245 0041: National Grid to confirm if the 0800 111 999 number can be used to report allegations of theft.

Action Update: ST confirmed on behalf of National Grid Distribution that any suspected theft of gas should be reported to the 0800 111 999 number as safety is paramount. He suggested that if Shippers wish to publicise the reporting of Theft using this number it would need to be approved by DNs. **Complete.**

Action RG0245 0042: All to consider the best practise presentation provide by British Gas and provide views on the suggestions or any additional items which may wish to be included.

Action Update: DW welcomed feedback or any additional items and to consider this item within the report. **Carried Forward.**

Action RG0245 0043: All to consider the ENA/ERA Codes of Practise documentation provided by Ofgem and provide any feedback for inclusion within the best practise.

Action Update: **Carried Forward.**

2. Review Group Process

2.1. Shipperless Sites

AJ provided a presentation including the following emboldened headings:

Rates of Shipper Responses to the Monthly Unregistered Sites Reports.

Unregistered and Shipperless Sites Industry Position.

Action RG0245 0044: xoserve to provide a breakdown of Orphaned Sites.

RM asked how the figures compared to M Number creations; AJ confirmed that around 7,000 MPRNs are created per month in DNOs.

Breakdown of Shipper Activity

DW asked about the age profile of sites. AJ confirmed that sites with no activity have recently transferred to the orphaned sites pot and will continue to age. She expressed the importance of Shipper confirmations.

Sample of Unregistered LSP's provided to a Meter Asset Manager

AJ confirmed that a sample of 200 sites all with one MAM had been used to give an indication of no activity sites. The remainder of the population is being collated.

Proposed MNo Creation/Unregistered Process Flow and Root Causes now being discussed at the Unregistered Working Group meetings.

AJ provided a flow diagram of the process xoserve would like to adopt, highlighting in particular the dotted line at the end of the process where the DNs investigate possible disconnections.

AW and AJ discussed the pot of sites that appear to exist with a meter in situ, these have been defined as orphaned sites where the site has not been confirmed. DW stressed that this cannot continue. xoserve encouraged a positive response from all Shippers to confirm if the sites reported to them as orphaned sites were considered to be supplied or not. DT asked what will happen at the end of this process if a Shipper is not identified. AW suggested that it is at this point when no Supplier can be identified that the Transporter should write to the customer informing them that a disconnection will be considered if the site isn't confirmed by a Shipper.

ST wished to ensure that customers are only contacted by Transporters as a final step. He stressed concern about the level of activity by Shippers to confirm sites. RM considered DNs should not be contacting customers to simply establish that a contract already exist with a Shipper, she supported the view this process needs to be undertaken by Shippers responses sent to xoserve. RM recognised that a project approach maybe required to take this forward and recommended that Shipper representative from this group ensure that Shippers engage in an active role with xoserve and encourage attendance of xoserve Unregistered Sites Meetings.

It was agreed that all Shippers need to consider the Governance of the Unregistered Sites Meetings.

Action RG0245 0045: All Shippers to consider the Governance of the xoserve Unregistered Site Meetings and provide a response.

Action RG0245 0046: All Shippers to ensure attendance to xoserve Unregistered Site Meetings.

AW asked for a detailed programme of work that Shippers/Suppliers will need to adhere to.

2.2. Detection Incentives

DW provided a presentation on the incentives required and introduced the ENA/ERA Supplier Energy Theft Scheme (SETS).

GE asked how the market share will be managed, DW suggested the market share is apportioned by supply point, though it could be done by volume the detection it would also have to be done by volume and would create a disparity in contributions for those with smaller portfolios but larger volume customers.

AW asked how smart metering may affect such an incentive scheme and whether this would need to be taken into account.

It was agreed that the implementation of such a scheme needs to be considered for example how it will be governed and who will administer the scheme.

RM asked if the incentive scheme would be a modification to the UNC. RM was cautious of how the scheme would be administered and that Transporters may not wish to administer a Shipper scheme based on recent experience with UNC0229. She was also unsure that a UNC solution was appropriate as it would also exclude iGTs.

ST questioned how detection may be managed if theft was detected outside that Shippers portfolio and who would receive recognition for this detection.

RM was keen to see a more up to date worked up model considering governance, administration, value of scheme, the use of market share either by supply point or volume, how to ensure it covers all sectors including iGTs, detection of theft outside of a Shippers portfolio, how to ensure full participation, auditing of scheme and avoidance of gaming, Shippers cost of managing process, the assumptions for example the marginal cost for detection is the same for each shipper and that theft is relative to the size of the portfolio, balancing out operations and whether a pot needs to be funded at the beginning of the scheme or whether a credit and debit process can be used at the end of the selected period.

It was agreed that all parties need to consider the ENA/ERA work and consider the pros and cons of such a scheme.

Action RG0245 0047: British Gas to produce a Strawman for an incentive scheme based on the recommended ENA/ERA Supplier Energy Theft Scheme

Action RG0245 0048: All to consider the pros and cons of the ENA/ERA Incentive Scheme for further discussion at August's meeting.

2.3. Draft Review Group Report

BF confirmed that the Draft Review Group Report was in production and that a draft copy was available for further consideration.

The Draft Review Group Report was considered and amendments noted.

A debate occurred on the recommendations for the review of the Gas Safety (Installation and Use) Regulations and how the regulations were inconsistent in requiring as service to be disconnected when a meter is removed but not if a meter is not initially fitted for a significant period.

Action RGF0245 0049: Transporters to confirm if there are any safety implications of a live service supply without a meter fitted.

3. Diary Planning for Review Group

Due to the availability of Dave Watson on 17 August 2009 it was agreed to consider re-scheduling the meeting to Monday 10 August 2009.

Action RG0245 0050 All Members to confirm availability on 10 August.

It was previously agreed that six sessions would be required to consider all the topics.

18 May: Flow of Information (xoserve presentation). Current management of shipperless sites (xoserve presentation). Recommendations from the Theft of Energy Work Group (ENA). **Complete**

01 June: Shipperless sites – route cause analysis and Best Practises. **Complete.**

15 June: Terms of Reference. Shipperless sites – action review and incentives (current incentives and gaps incentives). Best Practise. **Complete.**

13 July: Shipper incentive scheme, Best Practise. **Complete.**

10 August: Shipper incentive scheme.

Planned Meetings:

10:00 Monday, 10 August 2009 at Ofgem, 9 Millbank London

10:00 Monday, 14 September 2009 at Ofgem, 9 Millbank, London

4. AOB

None

ACTION LOG – Review Group 0245

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0245 0008	18/05/2009	2.1	Review Group 0245 to ensure the Theft of Energy Work Group recommendations are considered within the Review Group Report.	All	Pending
RG0245 0009a	01/06/2009	1.2	National Grid to confirm if evidence of theft is communicated to Shippers, if digital cameras are universally supplied to engineers and what action an engineer takes if an unsafe meter was discovered.	National Grid (PL)	Complete
RG0245 0013	18/05/2009	2.2	Review Group to consider a common set of rules for gathering evidence of theft and the key communication processes required.	All	Pending
RG0245 0017	18/05/2009	2.2	xoserve to provide a further breakdown on the valid, invalid and CCAC statistics.	xoserve (AJ)	Complete
RG0245 0017a	13/07/2009	1.2	xoserve to provide an anonymous Shipper report for CCAC invalid reasons and auto-closures.	xoserve (AJ)	Pending
RG0245 0018	18/05/2009	2.2	xoserve to provide estimated theft of gas volumes.	xoserve (AJ)	Complete
RG0245 0018a	15/06/2009	1.2	xoserve to provide a breakdown on the estimated theft of gas volumes into LSP and SSP markets.	xoserve (AJ)	Complete
RG0245 0022a	15/06/2009	1.2	Review Group to establish the legal boundaries of exchanging customer information and potential transfer objection routes for the Review Group Report.	All	Carried Forward
Rg0245 0022b	13/07/2009	1.2	DW to consider and provide an update on the collection of theft of gas data.	British Gas (DW)	Pending

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0245 0026	01/06/2009	2.1	xoserve to report back on the progress made with the MRPN "no activity" report.	xoserve (AJ)	Complete
RG0245 0027	01/06/2009	2.3	AD to provide details of document sensitivity and any IPR issues. CB confirmed that she could make available a summary of the key points.	Revenue Protection (AD)	Complete
RG0245 0028	01/06/2009	2.3	Gas Forum to provide a summary of the best practise key points.	Gas Forum (DT)	Carried Forward
RG0245 0029	01/06/2009	2.3	Review group to consider the governance of code of practice documents	All	Pending
RG0245 0030	01/06/2009	2.3	British Gas to provide a view on the rights and entitlements to bill for used energy.	British Gas (DW)	Carried Forward
RG0245 0031	15/06/2009	2.1	Consideration to be given by the group as to the type of data which is required in DN emergency procedures for reporting theft of gas and the flow of information to Shippers and iGTs.	All	Pending
RG0245 0032	15/06/2009	2.1	DNs to confirm the process for reviewing their Emergency procedures.	DNOs	Completed
RG0245 0033	15/06/2009	2.1	DNs to consider data items required by Shippers/Suppliers.	DNOs	Pending
RG0245 0034	15/06/2009	2.1	RR to provide an iGT view on the reasonable endeavours scheme.	Envoy Metering (RR)	Carried Forward
RG0245 0035	15/06/2009	2.1	RR to provide a view on charges being passed through to iGTs for Theft of Gas and Co2 incidents considering any price control regulations.	Envoy Metering (RR)	Carried Forward

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0245 0036	15/06/2009	2.1	Ofgem to confirm the process to amend the Gas Code.	Ofgem (AW)	Complete
RG0245 0038	15/06/2009	2.2	xoserve to provide a definition of shipperless and orphaned sites for the draft Terms of Reference.	xoserve (AJ)	Complete
RG0245 0039	15/06/2009	2.3	Ofgem to engage Vulnerable Customers team.	Ofgem (AW)	Complete
RG0245 0040	15/06/2009	2.3	SM/DW to provide a process flow diagram for the management of shipperless sites.	GDF Suez (SM) British Gas (DW)	Carried Forward
RG0245 0041	15/06/2009	2.4	National Grid to confirm if the 0800 111 999 number can be used to report allegations of theft.	NG Distribution (PL)	Complete
RG0245 0042	15/06/2009	2.4	All to consider the best practise presentation provide by British Gas and provide views on the suggestions or any additional items which may wish to be included.	All	Carried Forward
RG0245 0043	15/06/2009	2.4	All to consider the ENA/ERA Codes of Practise documentation provided by Ofgem and provide any feedback for inclusion within the beat practise.	All	Carried Forward
RG0245 0044	13/07/2009	2.1	xoserve to provide a breakdown of Orphaned Sites.	Xoserve (AJ)	Pending
RG0245 0045	13/07/2009	2.1	All Shippers to consider the Governance of the xoserve Unregistered Site Meetings and provide a response.	All Shippers	Pending

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0245 0046	13/07/2009	2.1	All Shippers to ensure attendance to xoserve Unregistered Site Meetings.	All Shippers	Pending
RG0245 0047	13/07/2009	2.2	British Gas to produce a Strawman for an incentive scheme based on the recommended ENA/ERA Supplier Energy Theft Scheme	British Gas (DW)	Pending
RG0245 0048	13/07/2009	2.2	All to consider the pros and cons of the ENA/ERA Incentive Scheme for further discussion at August's meeting.	All	Pending
RG0245 0049	13/07/2009	2.3	Transporters to confirm if there are any safety implications of a live service supply without a meter fitted.	All DNs	Pending
RG0245 0050	13/07/2009	3.0	All Members to confirm availability on 10 August.	All	Pending