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**Minutes Development Work Group 0274  
Creation of a National Revenue Protection Service  
Tuesday 19 January 2010  
Ofgem, 9 Millbank, London SW1P 3GE**

**Attendees**

Bob Fletcher (Chair)	BF	Joint Office
Tim Davis (Secretary)	TD	Joint Office
Abigail Hall	AH	Consumer Focus
Andrew Wallace	AW	Ofgem
Anne Jackson	AJ	SSE
Chris Hill	CH	RWE npower
Dave Watson	DW	British Gas
Gareth Evans	GE	Waters Wye Associates
Lorraine McGregor	LM	Scottish Power
Phil Lucas	PL	National Grid Distribution
Richard Street	RS	Corona Energy
Simon Trivella	ST	Wales & West Utilities
Steve Mulliganie	SM	Gazprom

**1. Introduction and Status Review**

**1.1. Minutes from the previous meeting**

The minutes from the previous meeting were approved.

**1.2. Review of actions from previous meeting**

**Action DG0274/001:** Joint Office to amend draft Terms of Reference in light of discussions and publish for comment on the Joint Office website.

**Action Update: Complete**

**2. Review Group Discussion**

AJ summarised the background to the Proposal, which aims to build on the work undertaken within Review Group 0245. DW asked about the scope of the Development Work Group and which areas were open for amendment. AJ said the Proposal was about the way in which a National Revenue Protection Service could be recognised and incorporated within the UNC and, as such, everything within the Proposal was potentially available to change.

In response to AH, AJ suggested the intent was to agree the principles behind the scheme rather than revisit them later, although SM added that the principles should be regarded as a strawman that could be developed and refined.

PL questioned whether governance of the scheme was also within scope. CB felt that the service would be a commercial service that would potentially have its own governance. However, governance of the UNC aspects would need to be considered as part of the development process.

AH questioned the role of performance incentives for the service provider and explained that there may be concerns about the potential for deleterious impacts on, in particular, vulnerable consumers. AJ explained that a Code of Practice was envisaged and the service provider would need to adhere to this – concerns about over incentivising were

recognised and DW added that the same obligations that apply to Suppliers would also apply to any service provider. CB also confirmed to AH that the service provider could provide an education role, such as what to do if a householder discovers that they occupy, unwittingly, an unconfirmed site. CB also thought the service provider could have access to information from Transporters about unconfirmed sites to help to resolve cases, and this was one reason for Transporters being a party to the agreement. AH emphasised that Consumer Focus would be pleased to support development of a Code of Practice or best practice guidelines.

CB then outlined a potential operating model. DW offered to provide a list of data that British Gas use as part of their intelligence gathering – he felt that any service provider would need to be proactive to be effective and data gathering was a key issue. He also questioned the source of data: whether it was from Suppliers or Shippers (which he felt was appropriate), and what work arounds might be needed for parties that held information in a different way to others – such as Suppliers only as opposed to integrated Suppliers and Shippers – to provide information in the required formats.

**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**

In terms of Pre-Payment Meter (PPM) information, DW did not think it would be possible to put obligations on the primary provider (Siemens) but that this should be an obligation on Shippers/Suppliers. SM agreed, but thought that Suppliers were likely to be able to cover this in their own contractual arrangements with any PPM infrastructure provider.

PL asked if looking at customer information, such as payment history, would create Data Protection issues. It was recognised that this would need to be addressed. However, it was also recognised that maximising the information provided to the National Revenue Protection Service was in everybody's interests. LM cautioned about attaching history to an address as opposed to the individual, since people move and theft was more likely to be associated with individuals.

AH asked if Shippers and Suppliers profiled customers in the way suggested at the moment, and how this was managed? DW confirmed that lead generation was undertaken within companies at present and the key difference is the NRPS would be able to use data collated from a number of sources. AJ emphasised that data about all customers and sites would be provided to the NRPS and that the issue was identifying where to target resources. GE added that profiling already happened and information was shared in other industries, such as banking and insurance. It was, however, recognised that it would be important to clarify the legal basis for establishing the risk profile attached to customers and establishing that this would not act to individual customer's detriment.

DW suggested that the data items he had offered to provide could be used as a basis for clarifying if there were any legal barriers to the proposed data sharing, and whether there was a method for addressing any identified barriers. All Shippers agreed to consider this with their legal teams for discussion at the following meeting. AW added that restrictions on the use of the data were likely to be necessary, for example it could not be used for marketing purposes. It was clarified that the intention was to create a NRPS that could only use the data for specific purposes, and the information would not be available to any other party. Shippers and Suppliers would not have access to information relating to other than their own customers, similar to the existing xoserve arrangement.

**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**

It was clarified that within the issues identified in each box on the operating model presentation, that Business Rules would need to be developed to clarify how the NRPS would operate, ensuring that the issues in each box were addressed. RS questioned whether individual Suppliers and Shippers could opt out of any of the activities, and CB

said the intention was for this to be possible in a number of areas, as summarised on the final slide of the presentation. DW questioned why an organisation would provide data if it was opting out of the majority of the service. An alternative would be to only populate the data on a change of Supplier. If, for example, British Gas was investigating its own customers, the data would be of no value for the NRPS. SM emphasised that the key was lead generation that would look at patterns of activity and hence complete coverage was preferable and had been proposed. Equally monitoring could be relied on to ensure that leads generated were proactively followed up by those who had chosen not to take optional services.

DW was concerned that this approach could disadvantage those who retain the service in-house as their costs would be increased in order to fund and service the NRPS in addition to their own costs. By contrast, SM felt there would be economies of scale and the NRPS servicer provider would generate leads, which the opted out Shipper could follow up. If once opted out a Shipper chose to also generate its own leads, that would be their choice - they would not need to duplicate this activity. DW accepted this but would want to see evidence that costs would not actually increase, which all accepted would be valuable.

DW suggested that common data formats would be needed for submitting data to the NRPS, but others did not believe this would be necessary as multiple aspects of data were being collected rather than just Shipper data. For example, Electoral Registers may be used and a full post code database including every address. The service providers would need to provide advice on the data they would find useful and intend to use. CB added that discussions had been held with an equivalent service provider supporting the insurance industry service (for the Insurance Fraud Bureau). Their approach to data analysis had impressed her greatly, especially their capability to analyse data from multiple sources. This data was refreshed daily to identify anomalies and insurance fraud had been significantly reduced through this (voluntary) process. This suggested that the NRPS concept was viable. CB agreed to approach the Insurance Fraud Bureau service provider to ascertain if they would be willing to demonstrate their approach to the Group as a whole.

DW asked if there was any indication of the lead time to set up the proposed NRPS. SM said that, based on his discussions with the insurance service provider, the lead time would be relatively short. The organisation utilised a range of software packages and could adapt these for the gas process rather than needing to build an entirely new product.

Moving on, SM suggested that all should come to the next meeting ready to agree which of the items identified in the presentation should be regarded as core and which were optional, thereby identifying areas which were agreed by all as falling within one camp or the other. PL suggested the costs of meeting the core services needed to be understood, but that more detail would be needed for this. SM did not think costs should be significant as data could be provided in any format. LM suggested that some tenders may be lower provided data was provided in a single format and so this could not yet be closed down as a given.

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

CB explained that, alongside the UNC development process, a commercial contract would need to be agreed with a service provider. Her intention was for the Group to produce the high level business rules to support this and to identify the enablers needed to get a NRPS in place. A project plan was being developed to support this process as a whole.

RS felt that it would be important initially to understand the model and what was proposed, and SM added that this amounted to baselining the model. This might usefully

be completed prior to starting to issue any commercial tenders. In addition, there were options for how a tender might be issued, for example the idea could be taken over by Ofgem or DECC and implemented across both gas and electricity industries, rather than being a commercial tender through an appropriate body. DW added that getting a feel for the cost of moving from the baselined position to implementation would be useful.

### 3. AOB

None raised.

### 4. Diary Planning for Development Group

BF asked about the process for taking the issues forward and whether the high level principles identified in the presentation were agreed. PL questioned the principle that Transporters should be obliged to sign on to the base service. It was clarified that this should refer to the core items only. PL emphasised that the Transporters may have different core elements to those of a Shipper, and the key was identifying which were the relevant core items for each party.

SM suggested baselining these principles, which he felt were appropriate in principle, as well as the identified activities at the next meeting. This would identify which items in the proposed operating model were core and which were optional, and precisely what was meant in each category. It was recognised that this was likely to take longer than a single meeting. The next meeting would also consider the legal opinions which parties had been able to obtain under Action 0003. PL questioned the legal view which Transporters were expected to provide, and it was clarified that it would be helpful if the Transporters could indicate any structure of the NRPS model which would enable, or prevent, them from complying with the data provision obligation. It would also be helpful if the Transporters could indicate the data they held that might be used to help identify theft. It was then confirmed that an aim at forthcoming meetings would be to identify for each suggested data source which group should provide that data – Transporters, Shippers or Suppliers. The outcome from this process should help to clarify any UNC, Licence etc. implications.

AW asked about the timeline for producing a Code of Practice. CB said this would need to await baselining of the model. DW indicated that British Gas had proposed that an associated Code of Practice be developed under SPAA governance, and this could provide a useful model, avoiding the need for parallel development since it should be applicable irrespective of the regime that is implemented. AW encouraged involvement of Consumer Focus in the development of any Code of Practice.

Having reviewed the issues to be discussed, it was agreed that additional meetings might usefully be arranged, and that more than one meeting per month could be valuable. The target for delivering the Work Group Report to Panel might realistically be set at July 2010. BF agreed to look at arranging meetings at three weekly intervals following the next meeting which is planned for:

Friday 12 February 2010, 10:00, ENA, 52 Horseferry Road, London, SW1P 2AF

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

**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)	Due by 26 Jan
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	For 12 Feb meeting
DG0274 004	19/01/10	2	Consider which roles proposed for the NRPS should be regarded as core and which as optional	All	For 12 Feb meeting
DG0274 005	14/01/10	4	Arrange meetings at three weekly meetings going forward	Joint Office (BF)	For 12 Feb meeting