

**Minutes Development Work Group 0274**  
**Creation of a National Revenue Protection Service**  
**Friday 05 March 2010**  
**Energy Networks Association, 52 Horseferry Road, London**

**Attendees**

Bob Fletcher (Chair)	BF	Joint Office
Tim Davis (Secretary)	TD	Joint Office
Alison Jennings	AJx	xoserve
Andrew Wallace	AW	Ofgem
Anne Jackson	AJ	SSE
Bali Dohel	BD	Scotia Gas Networks
Chris Hill	CH	RWE Npower
Chris Warner	CW	National Grid Distribution
Colette Baldwin	CB	E.ON UK
Dave Watson	DW	British Gas
Gareth Evans	GE	Waterswye
Joel Martin	JM	Scotia Gas Networks
Lorraine McGregor	LM	Scottish Power
Steve Mulliganie	SM	Gazprom

**1. Introduction**

**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 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:** LM confirmed that the legal advice she had provided at the previous meeting was unchanged. BD suggested obtaining a view from the Information Commissioner before concluding the Group's work. CB said that her legal advice was that the proposed sharing of data would be acceptable. JM questioned whether the release of data was an issue for Shipper data or Transporter data, and it was clarified that the issue covered both. It was agreed that the Group should seek to obtain a view from the Information Commissioner when it is sufficiently clear what is proposed. **Closed**

**New Action DG0274 005:** CB to contact Information Commissioner and obtain a view on the acceptability of what is proposed (once it is sufficiently clear).

**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 2.1 below. **Closed**

## 2. Review Group Discussion

### 2.1. Core/Optional Services

National Grid Distribution and RWE Npower had provided views. CW suggested that some of the items put forward as core should be regarded as optional for the Transporters. The Group was generally comfortable with the areas, which National Grid Distribution suggested should be optional or not applicable for Transporters rather than core, with the following items raised in discussion:

Examine meter history – SM questioned why this should be optional rather than not applicable. CW felt it may be appropriate in some circumstances, such as Shipperless sites. SM pointed out that Shipperless sites were identified as core under the Get Data and Intelligence category.

Investigation of Individual Cases – DW questioned, if Transporters opted out, how their activities would be monitored to ensure they were meeting the expected standard. CW pointed out this was a Licence obligation that was already being discharged. It was recognised that the NRPS would need to understand performance and CW indicated that he would welcome views on what the Transporters were expected to provide and would happily consider what was put forward. CB suggested that this would be a generic issue for all who opted out, but AW questioned whether different standards might apply to the Transporters.

Data Analysis and Reporting – SM suggested all of this category should be core rather than optional, and CW agreed to reconsider this. AJ asked what the Transporters do at the moment and how this compares to the proposed NRPS service, and AJx confirmed that some of the identified processes were already carried out, but not all of them.

CB said that the drafting of the operating model had been completed from a service provider perspective and with Shippers in mind – there may be a case for a different approach to Transporters. AJ agreed with this but pointed out that there was a concern about the incentives on Transporters at present and the NRPS proposal was seeking to address this. DW agreed with the incentive point but suggested that if Transporters were analysing data themselves, there may be scope for optionality as to the sharing of outputs – he supported data sharing but there was a need to draw clear boundaries around this. CB and SM were concerned about this proposition since sharing all data was fundamental to the proposal, with the sharing of data being expected to yield benefits beyond what could be derived from each data set in isolation.

DW challenged that if sharing of data was the key, why did the industry not start doing this now? CB said she would welcome data sharing if British Gas felt comfortable doing that now, but this would not be the whole solution as part of the process was centralised data collection and analysis. In addition, providing data to a central service provider was not expected to raise data protection issues, but the acceptability under the DPA may be different if information was provided directly to other companies. SM suggested that if immediate data sharing was an ambition, that could be considered separately and not as part of Proposal 0274.

Assess volume of energy taken – DW asked whether the Transporters would continue to use the existing xoserve processes or replace the approach with an NRPS calculation. CW said he would expect the Transporters to adopt best practice. AJ said standardisation was key, with no difference in terms of which Supplier was involved. It was agreed that standardisation of the way consumers are treated should be a principle behind development of Proposal 0274 and the NRPS as a whole.

Internal watch list – SM asked why this should be optional and questioned which internal processes were already in place in this respect. DW asked if all would be prepared to share their watch lists now. Others suggested that this would be likely to be prevented by DPA issues. AW argued that the controls on use of any such data would be likely to be a

key issue, with the inferences which may be drawn based on the data being different within a competitive market – he would expect providing data to a central body with clear restrictions on the way in which data can be used to be viewed differently. DW asked what was held for the insurance industry, and the understanding was that all policy details are held, not just details of claims. JM added that, with respect to data sharing, Transporters are only able to share data in the circumstances contemplated in the UNC, and that this may need to be clarified as part of the development of Proposal 0274.

Revenue reallocation – CW confirmed that this was already covered within the UNC.

The Transporters agreed to reconsider the information provided in light of the feedback received.

**Action DG0274 006:** Transporters to reconsider which items in the operating model should be core/optional for the Transporters

RWE Npower's response was then considered. CH clarified that he had focussed on the issues that RWE regarded as the most important aspects of the Proposal.

DW asked whether Shippers would identify customers as vulnerable and advise Detica, or vice versa, and it was clarified that this was expected to be a two way process.

AW asked about legal action and what was meant by this being optional. CH said that he would expect each company to have the final decision whether or not to prosecute in light of the actual circumstances, albeit that some may choose to take this as a service from the NRPS. This was widely supported but SM mused that some safeguards may be necessary to ensure a level playing field and a common understanding of expectations as to when prosecution would follow. AW suggested that it would be very difficult to define the circumstances in which prosecution should follow but this could be reconsidered in future. It was agreed that this should remain under each organisation's control but that some monitoring may be desirable in future to ensure that minimum standards were being followed and some companies were not choosing not to prosecute in any circumstances.

GE suggested that monitoring could either be by company reporting or by the central agency presenting statistics on actions taken, thereby providing a consistent data set. An active overview of company activity was likely to be valuable as part of the NRPS service.

JM questioned why Shipperless sites were core as there would be no Shipper to take action, and it was clarified that any subsequent core requirement was expected to fall to the Transporters. DW asked about funding, and CB said funding issues remained to be clarified. In terms of Shipperless sites, the transporters already fund processes and in principle any change in this would be reflected in allowed revenues. GE urged caution about scope creep for the NRPS if issues such as Shipperless sites, which the Transporters are already managing are to be included. AJx indicated that the present Shipperless activity within xoserve involves of the order of 6-7 FTEs, but that this is not simply a theft related problem but more a data issue.

## **2.2. Operating Model (box by box)**

The Group populated the spreadsheet initially provided by National Grid Distribution in order to capture views on which aspects of the Proposal should or should not be core/optional. (The spreadsheet has been published alongside these minutes.)

AJx asked how reasonable endeavours could be regarded as an optional service. CB explained that this would be the NRPS acting on behalf of parties and it was clarified that this would also apply to Conquest reporting.

### 2.3. End to End Process Map

DW asked if it was envisaged that the data items to flow to and from the NRPS would be considered as part of this process. CB confirmed this, but wanted the data items to remain fluid such that the list could be expanded in the light of experience. DW emphasised that there could be difficulties with this since being asked for additional items may increase costs and it would be difficult to accept an open ended commitment.

AJ felt a discussion of the data items should be delayed until bigger issues, such as the tender process, had been discussed. A project plan setting out building blocks would be useful. SM said that agreeing what was needed in order for the industry to be in a position to issue a tender would be an important step. Other issues raised to be addressed were: governance; RFI, including proof of concept; data; funding; Transporter/Shipper distinctions in operating model; and business rules.

JM asked if the obligations were to be on Shippers rather than Suppliers and whether there would be a requirement for SPAA changes. CB clarified that the UNC obligations would be on Shippers and they would be expected to back these obligations on to the Supplier through normal commercial arrangements. AJ was concerned that this may not be practical in all circumstances. AW also suggested that modifications to Supplier Licence conditions may be looked at favourably if it was demonstrated that these were necessary to support any proposed scheme to address theft and that this would be in the interests of consumers as a whole. AW suggested that there should be confirmation that the UNC can require release of non-Shipper information, and it was confirmed that this form of data provision is already carried out.

GE asked about contracting positions and who would contract with the NRPS, which LM said would sit under the governance umbrella. CB's initial view is that there will be a commercial contract that all parties will be obliged to sign via a regulatory obligation. GE suggested that arrangements elsewhere are SLCs that require signing on to a code/agreement. AW said three things sit under Licences – obligations on parties to establish; obligations to sign; and obligations to comply. These may apply differently in different licences. GE agreed to provide a diagram illustrating how this approach could work in practice.

**Action DG0274 007:** GE to provide a diagram illustrating a potential high level governance map to support establishment of the NRPS

### 3. AOB

None raised.

### 4. Diary Planning for Development Group

SM suggested the Group should focus on the RFI, which is part of the governance debate. Who should contract for the NRPS would be a key question. CW emphasised that there should not be a transporter obligation to run any tender or to contract for an NRPS.

DW asked if one or two RFIs were envisaged – covering the data capture and analysis separate from the field force service, for example. CB said flexibility was intended, and SM suggested that part of the RFI would be to establish how others believed the way forward was best structured.

CB suggested two or three should jointly draft the shape of the RFI – DW offered his support for this process.

CB also agreed to consider bringing a high-level project plan to the next meeting.

**Action DG0274 008:** Draft RFI to be developed and progress reported at the next meeting.

**Action DG0274 009:** Provide high-level project plan.

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

**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 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	Replaced by Action 005 <b>Closed</b>
DG0274 004	19/01/10	2	Consider which roles proposed for the NRPS should be regarded as core and which as optional	All	<b>Closed</b>
DG0274 005	05/03/10	1	Contact Information Commissioner and obtain a view on the acceptability of what is proposed (once it is sufficiently clear)	EON (CB)	Update due on 22 March
DG0274 006	05/03/10	2.1	Reconsider which items in the operating model should be core/optional for the Transporters	All Transporters	Update due on 22 March
DG0274 007	05/03/10	2.3	Provide a diagram illustrating a potential high level governance map to support establishment of the NRPS	Waters Wye (GE)	Update due on 22 March
DG0274 008	05/03/10	4.0	Draft RFI to be developed and progress reported at the next meeting.	EON UK (CB) and British Gas (DW)	Update due on 22 March
DG0274 009	05/03/10	4.0	Provide high-level project plan.	EON UK (CB)	Update due on 22 March