

Minutes Development Work Group 0277
Creation of Incentives for the Detection of Theft of Gas
(Supplier Energy Theft Scheme)
10:00 Friday 24 September 2010
via Teleconference

Attendees

Bob Fletcher (Chair)	BF	Joint Office
Anne Jackson	AJa	SSE
David Watson	DW	British Gas
Joel Martin	JM	Scotia Gas Networks
Lorraine Kerr	LK	Scottish Power
Mark Woodward	MW	xoserve
Phil Lucas	PL	National Grid Distribution
Sasha Pearce	SP	RWE npower
Tim Davis	TD	Joint Office

1. Introduction

1.1. Minutes from the previous meeting

The minutes from the 30 June were approved.

1.2. Review of actions from previous meeting

Action DG0277 009: British Gas, xoserve and Transporters to finalise invoicing arrangements prior to xoserve being asked to prepare a ROM.

Action Update: DW confirmed meetings with Transporters and xoserve had been held to discuss raising a ROM. A number of issues had been identified and these are to be discussed today's meeting. **Completed.**

Action DG0277 010: British Gas to amend the Business Rules in light of the discussion.

Action Update: DW confirmed that some amendments were made at the previous meeting, however further amendments are required. **Carried Forward.**

Action DG0277 014: Provide Ofgem with more context and justification around the value of the scheme.

Action Update: DW confirmed he had met with Ofgem to discuss funding for SETS and the appropriate value of the 'industry pot'. He confirmed initial estimates were based on a scaled up version of British Gas RPU costs. Scheme operational costs still needed to be understood and were subject to the outcomes of the ROM. **Carried Forward.**

Action DG0277 015: Consideration to be given on the scheme funding and charging process.

Action Update: MW confirmed that a ROM analysis is being undertaken and the results should be available in early October. **Completed.**

Action DG0277 016: All to consider how SETS surpluses would be managed and impacts on future years.

Action Update: DW agreed to consider this further and provide revised rafting to the business rules and/or proposal as required. **Carried Forward.**

Action DG0277 017: Amend Proposal based on discussions and comments received.

Action Update: DW explained the recent amendments to the Proposal. **Completed.**

2. Review Group Discussion

2.1. ROM

MW explained the progress of the ROM and assumptions made to develop the analysis. DW advised he had discussed the proposal and business rules with xoserve and was confident most of the information was available for the ROM analysis. MW advised the ROM should be available in early October but this would be based on the information to date and any late changes to the business rules may affect the delivery date.

2.2. Business Rules

The development group discussed the business rules and proposal. PL wanted clarification on the use of supplier or shipper, this should be consistent and refer to Code parties ie shipper.

PL asked if the BGT shipper short code could be included in the proposal for clarity, particularly in the windfall avoidance section.

SP asked if the proposal could provide evidence on how more theft is likely to be detected – is there evidence that could be used in the electricity market.

TD was concerned the business rules and proposal may be insufficient to enable the drafting of legal text. DW agreed to contact Wales & West to seek their view on legal text.

PL asked if clarity could be provided around new parties acceding to Code or discontinuing part way through a year – how will the process be managed, is there an impact on the SOLR process?

LK was concerned the windfall avoidance rules do not prevent a windfall, they just delay it. DW agreed to review this section to clarify what is intended and what happens to money which is carried forward.

SP asked where the definition of qualifying shipper is used in the proposal or rules as it does not appear to be used?

Development Group members agreed to submit any other comments they have by email to DW.

New Action DG0277 018: DW to contact Wales & West Utilities to seek an early view on legal text.

2.3. Development Work Group Report

The Development Group discussed a number of the relevant objectives. TD was concerned the statements recorded under A11.1(a) were not appropriate and would benefit the relevant objective. DW agreed to review the statements and delete or reclassify if necessary.

JM was keen to see transporter administration costs identified and set in the user pays section to make them visible to all.

DW agreed to review the Proposal and relevant objectives and amend based on the comments received at the meeting.

New Action DG0277 019: DW to review the Proposal and relevant objectives and amend based on the comments received at the meeting.

3. AOB

Non raised.

4. Diary Planning for Development Group

Wednesday 13 October 2010, 09:00, Teleconference

ACTION LOG – Development Group 0277

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DG0277 009	29/04/2010	2.2	Finalise invoicing arrangements prior to xoserve being asked to prepare a ROM	British Gas (DW), xoserve (AJ) and Transporters	Completed
DG0277 010	29/04/2010	2.2	Amend the Business Rules in light of the discussion	British Gas (DW)	Carried Forward
DG0277 014	30/06/2010	2	DW to provide Ofgem with more context and justification around the value of the scheme.	British Gas (DW)	Carried Forward
DG0277 015	30/06/2010	2	Consideration to be given on the scheme funding and charging process.	British Gas (DW), xoserve (AJ)	Completed
DG0277 016	01/09/2010	2	Consider how SETS surpluses would be managed and impacts on future years.	All	Carried Forward
DG0277 017	01/09/2010	2	Amend Proposal based on discussions and comments received	British Gas (DW)	Completed
DG0277 018	24/09/10	2	Contact Wales & West Utilities to seek an early view on legal text.	British Gas (DW)	Pending
DG0277 019	24/09/10	2	Review the Proposal and relevant objectives and amend based on the comments received at the meeting.	British Gas (DW)	Pending