

Distribution Networks (DN) response to Shipperless Sites Process Proposal – UNC Review Group 0245

On 12 October 2009, Review Group 0245 met and was presented with a proposal for a new Shipperless Sites process by British Gas.

DNs and their agent xoserve have met to consider the proposal and would like to make the following comments:

- Shipperless sites are clearly a large issue in the industry and the DNOs and xoserve are keen to work with shippers, UIPs and MAMs to resolve this. We do not however believe that the suggested process offers a viable solution and that instead industry root cause solutions must be considered.
- The current Shipperless/Unregistered sites process begins when a newly created Meter Point Reference Number (MPRN) reaches 365 days in absence of a User's registration. This is deemed to be the point at which the vast majority of MPRNs (80-85%) are registered by a User on the Supply Point Register without prior intervention. Alternatively commencing any process earlier, for example at 6 months as suggested would introduce thousands more MPRNs into the process, necessitating significant additional work, for little gain.
- xoserve previously withdrew a similar 'consumer letter' process to that being suggested as it was deemed to be ineffective in expediting User registration of the Supply Point onto the Supply Point Register. In summary the process:
 - had a high administrative cost
 - resulted in very few registrations
 - received a very poor response rate to letters
 - resulted in high volumes of consumer complaints
 - In some cases did not result in registration even where consumers provided billing reference numbers and names of suppliers with whom the consumer had a supply contract.

The process was withdrawn at the beginning of 2009 following consultation and agreement at the Unregistered Workgroup attended by Shippers.

It is also important to note that the original consumer letter process was introduced prior to the Review of Gas Metering Arrangements (RGMA) (2004) when Transporters were responsible for installation of the meter, rendering the Supply Meter Point capable of burning gas. Industry changes made under RGMA now mean that Transporters do not have visibility of this process. The UNC obliges the User to provide the majority of Supply Meter Installations and therefore the majority of meter fit requests are initiated via a supplier and MAM and Users are therefore in a better position to be able to confirm that a Supply Point is indeed capable of burning gas.

- "Shipper activity" unregistered sites are categorised as such by the presence of some form of Shipper activity. In such instances DNOs believe that the relevant Shipper should either register the Supply Point on the Supply Point Register or respond to xoserve that it is not the relevant Shipper for the supply contract in place with the consumer. It is only

subsequent to such communication that any additional Transporter activity should be contemplated.

- The process also suggests letters being sent to customers before the shipper activity pot has been established. We are of the opinion that no action (letter or otherwise) should be undertaken before the shipper identified through the current xoserve process has tried to register the site or notified xoserve. Once a shipper can confirm that the customer refuses to enter a contract, then the disconnection could possibly commence.
- The proposed process would initially include around 50,000 MPRNs (If the process was reduced by a further 6 months this would add a further 10K), with the suggestion of an initial site visit to establish the presence of a meter. Further, a series of 3 letters to those sites and an additional 1 to 2 visits to potentially undertake a disconnection of the service where no registration is made is contemplated. This is likely to prove an expensive process and brings into question how such a process would be funded and by whom.
- xoserve has been proactively contacting industry Meter Asset Managers (MAMs) to establish the presence of a meter in the Shipperless Site population. Responses from MAMs to date suggest that a number of MPRNs have had meters fitted as a result of a supplier request – in such circumstances DNOs believe that this is a positive indication that a supply contract is in place and therefore Transporters should not undertake any further action as suggested and the relevant User should pursue registration pursuant to its obligations under the Shippers Licence Condition 8, paragraph 5.
- The process suggests that even if a consumer responds to identify their supplier, unless the relevant Shipper pursues registration, the Transporter should still pursue disconnection. We do not believe that this is a viable part of the process and that the responsibility should lie with the shipper in these instances. In any event, in such circumstances it is unlikely that the Transporter has the right to disconnect the service unless it is a Larger Supply Point (Gas Act Schedule 2B (Gas Code) paragraph 14).
- The process would be complex to introduce in order to process responses to consumer letters, and then undertake the activities proposed.
- The process suggests that where a vulnerable customer is discovered at a premise that a vulnerable customer process is followed. The requirements of this additional process have not been made clear.
- In light of the significant costs of implementing and operating the proposed process Transporters would seek that the process included specific cost recovery and/or sanction from the relevant Shipper which does not register an MPRN in a timely manner, but the customer subsequently confirms that it has a supply contract in place with the relevant supplier.
- xoserve has carried out sample consumer letters, many of whom confirm a supply contract is in place. Why would these remain unregistered and therefore subject to this process?
- The process includes the disconnection of a live service where no meter is present. DNO's do not believe that they have any right to do this. Despite the RG245 discussions there has been no conclusion drawn that a service with no meter should be disconnected after any period of time.

In summary, DNOs believe that any Shipperless Sites process should initially seek positive confirmation that there is no supply contract in place for the relevant premises. To identify such, we believe it is incumbent on all Shippers, under instruction from relevant suppliers to respond to reports issued by xoserve on behalf of DNOs. It is only after confirmation via this process that no supply contract is in place that the Transporter should be obliged to undertake any further actions including consideration of disconnection.

DNOs believe that to implement a process that requires Transporters to undertake site visits in advance of any confirmation from Shippers that no supply contract is in place is inefficient and unnecessary at the stage proposed (to “identify that gas is being taken through a meter”). Further, the conduct of multiple visits and issue of letters to consumers (who may have a bona fide supply contract) may not prove to be in the interests of consumers and may adversely impact the reputation of the industry as a whole. For these reasons, DNOs do not support the proposed process presented at the 12 October 2009 meeting of Review Group 0245

Alternatively, we believe that the process proposed by xoserve at the 13 July 2009 meeting of Review Group 0245 strikes the appropriate balance between enabling and assisting Shipper compliance with obligations under paragraph 9(5) of the Shippers Licence and providing a resolution for consumers who refuse to enter into a supply contract.