

**UNC Workgroup 0410/0410A Minutes**  
**Responsibility for gas off-taken at Unregistered Sites following New Network Connections**

**Thursday 28 June 2012**

**ENA, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Alex Ross	(ARo)	Northern Gas Networks
Alison Jennings	(AJe)	Xoserve
Andrew Margan	(AMa)	British Gas
Andrew Wallace	(AW)	Ofgem
Anne Jackson	(AJ)	SSE
Brian Durber	(BD)	E.ON UK
Chris Warner	(CW)	National Grid Distribution
David Mitchell	(DM)	Scotia Gas Networks
Edward Hunter	(EH)	RWE npower
Elaine Carr	(EC)	ScottishPower
Gareth Evans	(GE)	Waters Wye Associates
Lorna Lewin	(LL)	DONG Energy
Marie Clark	(MC)	ScottishPower
Richard Street	(RS)	Corona Energy

*Copies of all papers are available at: [www.gasgovernance.co.uk/0410/280612](http://www.gasgovernance.co.uk/0410/280612)*

**1. Review of Minutes and Actions**

**1.1 Minutes**

The minutes of the previous meeting were approved.

**1.2 Actions**

**0004:** WWU, SGN and NGN to confirm whether they share the National Grid Distribution intention to proactively visit unregistered sites and disconnect them if no action is taken to address registration.

**Update:** AW believed there is benefit in establishing a clear process and understanding of what is done in these cases. CW and AJ reiterated what National Grid Distribution and Xoserve do under these circumstances, emphasising that it is a 'several stage' process and many factors are taken into consideration before any steps are taken to physically disconnect. CW believed the issue to centre on establishing the root cause of the particular circumstances.

The SGN update is still outstanding. **Carried Forward**

**0006:** GE to provide a view on the C&D regulations where a non-relevant supplier is notified that a meter is connected – what action should they take.

**Update:** AJ explained the way the process should work in respect of information flows for meter works. In certain circumstances the RGMA flows do not complete and the obligation to inform the Transporter is not fulfilled. Shippers should reject incorrect information back to the reporter; the meter worker should then identify the relevant/correct Supplier or inform the Transporter. It is at this point (the informing of the Transporter) that the process seems to fail. It was agreed that this process should be fulfilled correctly and that Shippers should reject information where they are not the relevant party. **Closed**

**0007:** Ofgem to provide a view of licence conditions – can Transporters disconnect a customer who is not registered by a Shipper but are paying a supplier for a gas supply.

**Update:** AW stated that Ofgem's view was that a Transporter could disconnect a premises not registered correctly. CW indicated that National Grid Distribution was seeking a legal view on this, and will share the outcome. AW added it was a sensible process to bring the customer's attention to the situation. He was happy to take views on this, and had expressed Ofgem's legal view in the Unregistered Shippers Workgroup. Others expressed different views, especially in respect of consequential damages/losses. **Closed**

**0008:** NGN (ARo) to advise when legal text can be available for discussion.

**Update:** ARo confirmed that comments had been provided to Total and Total's response would be reviewed; text is likely to be available for the July meeting. BF reminded that the Workgroup's Report must be produced for submission to the August UNC Modification Panel, and that the Workgroup would like to see the text prior to having to complete its Report. **Closed**

**0009:** NGN (ARo) and Xoserve (AJ) to provide comments on the Business Rules to Total (AG).

**Update:** ARo confirmed that comments had been provided to Total; GE believed the Business Rules have been finalised. **Closed**

## **2. General Discussion**

There was a general discussion through which polarised views were expressed.

GE confirmed there were no system or energy reconciliations; it was not energy or liability, just a 'compensation' or 'refund'. Shrinkage was briefly discussed as a method of accounting and CW confirmed that elements of Shrinkage already take shipperless sites into account.

The creation of MPRNs was discussed and the faults identified (ie too disjointed/remote from registration). RS explained that parties' responsibilities for gas offtaken without a supply contract and what was included in Corona's Siteworks Agreements. AR and CW explained the Transporter's relationship with UIPs. DM added that Scotia Gas Networks was looking at the processes and how they fit together, and where the acquisition of a Shipper/Supplier at a site should trigger an MPRN so that a supply can be properly registered. AJ pointed out that the illegal fitting of meters was an issue.

## 2.1 Modification 0410

The modification had been amended and GE explained the changes made to the Business Rules.

There had been one major change (conceptual) relating to the meter fix date, which had been suggested by Xoserve. RS suggested that the Shipper should use the first date it is aware of usage, and this may not necessarily be the meter fix date. GE noted this. AW questioned what the liabilities were under UNC with the ability to charge the customer and RS explained how this worked. AW suggested there may be a need to check how the deemed contract position worked? RS explained the responsibilities as part of the Connections Agreement and the degree of flexibility within this. RS also referred AW to the advice on deemed contracts previously issued by Ofgem.

### **Action 0010: AW to review/clarify the position relating to deemed contracts and unregistered and Shipperless sites.**

RS suggested more rigour was required in imposing responsibilities and obligations on industry parties, and parties such as developers to acquire Suppliers and also to make sure their subsequent purchasers also have acquired a Supplier before an MPRN is issued and gas offtaken.

CW questioned if it was reasonable to expect a UIP to have unrestricted/unlimited liability for subsequent connections and any associated charges. RS believed it reasonable that any connectee should carry this risk, and back it off to their customer(s) responsibly. He did not think liability was unlimited – it could be defined and limited by contracting with a Supplier.

CW believed that this modification did not take account of any process failure, and added that the Transporters had been working on the unregistered sites issues for some considerable period of time (since Modification 0245). Any solutions developed should be balanced with risks and costs should be apportioned fairly.

Referring to reallocation of cost, AMa questioned if there was a risk that a Shipper could end up paying twice. GE explained that in his view it would all go back to the small supply point sector (reconciled energy, not allocated).

AMa then described a scenario of the customer fitting its own meter, with no MPRN; GE believed this was covered under the Business Rules 1.2.1.

AMa commented that he was looking forward to seeing the legal text as the Business Rules appeared to be fragmented and potentially confusing. GE noted this and would address in the drafting.

AJ drew the Transporters' attention to the need to raise separate ROM requests to Xoserve for Modification 0410 and Modification 0410A. CW noted this.

## 2.2 Modification 0410A - Outline and Discussion

The June UNC Modification Panel considered this new modification and had determined that it should follow the same reporting timescales as Modification 0410. A Workgroup Report will therefore be expected at the August Panel meeting.

CW gave a brief outline of the aims and intent of the modification, pointing out the differences between this and Modification 0410. It was aiming for a balanced solution that addresses the issue, ie where processes fell down, and clarifying where responsibilities lay.

The associated Business Rules were reviewed, and CW explained the obligations on each party.

AMa suggested there would be value in splitting out the actions, ie to make a visit, and may disconnect. BD questioned how funding would be managed, and CW explained the remedy to recover the costs. RS felt there would be a need to understand what additional costs would be incurred to service this.

RS stated his belief that this modification could be anti-competitive, and be placing Suppliers at a disadvantage. AR asked if the biggest problem would be a meter fitted without a Supplier? RS responded that many meters were not arranged for installation by a Supplier. However, AJ countered this - this might be the case in the LSP market, but it was not so in the SSP market – and it might only be a handful. RS rejoined that Siteworks businesses might be put at a disadvantage.

CW read out the legal view that he had obtained and believed there was no case to support a belief that this was anti-competitive. RS and GE continued to disagree with this viewpoint and referred to the monopoly position of a Transporter.

RS explained the Siteworks process as not done through a Supplier. AJ commented that Suppliers do not send information through RGMA flows (and referenced discussions earlier today). She added that at the Unregistered Shippers Workgroup a number of Shippers have acknowledged the lack of cohesion in the process for SSPs.

RS observed that organisations with Shipper Licences might be put at a disadvantage. GE added that just because a similarly named organisation has installed a meter, it does mean that a similarly named Shipper is associated or responsible.

AMa referred to Business Rule 10, and questioned how did this improve on current Transporter actions? CW indicated that the Transporter would bear the cost of the activity. AMa asked, what about the energy cost? CW noted this for further consideration and potential rewording of paragraph 10.

GE observed that he could not see an explicit obligation to visit every site to clearly ascertain its status. RS suggested replacing along the lines of, “.....all reasonable measures to curtail the flow of gas as soon as possible.....” or something similar.

AJ believed there were two routes that could be taken and that could be made more precise, ie a site can get properly registered, or they can get cut off.

RS queried the period provisionally stated “[3 months]” and believed it should be done as soon as reasonably possible, whilst noting that specifics may constrain rather than help.

AR confirmed that the proposals would be meshed into the existing obligations.

GE believed the modification should include a commitment to visit all unregistered sites to ascertain status. AJ responded that associated costs would make such a commitment prohibitive; a lot of these sites do actually have Supply contracts and the failure to formally register is often pinpointed within the industry processes.

GE questioned how a misallocation of a site to the wrong Shipper entity (and any associated costs) be dealt with.

RS believed the optimum solution to the problem would be for Ofgem to impose an obligation on all industry parties to be in possession of an ‘industry ID’.

GE noted there appeared to be an assumption that the Supplier was tied to the meter – this would change under Smart metering.

Responding to questions, CW confirmed that the Transporter Licence does not talk about how gas theft should be investigated and is very much reactive.

GE questioned how is this proposal different to what is done currently? There might be value in articulating the current process and actions for comparisons to what is proposed. CW explained the current Transporter process for investigation of theft. Every report from a Shipper is acted upon. This modification formalises the position from a Transporter perspective, instilling order and identifying the root cause.

GE suggested any differentiation should be made clear, eg between User and Relevant User and Shipper and Supplier entities and responsibilities.

CW had noted all comments and suggestions for further consideration and will review/revise the Business Rules to reflect the discussions where appropriate.

BF reminded the Workgroup that its Report on both Modifications must be submitted to the August UNC Modification Panel.

### 3. Terms of Reference

No additional comments were received.

### 4. Diary Planning for Workgroup

Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)

The next meeting will take place within the business proceedings of the Distribution Workgroup on:

Thursday 26 July 2012, 10:15, 31 Homer Road, Solihull, B91 3LT

## Workgroup 0410/0410A – Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0004	22/03/12	2	WWU, SGN and NGN to confirm whether they share the National Grid Distribution intention to proactively visit unregistered sites and disconnect them if no action is taken to address registration.	SGN (EM)	SGN update remains outstanding Carried forward
0006	26/04/12	2	GE to provide a view on the C&D regulations where a non relevant supplier is notified that a meter is connected – what action should they take.	Waters Wye (GE)	Closed
0007	26/04/12	2	Ofgem to provide a view of licence conditions – can Transporters disconnect a customer who is not registered by a Shipper but are paying a supplier for a gas supply.	Ofgem (JD)	Closed

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0008	24/05/12	2	Advise when legal text can be available for discussion.	NGN (ARo)	Closed
0009	24/05/12	2	Provide comments on the Business Rules to Total (AG).	NGN (ARo) and Xoserve (AJ)	Closed
0010	28/06/12	2.1	AW to review/clarify the position relating to deemed contracts and unregistered and Shipperless sites.	Ofgem (AW)	Pending