

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

**Thursday 22 March 2012**

**Elxon, 350 Euston Road, London NW1 3AW**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Tim Davis (Secretary)	(TD)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Alex Ross	(ARo)	Northern Gas Networks
Alison Jennings	(AJe)	Xoserve
Andrew Green	(AG)	Total Gas and Power
Andrew Margan	(AM)	British Gas
Anthony Wright	(AW)	Shell Gas Direct
Brian Durber	(BD)	E.ON UK
Chris Warner	(CW)	National Grid Distribution
David Addison	(DA)	Xoserve
Edward Hunter*	(EH)	RWE npower
Elaine Carr	(EC)	ScottishPower
Erika Melèn	(EM)	Scotia Gas Networks
Marie Clarke	(MC)	Scottish Power
Matt Smith	(MS)	Xoserve
Rob Cameron-Higgs	(RCH)	Wales & West Utilities
Steve Mulinganie	(SM)	Gazprom

\* by teleconference

Copies of all papers are available at: [www.gasgovernance.co.uk/0410/220312](http://www.gasgovernance.co.uk/0410/220312)

**1. Review of Minutes and Actions**

**1.1 Minutes**

The minutes of the previous meeting were accepted.

**1.2 Actions**

**0001:** National Grid to consider the recovery process and treatment of connections through the Shrinkage process - what happens to energy now?

**Update:** CW provided the following response - Under the current LDZ Shrinkage regime National Grid Distribution is incentivised to efficiently purchase 0.02% of total energy throughput per year to account for unidentified 'upstream' gas theft (and that 'downstream' theft where there is no Supplier) and recovers this via transportation charges.

'Lost' Energy arising from unidentified theft is reconciled through Reconciliation by Difference (RbD) and apportioned to Smaller Supply Point (SSP) Shippers. The AUGÉ then would consider reallocation of a proportion of this to Larger Supply Point (LSP) Shippers. However, in reality, the true energy cost exposure

of this will only materialise through reconciliation where unidentified gas theft exceeds 0.02%.

It should be noted that by definition the actual level of unidentified theft can't be determined or itemised.

RbD bears the risk of unregistered sites, unless the first confirming Shipper takes responsibility for all the pre-registration energy (usually by loading the meter fix read as the first read against the meter asset and is only applicable on LSPs). The important point is that the outcome of an unregistered site is not known until it is resolved – either cancelled, confirmed without retrospective billing or confirmed with subsequent retrospective reconciliation. **Complete.**

## 2. Business Rules

AG gave a presentation on the proposed business rules. AR questioned what would lead to a Transporter site visit, and this was clarified as being when an MPRN has been created but no Shipper had been registered after a year. Xoserve would be required to use the best available evidence to establish presumed consumption.

DA noted there would be a good deal of complexity in developing the envisaged new processes and Xoserve would be happy to work with the proposer to develop the next level of detail. AG welcomed this and emphasised that the intention was to keep the process as simple as possible while delivering the intended incentives and driving appropriate behaviours.

AJe raised that, on occasion, an unregistered site is identified and it is established that the customer is paying a Supplier for the gas used. There would be merit in addressing this situation in order to clarify the outcome and avoid the Transporter being permanently liable. BD noted this would be a breach of the Supplier Licence, and AG agreed to include this possibility in discussions with Ofgem since they may wish to address issues where a licence breach is identified.

CW explained that, irrespective of whether this modification is implemented, National Grid Distribution anticipate becoming more proactive in terms of visiting unregistered sites and disconnecting them if no action is taken to address registration – although the treatment of any vulnerable customers identified by this process would clearly need to be managed carefully. This proactive approach is expected to help to address the present backlog and may mean that Modification 0410 is no longer justified. The remaining DNs were asked to clarify whether they would be adopting the same approach, which CW anticipated being fully explained at Xoserve's 18 April Shipperless and Unregistered Sites Workgroup.

### **Action 0002: 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**

There was some discussion as to whether or not DM sites should be excluded from the process, which AG agreed to consider. However, the intention is to exclude NTS connections.

AR was unclear how neutrality would be maintained, thereby keeping consistency throughout and ensuring all funds and energy are appropriately allocated. It was accepted that the Business Rules should be written to ensure this happens, towards which AG indicated all contributions would be welcome.

On behalf of Northern Gas Networks, ARo presented a potential alternative approach. However, this was now likely to be raised as a separate modification rather than a formal alternative to 0410. The aim is to get improved notification regarding when a meter is first fitted. ARo anticipated bringing a modification to the April or May Modification Panel.

**3. Any Other Business**

None raised.

**4. Diary Planning for Review Group**

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

Workgroup meetings will take place within the Distribution Workgroup on:

Thursday 26 April 2012, 31 Homer Road, Solihull, B91 3LT

Thursday 24 May 2012, Elexon, 350 Euston Road, London NW1 3AW.

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**Workgroup 0410 – Action Table**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
0001	27/01/12	2.0	National Grid to consider the recovery process and treatment of connections through the Shrinkage process - what happens to energy now.	National Grid (CW)	Complete
0002	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	WWU (RCH), SGN (EM) and NGN (ARo)	Pending