

**Review Group 0208**  
**Tuesday 13 May 2008**  
**Holiday Inn Solihull, 61 Homer Road, Solihull**

**Attendees**

Tim Davis (Chair)	JM Joint Office
Helen Cuin	HC Joint Office
Brian Durber	BD E.ON UK
Chris Warner	CW National Grid Distribution
Denis Aitchison	DA Scotia Gas Networks
Fiona Cottam	FC xoserve
Joanna Ferguson	JF Northern Gas Networks
John Edwards	JE Wales & West Utilities
Linda Whitcroft	LW xoserve
Mark Jones	MJ Scottish and Southern Energy
Mitch Donnelly	MD British Gas
Richard Dutton	RD Total Gas and Power
Richard Jones	RJ xoserve
Richard Street (Proposer)	RS Corona Energy

**Apologies**

James Crump	JC Ofgem
Shelley Rouse	SR Statoil (UK)

**1. Introduction and Status review**

**1.1. Minutes from previous meeting**

The minutes of the previous meeting were approved.

**1.2. Review of Actions from previous meeting**

**Action 0001:** xoserve to investigate the provision of 2007 Theft of Gas Statistics and an analysis on suspected Theft.

**Action Update:** Material provided.

**Action: Complete.**

**Action 0002:** xoserve to provide further information on unregistered sites.

**Action Update:** Material provided.

**Action: Complete.**

**Action 0003:** Transporters to establish the ability to provide statistical analysis on how much energy is entering a particular area compared to actual consumption.

**Action Update:** JE had investigated the ability to provide accurate statistical analysis on how much energy is entering a particular area compared to actual consumption. JE acknowledged that local gas flow meters exist within networks which could support such analysis in theory. However, there is likely to be a significant degree of error in any flow data due to the age of the meters, which are not used for fiscal purposes and have not been recently calibrated. It was accepted that uncertainty

about the accuracy of the data meant it would be unwise to use this approach to draw conclusions.

**Action: Closed.**

**Action 0004:** xoserve to establish the ability to undertake reconciliation on a regional basis.

**Action Update:** It was agreed that this should not be pursued.

**Action: Closed.**

**Action 0005:** Shippers to investigate the management of unregistered sites.

**Action Update:** RS confirmed that Corona have examined their processes for managing unregistered sites, which was thought to be consistent with that of others in the I&C market. This should avoid problems and ensure prompt registration. MD agreed that Shipper project managers manage large projects inline with agreed contracts. However he was concerned that there may still be gaps within the unregistered site process. It was agreed further consideration of this action would be required.

**Action: Carried Forward**

## 2. Review Group Discussion

### 2.1. Theft of Gas Statistics

LW provided a presentation on Theft of Gas Allegations received by xoserve between 01 April 2007 and 31 March 2008 and whether the allegation had subsequently been declared as valid or invalid reported theft. She confirmed that an allegation can be reported either by the Shipper via a conquest query, via the Meter Asset Manager or Meter Read Agency.

LW explained the information within the table and that Shippers may not report the KWhs for all valid thefts, so KWhs figure may not represent the full volume and the average per site would be understated.

JE questioned if xoserve could report the number of pursued allegations where KWhs are not provided for I&C valid theft. MD suggested that where a Shipper does not provide the KWhs for an I&C detected theft, the RbD market will be affected. MD questioned if xoserve could provide the number of instances where I&C Shippers are not being billed for valid reported theft. A brief discussion evolved around timed out investigations and the Group expressed an interest in understanding the statistics relating to timed out theft of gas allegations.

While LW highlighted that not all theft is detected, RD suggested I&C theft is more likely to be detected than domestic due to the read frequency. A discussion evolved on the relative likelihood of undetected theft in the domestic and I&C markets. BD emphasised that only a view can be formed as there are no statistics on undetected theft, and detected theft may not be representative of the true situation. CW agreed and questioned whether detailed analysis of the Theft of Gas Allegations statistics assists understanding of theft and how to reflect it within the UNC regime. MD asked if historical information could be provided to assess any shifts in theft.

RD asked if a breakdown of the 176 reported I&C valid thefts could be provided, for example by load band – this would help understanding of the statistics and would help ensure that any incentives considered are appropriate and targeted. RS requested that data for other periods be provided – he was especially concerned that there had been a substantial and unexplained shift in the data compared to that which xoserve had provided in the course of discussions regarding Modification Proposal 0115. MD acknowledged the relevance for Development Work Group 0194 of understanding the split between LSP and SSP theft.

LW highlighted that from the anonymous Shipper split, a higher percentage of allegations prove to be invalid among those with relatively high numbers of allegations. A discussion took place on what indicates a possible theft and how this may be deemed valid or invalid upon further investigation.

The Review Group considered how to properly incentivise the detection of theft. It was suggested that meter readers may have an incentive to read a target number of meters per hour but no incentive to report possible theft – indeed the time involved in reporting possible theft could mean volume targets being missed.

**Action 0006:** xoserve to provide further analysis on Theft of Gas allegations for example any trend data for previous periods, timed out investigations, and a further breakdown of the LSP statistics.

**Action 0007:** xoserve to provide the number of instances where I&C Shippers are not providing KWWhs for valid theft allegations.

**Action 0008:** All to consider Shipper incentives to investigate theft

**Action 0009:** All to consider incentives for Meter Reader theft detection.

Rather than rely on xoserve to undertake further analysis, RS and RD suggested xoserve provide the raw data for the 3312 reported theft of gas allegations such that Shippers could undertake their own analysis. They understood that the Shipper identification could not be provided, but would appreciate a breakdown of whether the site was I&C or Domestic, the date of the reported allegation, the date the allegation was determined valid/invalid, the AQ, and the reported KWWhs. LW questioned the usefulness of supplying the stripped out data, and concern was expressed over the varying interpretations possible from the statistics and whether further analysis on this basis would be beneficial to the Review Group. xoserve felt that specifying the required information in advance would be preferable and help to ensure consistency.

As a clear source of potential misallocation of energy, CW suggested the Review Group may want to consider the use of meter bypasses and the obligation to report consumption if a bypass is opened. He questioned whether xoserve is routinely provided with consumption notifications. xoserve agreed to provide available statistics on the use of meter bypasses.

**Action 0010:** xoserve to provide meter bypass statistics.

It was agreed that more detailed data should help the discussion on the possible regime changes and MD acknowledged the information requested would be of benefit to Development Workgroup 0194.

It was also agreed that the Correction Factors/ SND need to be considered as part of Review Group 0208 and would be added to the next meeting's agenda.

## 2.2. Unregistered Sites

RS highlighted that customer concerns were expressed at the Gas Customer Forum that the process is not working particularly well, with xoserve being held responsible for this by some parties – although RS recognised that the bottleneck generally lay elsewhere. TD confirmed that some customers are actively collating data to provide to the Transporters to assist understanding of the underlying problem and identify where failures are occurring. RS believed there are two issues to be addressed to improve the unregistered sites position; the process and appropriate industry charging.

RJ provided a background to the work being undertaken by a group looking specifically at Shipperless sites. RJ confirmed that End Users are sent letters to establish the appropriate action to be taken when such sites are identified. He also

confirmed that the MPRN allocation process is being reviewed with a view to moving the allocation process nearer to the time gas will be consumed, reducing the prospect of address mismatches etc..

RJ provided an age analysis of unregistered sites and explained the xoserve desk top exercise and processes undertaken to reduce the scale of unregistered sites. LW explained that the MPRN represents that there is a live service. She also expressed her concern about the safety implications of unregistered sites that are off-taking gas without Gas Safety Regulations governance due to being unregistered. RS confirmed xoserve are clearing approximately 5000 sites per month and are hoping to complete the project in October.

The Review Group discussed late confirmations. MD commented that when a site is registered the index reading will be provided to reflect the opening read. He explained how the energy element is treated and how the RbD market is affected by late confirmations. A discussion evolved about LSPs which are not opened with a zero index - FC indicated that the energy for these is about 0.86 of a terra watt over the last 4 years.

The Review Group discussed the unregistered sites volume analysis. RJ highlighted that there are 11 unregistered LSP sites greater than 5,860,001KWhs with Shipper activity. RS suggested xoserve contact each Shipper concerned to understand the progress of these projects.

The 1117 MPRNs of unregistered sites but with Shipper activity was also discussed. LW suggested that xoserve could examine these by looking at the AQ, and the period between MPRN creation and MPRN confirmation to understand the broad volume of energy involved. BD suggested information should be analysed from the point of Shipper activity to MPRN confirmation.

CW expressed an interest understanding how many sites have recovered energy for late confirmations. A discussion evolved on the incentives to pick up orphaned sites. To encourage this activity, the incoming shipper is not liable for historical energy consumption but only becomes liable from the point at which the site is taken over.

RD expressed concern also about unregistered sites within the CSEP market. LW provided the Gas Forum Collation Sheet, produced for Review Group 0157, which highlighted that the iGTs are charging Shippers for more sites than are recorded by xoserve. RD suggested that the true position could be worse as only five Shippers' data was being reported and that Shippers may also have details of sites that the iGT may not be billing for.

FC argued that the issue for the 0208 Review Group is what proportion of the missing sites are LSP and SSP. RD believed that the issue with I&C sites is that in most cases the AQ is overstated. MJ also believed that some domestic AQs will also be overstated due to the iGT AQ review process. CW confirmed that Review Group 0157 is addressing changes required to the CSEP regime and have identified the potential for fundamental change which would require financial and Ofgem support.

### **2.3. Regional Statistics**

JE confirmed that he had investigated the ability to provide accurate statistical analysis on how much energy is entering a particular area compared to actual consumption. While JE acknowledged the existence of local gas flow meters within networks, these were not used for fiscal purposes and there was likely to be a significant degree of error in any consumption data due to the age of the meters and that fact that they were not regularly calibrated. It was agreed that uncertainty regarding the accuracy of the data meant it would be unwise to use this approach to draw conclusions.

The possibility of 100% reconciliation was discussed as a means of improving cost allocations. FC emphasised that even with 100% reconciliation there would still be an unaccounted for element which would be subject to a smear in one form or another – the issue under debate would not be removed.

**3. Diary Planning for Review Group**

10:00, 09 June 2008, Elexon, 350 Euston Road, London

**4. AOB**

None.

**ACTION LOG - Review Group 0208**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
RG0208 0001	22/04/2008	3.0	xoserve to investigate the provision of 2007 Theft of Gas Statistics and an analysis on suspected Theft.	xoserve (LW/FC)	Complete
RG0208 0002	22/04/2008	3.0	xoserve to provide further information on unregistered sites.	xoserve (LW/FC)	Complete
RG0208 0003	22/04/2008	3.0	Transporters to establish the ability to provide statistical analysis on how much energy is entering a particular area compared to actual consumption.	Transporters (JE)	Closed
RG0208 0004	22/04/2008	3.0	xoserve to establish the ability to undertake reconciliation on a regional basis.	xoserve (LW/FC)	Closed
RG0208 0005	22/04/2008	3.0	Shippers to investigate the management of unregistered sites.	Shippers	Carried Forward
RG0208 0006	13/05/2008	2.1	xoserve to provide further analysis on Theft of Gas allegations for example any trend data for previous periods, timed out investigations, and any further breakdown of the LSP statistics.	xoserve (LW/FC)	Pending
RG0208 0007	13/05/2008	2.1	xoserve to provide the number of instances where I&C Shippers are not providing KWhs for valid theft allegations.	xoserve (LW/FC)	Pending
RG0208 0008	13/05/2008	2.1	All to consider Shipper incentives to investigate theft.	All	Pending
RG0208 0009	13/05/2008	2.1	All to consider incentives for Meter Reader theft detection.	All	Pending

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RG0208 0010	13/05/2008	2.1	xoserve to provide meter bypass statistics.	xoserve (LW/FC)	Pending