

Theft of Gas Review Group (UNC0245) Minutes
Monday 20 April 2009
Ofgem, 9 Millbank, London, SW1P 3GE

Attendees

Bob Fletcher (Chair)	BF	Joint Office of Gas Transporters
Helen Cuin (Secretary)	HC	Joint Office of Gas Transporters
Alan Dick	AD	UK Revenue Protection Association
Alison Jennings	AJ	xoserve
Andrew Wallace	AW	Ofgem
Anne Jackson	AJa	Scottish and Southern Energy
Bali Dohel	BD	Scotia Gas Networks
Barry Cook	BC	National Grid Metering
Chris Hill	CH	RWE Npower
Colette Baldwin	CB	E.ON UK
Dave Watson	DW	British Gas
Erika Melén	EM	Energy Networks Association
Gareth Evans	GE	Waterswe Association
Hannah Mummery	HM	Consumer Focus
Ian Smith	IS	IGEM
Lorraine McGregor	LM	Scottish Power
Phil Lucas	PL	National Grid Distribution
Ralph Reekie	RR	Envoy Metering
Richard Street	RS	Corona Energy
Sarah Westrup	SW	GTC
Steve Gandy	SG	E.ON UK / MAMCop
Vanja Munerati	VM	Ofgem

Apologies

Simon Trivella	ST	Wales and West Utilities
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1. Introduction and Review Group Operation

BF welcomed members to the first meeting and explained the UNC Modification Rules. The intention is to hold monthly industry meetings to discuss the Theft of Gas regime and produce a Review Group Report for consideration by the UNC Panel and other governing bodies by September.

2. Outline of Proposal

DW introduced the Proposal raised by British Gas and explained some of the industry arrangements. The intention is to establish what the issues are surrounding the Theft of Gas, he recognised a number of changes will be required across respective codes.

He acknowledged that a substantial amount of work has been undertaken by other groups particularly the Theft of Energy Working Groups set up by the Energy Retail Association (ERA) and the Energy Networks Association (ENA) following Ofgem's

consultations on the theft of energy, which needed to be considered and taken forward. It was suggested the reports produced would be a useful starting point for this Review Group. EM confirmed that the Energy Network review documentation is published on the ENA website (<http://2009.energynetworks.org/theft-of-energy>)

It was agreed that the Review Group will examine the identified issues and consider the reports conclusions.

EM agreed to present the recommendations made at the next meeting.

Action RG0245 001: ENA to provide a presentation on the issues and recommendations of the Theft of Energy Work Group at the next meeting.

DW believed that the Theft Of Gas Review Group may want to consider five key elements, these being:

- Best practise
- Information Flows
- Shipperless Sites
- Gaps in Incentives
- Industry Incentives

RS suggested that the group may also wish to consider third party obligations.

Best Practise

AD confirmed that the Theft of Energy Work Group have produced some best practise documentation and agreed to produce a presentation on the best practises already considered, these included: a Disconnection Protection Policy, conduct of investigations, evidence of theft, power of disconnection, impact on data protection, impact on Human Rights, Staff Safety and a position paper on smart metering

Action RG0245 002: UK Revenue Protection Association to provide a presentation on identified best practises at the June Review Group meeting.

It was agreed that third party obligations should be reviewed in the above topics and how these can influence UNC and other contractual arrangements.

RS highlighted that the UNC Panel had considered “Information relating to Unallocated Energy” UNC0208 which covered the Theft of Gas and shipperless sites. BF suggested that the Review Group should also consider the recommendations of UNC0208. It was agreed that the Review Group Report would be published with the minutes of this meeting for consideration.

Action RG0245 003: Joint Office to publish Final Review Group Report for UNC0208 with the minutes.

It was acknowledged that the scope of the Theft Of Gas Review Group needed to include more than just the UNC. It was agreed that other Codes would need to be considered and appropriate parties would need to ensure any recommendations are fed into the appropriate codes.

Flow of Information

AJ offered to provide a presentation on the current Transporter and Shipper information flows. DW asked if xoserve could also provide statistical data on the levels of theft detection and investigations and what information is currently reported.

Action RG0245 004: xoserve to provide a presentation on current UNC Theft of Gas information flows and some Theft of Gas statistics relating to levels of theft and the number of investigations.

DW believed that the Review Group will want to consider what information is required and the flow of this information. He suggested this may include Debt collection information, the provision of information to Networks, communication to suppliers, what data items suppliers should be collating and what information is required

Shipperless Sites

DW acknowledged that work was being undertaken in relation to shipperless sites, however he wanted the Review Group to consider what more could be done to resolve the issues of shipperless sites against what is currently being done.

AJ suggested that the group need to define clearly what is referred to when discussing theft and shipperless sites. AJ explained that Theft is a physical tamper with the gas connection and shipperless sites need to be split into two pots - those that do not have a supplier knowingly and are not seeking to do so and those customers who are attempting to get a supplier but have been unable to do so. There are also those who do have a supplier and are paying for gas - but the shipper has not confirmed the site in Sites & meters.

AJa believed it is worth considering and defining what is considered as Theft as there is a fine line for shipperless sites which are not registered with a supplier and are consuming gas.

RS suggested that the Review Group consider the end to end process and the potential route causes for shipperless and orphaned sites.

CB expressed concern about incorporating a review of shipperless sites. She explained that shipperless sites occur due to failure of the new connection process and incorporating a full review of this process may result in the scope becoming too wide for the group to cover. She was concerned that the extent of the issue may distract the Review Group. She believed that the group ought to concentrate on the process that follows the failure to register shipperless sites with a Supplier and that the route cause for shipperless sites is addressed by a separate Review Group as the participants would be significantly different.

AJ confirmed that an xoserve work group does exist which is looking at shipperless sites, she explained that process improvements are being implemented to ease the issue.

DW believed that the Review Group should consider the issues as recommendations may be possible.

AJ offered to present some information on what is being done within the industry to tackle the issue.

Action RG0245 005: xoserve to provide a presentation on current management of shipperless sites.

DW was keen to consider shipperless sites despite the concerns raised. He believed there would be merit initially considering the end to end process to ascertain what recommendations the industry would like to make. He suggested that the Review Group considers what the market arrangements need to be when shipperless sites are identified and the route causes. He suggested if the initial consideration suggests that the scope of this issue is too complex to incorporate into the Theft of Gas Review then this group could recommend that a separate Review Group needs to be established.

CB reiterated that it may be better to restrict the focus on shipperless sites to sites where reasonable efforts have been made for a customer to be registered and the customer has failed to cooperate with these reasonable endeavours.

RS believed that the process flaws that result in shipperless sites lead to the opportunity for theft and that this needs to be addressed. He suggested that there would be little benefit establishing a separate Review Group to consider the route cause.

Gaps in Incentives

DW believed there were a number of perverse incentives associated with the current regime and that he wished to consider the current incentives and what can be done to resolve these or develop more appropriate incentive regimes. This will include shipperless sites.

RS explained that elements of this had been considered under UNC0208 however this was restricted as the incentives fell outside the scope of the UNC. He provided an example of meter read incentives placed on meter readers and that the incentive to reach meter reading targets could result in potential theft cases not being reported as the reporting of a suspected theft case would detract a meter reader from potentially reaching the targets.

BF suggested Ofgem may want to consider their response to the UNC Panel Letter issued to Ofgem as a result of UNC0208.

GE questioned if the arrangements for the detection of theft will include any prosecution procedures. DW did not envisage any obligations to prosecute; he believed that this needed to be managed by the appropriate parties on a case by case basis.

BF suggested that the group may wish to be aware of UNC0231 Changes to the Reasonable Endeavours Scheme to better incentivise the detection of Theft.

BF questioned if there were any further reports which may wish to be considered. It was agreed that representation should be requested from UIPs and Meter Asset Managers.

RS suggested that the Process map provided by xoserve for UNC0208 may also wish to be considered during the review of incentives.

Industry Incentives

DW confirmed that there are incentives on suppliers to detect Theft and these are currently being reviewed as part of UNC0231 Changes to the Reasonable Endeavours Scheme, though he did not wish to revisit this element in the Review group. However, he suggested that the Review Group should consider what industry incentives could potentially look like.

Definition of Theft

AW provided a definition of Theft being a convenient term for the interference of a gas meter as defined in the ERA/ENA report. It was agreed that the definition provided was restricted to meters physically tampered with. GE believed that the definition may wish to be widened to include more than just tampered meters.

IS suggested that the theft of gas is gas consumed and intentionally not paid for.

DW suggested that scenarios may wish to be considered, for example shipperless sites that have failed to secure a supplier.

RS provided the definition of Theft from the 1968 Theft Act. It was agreed that this was a suitable definition to start with.

3. Consider Terms of Reference

BF agreed to amend the draft Terms of Reference considering today's discussions and publish these for further consideration. It was agreed that these will include the 1968 Theft Act definition of Theft.

Action RG0245 006: Joint Office to amend draft Terms of Reference in light of discussions and publish for comment on the Joint Office website.

DW stressed that the Terms of Reference should not be limited solely to the UNC.

IS asked if any data on shipperless sites affect safety. DW confirmed the Supplier has certain obligations relating to safety and there are concerns how these are discharged when there isn't a Supplier related to the supply point. IS was concerned that there was a gap with sites not being safe if there was not a supplier and asked if the Transporter should be responsible for the disconnection of a gas supply where there is not a registered supplier.

4. Review Group Process

It was believed that six sessions would be required to consider all the topics. DW suggested that more sessions may wish to be considered in June and July to enable the group to conclude its findings for September. It was agreed to consider this.

The plan for the first three sessions were:

18 May: Flow of Information (xoserve presentation). Current management of shipperless sites (xoserve presentation). Recommendations from the Theft of Energy Work Group (ENA).

15 June: Shipperless sites - route cause analysis and Best Practises.

13 July: Incentives (current incentives and gaps incentives)

5. Diary Planning for Review Group

10:00 Monday, 18 May 2009 at Ofgem, 9 Millbank, London

10:00 Monday, 15 June 2009 at Ofgem, 9 Millbank London

10:00 Monday, 13 July 2009 at Ofgem, 9 Millbank London

10:00 Monday, 17 August 2009 at Ofgem, 9 Millbank London

6. AOB

The Membership of the Review Group was considered. SG asked if Meter Reading agencies need to be invited to future meetings and if it was necessary for as many Meter Asset Managers attend as today.

Concern was expressed that no UIPs were present and that attendance should be encouraged. It was suggested that the Joint Office contact the Society of British Gas Industry or the Lloyds register for onward communication.

Action RG0245 007: Joint Office to invite UIPs to future meetings

A question was raised on the current reporting of potential theft, how it is discovered and the main source reports. AJ confirmed that xoserve have a theft of gas line which is predominantly used by meter readers and engineers to report potential theft. Occasionally xoserve receive tip offs via this route however this is very few.

The publication of theft was considered and whether Consumer Focus may wish to publicise a central number for reporting theft.

APPENDIX A.

ACTION LOG - Review Group 0245

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0245 0001	20/04/2009	2.0	ENA to provide a presentation on the issues and recommendations of the Theft of Energy Work Group at the next meeting.	ENA (EM)	Action: Pending
RG0245 0002	20/04/2009	2.0	UK Revenue Protection Association to provide a presentation on identified best practises at the June Review Group meeting.	UK Revenue Protection Association (AD)	Action: Pending
RG0245 0003	20/04/2009	2.0	Joint Office to publish Final Review Group Report for UNC0208 with the minutes.	Joint Office (HC/BF)	Action: Complete
RG0245 0004	20/04/2009	2.0	xoserve to provide a presentation on current UNC Theft of Gas information flows and some Theft of Gas statistics relating to levels of theft and the number of investigations.	xoserve (AJ)	Action: Pending
RG0245 0005	20/04/2009		xoserve to provide a presentation on current management of shipperless sites.	xoserve (AJ)	Action: Pending
RG0245 0006	20/04/2009	3.0	Joint Office to amend draft Terms of Reference in light of discussions and publish for comment on the Joint Office website.	Joint Office (BF)	Action: Pending
RG0245 0007	20/04/2009	6.0	Joint Office to invite UIPs to future meetings	Joint Office (HC/BF)	Action: Pending