

UNC Workgroup 0734S Minutes
Reporting Valid Confirmed Theft of Gas into Central Systems
Monday 14 December 2020
via Microsoft Teams

| Attendees | | |
|---------------------------|------|------------------------|
| Alan Raper (Chair) | (AR) | Joint Office |
| Helen Bennett (Secretary) | (HB) | Joint Office |
| Andy Clasper | (AC) | Cadent |
| David Addison | (DA) | Xoserve |
| David Mitchell | (DM) | SGN |
| Ellie Rogers | (ER) | Xoserve |
| Fiona Cottam | (FC) | Xoserve |
| Fraser Mathieson | (FM) | SPAA/Electralink |
| Guv Dosanjh | (GD) | Cadent |
| Heather Ward | (HW) | Energy Assets |
| Kirsty Dudley | (KD) | E.ON |
| Lorna Lewin | (LL) | Orsted |
| Oorlagh Chapman | (OC) | Centrica |
| Richard Pomroy | (RP) | Wales & West Utilities |
| Rose Kimber | (RK) | CNG Ltd |
| Steve Britton | (SB) | Cornwall Insights |
| Steve Mulinganie | (SM) | Gazprom Energy |
| Tracey Saunders | (TS) | Northern Gas Networks |

Copies of all papers are available at: www.gasgovernance.co.uk/0734/141220

The Workgroup Report is due to be presented at the UNC Modification Panel by 18 February 2021.

1.0 Introduction

1.1. Approval of Minutes

The minutes from 26 November 2020 were approved.

1.2. Approval of Late Papers

There were no late papers for approval.

1.3. Review of Outstanding Actions

Action 1101: SPAA/Electralink (FM) and the Proposer (SM) to update the Modification to address feedback received.

Update: Steve Mulinganie (SM) and Fraser Mathieson (FM) advised there has been little opportunity since the last meeting to provide an amended modification, however, SM did advise that there are some updates to the Business Rules that can be discussed. These discussions were held as part of agenda item 2.0. **Carried Forward**

2.0 Consideration of amended Modification

FM advised Workgroup of the draft amendments he has made to the Business Rules and shared an onscreen view of the marked changes.

The proposed Business Rules are as follows:

Business Rule 1:

This Business Rule would stay as-is.

Business Rule 2:

Subject to Business Rule 1, the notifications of Valid Theft(s) received by the CDSP will be passed to the relevant Shipper for consideration on a monthly basis.

Workgroup requested an explanation as to what is meant by Valid Theft, FM advised that the outcome of a notification of Valid Theft would mean the theft would go into settlement.

Workgroup queried the terminology of *Supplier Confirmed Theft Data* in Business Rule 1 and *Valid Theft(s)* in Business Rule 2 and it was generally agreed that the terminology needs to be rationalised and, where necessary, defined terms created.

FM suggested a Valid Theft **is** a confirmed theft provided by the Supplier.

FM added that as the term Valid Theft is capitalised it should be a defined term.

Ellie Rogers. (ER), suggested that Business Rule 2 may need to be time-framed to better define responsibilities.

SM simplified the definition of Valid Theft to mean a **claim** of valid theft and said that during discussion with FM, four simple rules were devised. The four simple rules that have been agreed provide the structure of the changes being proposed are:

1. Notifications of Valid Theft(s) received by the CDSP will be passed to the relevant Shipper for consideration
2. The Shipper can object to the Valid Theft on the grounds of manifest error
3. Any objection submitted will be notified to the relevant Performance Assurance arrangements including but not limited to the PAC and the party who submitted the relevant Notification to the CDSP
4. In the absence of an objection the relevant energy will be put in settlement

Business Rule 3

The Shipper can object to the Valid Theft on the grounds of manifest error and the relevant Shipper(s) will be required to notify the CDSP of any Supplier Confirmed Theft Data which is invalid within 10 Days of receipt of such notification from the CDSP.

SM advised that this would serve to limit the grounds on which the Shipper could object to manifest error, for example, if data had been transferred with a decimal point in the wrong place.

FM advised, in SPAA, the threshold for a confirmed theft is rigorous, therefore, when the CDSP receives the notification from the Supplier, it has already complied with the numerous rigorous validations.

It was suggested, to avoid any confusion Valid Thefts should be referred to Supplier Confirmed Theft Data. SM advised that conceptually, Valid Theft is something that has passed the prerequisite SPAA checks.

Kirsty Dudley, (KD) suggested that it feels like there needs to be something that references those checks and that the wording in Business Rule 2 could be revised to acknowledge that Valid Thefts may still be open to further checks and challenges by the shipper.

AR suggested that, in the context of Business Rule 1, Supplier confirmed theft data could be a list of sites and that Business Rule 2 would provide the shipper with right to challenge particular data items associated with individual MPRNs. SM agreed but added that the data that comes from SPAA, does not necessarily equate to what goes to the Shipper. Continuing, AR summarised by saying if the term Valid Theft is to be used, it is worth considering that as relating to an MPRN and might be worth making sure its usage is properly defined.

It was added that for all Valid Thefts passed to shippers, the CDSP provides the Shipper sufficient information to enable that theft to be identified and assessed.

SM clarified that he did not want to set out specific grounds for objections.

When asked what the timeframe is of these rules going into REC, FM confirmed that Suppliers currently operate under SPAA, Schedule 33 with REC only going live as of September 2021.

Dave Addison, (DA), summarised to ensure Workgroup understood that instances only come to CDSP when classed as confirmed, based on SPAA or REC rules.

Following this lengthy discussion, SM provided the following suggested wording revision for Business Rule 1:

*Notifications of **claims relating to Theft(s) MPRN's** received by the CDSP from SPAA or its **successors** will be passed to the relevant Shipper for consideration.*

KD advised, even though parties may have done all they can to confirm the theft is a valid claim, the Code in SPAA still allows for reversals and noted that the Modification does not address reversals. In the event that spurious claims get through the process, there needs to be a way to reverse a claim.

Business Rules 4, 5 & 6 were not discussed.

Business Rule 7 (BR7)

Where an objection is submitted by the Shipper in accordance with Business Rule 3, the Shipper shall work with the relevant Supplier on a bilateral basis to resolve the objection and either confirm the Valid Theft information is correct, or revise and resubmit the Supplier Confirmed Theft Data to the relevant administrative body (currently SPAA) as may be required. The Shipper shall confirm to the CDSP within [20] Working Days of the objection submitted under Business Rule 3 whether the Valid Theft information is to be entered into Settlement, or, whether the Supplier will be withdrawing the Supplier Confirmed Theft Data with the relevant administrative body (currently SPAA), after which, the CDSP will report the Supplier Confirmed Theft Data into Settlement.

KD reminded Workgroup that this modification is looking to capture accurate energy volumes and sought further assurances on the treatment of reversals.

FM explained BR7 and advised that the rule sets out requirements for parties to resolve cases where an objection is raised by a shipper as the objection simply stops the settlement aspect, it does not vary the claim made through the SPAA processes. He advised that BR7 gives the opportunity for the Shipper and Supplier to discuss the theft in question and would place a hold on the process, delaying it going into settlement.

Workgroup discussed at length how this process could work, particularly if a claim of theft had already gone into settlement.

It was suggested that, in the event that an energy correction does need to be made, then this should be carried by way of an off-line adjustment process.

When Dave Mitchell (DM) asked how a manifest error will be defined, FM advised, in the absence of a defined term, manifest error means an obvious mistake.

In summary, SM reiterated, and sought agreement for, the principles documented below, and advised he will issue them out to Workgroup for consideration at the next Workgroup:

1. Notifications of Valid Theft(s) received by the CDSP will be passed to the relevant Shipper for consideration
2. The Shipper can object to the Valid Theft on the grounds of manifest error
3. Any objection submitted will be notified to the relevant Performance Assurance arrangements including but not limited to the PAC and the party who submitted the relevant Notification to the CDSP
4. In the absence of an objection the relevant energy will be put in settlement

DA sought clarification regarding the reversal adjustment process and asked if an adjustment would be made against what has already gone through settlement or would a reversal of the original claim be required and then put the new correct claim through the process.

Following these discussions, SM advised that conceptually he agrees that this modification should cover both claims and corrections and this needs to be looked as to how corrections are best managed in terms of settlement and suggested it might be better to see what the different types of correction are and agree the best way to deal with the associated adjustment.

To ensure consistency between CDSP process and the Modification, DA offered to work with FM on the revised drafting of the Business Rules.

As a final point, KD noted that not every confirmed theft is eligible for the incentive scheme, as sometimes a confirmed theft is not put in to TRAS quickly enough, however, this energy still needs to be accounted for and settled through the UNC.

New Action 1201: FM to check the data on reversals and resubmissions.

Post meeting note:

KD questioned, if this is to be applied to IGT MPRNs too, there may need to be an IGT modification raised.

New Action 1202: KD to check the approach if an IGT modification needs to be raised.

New Action 1203: FM and SM to provide an amended modification.

2.1. Issues and Questions from Panel

There were no new questions raised from the Panel.

2.1.1. Workgroup to consider any potential cross-Code impacts and implementation timelines

The cross-Code impact of the proposal was discussed and will undergo further deliberation at the next Workgroup.

3.0 Review of Business Rules

This will be discussed at a subsequent Workgroup.

4.0 Consideration of Draft Legal Text

This will be discussed at a subsequent Workgroup.

5.0 Development of Workgroup Report

This will be discussed at a subsequent Workgroup.

6.0 Next Steps

AR summarised as follows:

- Workgroup should expect a revised modification based on today's discussion.
- Given the degree of development yet to be undertaken, a Workgroup Report submission extension of 2 months would be requested at UNC Panel.

7.0 Any Other Business

None.

8.0 Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/events-calendar/month

Workgroup meetings will take place as follows:

| Time / Date | Venue | Workgroup Programme |
|--------------------------|----------------|--|
| Thursday 28 January 2021 | Teleconference | Distribution Workgroup standard Agenda |

Action Table (as at 14 December 2020)

| Action Ref | Meeting Date | Minute Ref | Action | Owner | Status Update |
|------------|--------------|------------|---|---|------------------------|
| 1101 | 26/11/20 | 2.0 | SPAA/Electralink (FM) and the Proposer (SM) to update the Modification to address feedback received | SPAA/Electralink (FM), Gazprom Energy (SM) Xoserve (DA) | Carried Forward |
| 1201 | 14/12/20 | 2.0 | FM to check the data on reversals and resubmissions | SPAA (FM) | Pending |
| 1202 | 14/12/20 | 2.0 | KD to check the approach if an IGT modification needs to be raised | E.ON (KD) | Pending |
| 1203 | 14/12/20 | 2.0 | FM and SM to provide an amended modification | SPAA (FM) and the Proposer (SM) | Pending |