














UNC Modification		At what stage is this document in the process?
<h1>UNC 0734S:</h1> <h2>Reporting Valid Confirmed Theft of Gas into Central Systems and Reporting Suspected Theft to Suppliers</h2>		<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid green; background-color: #00a651; color: white; padding: 2px; display: inline-block;">01 Modification</div> <div style="border: 1px solid blue; padding: 2px; display: inline-block;">02 Workgroup Report</div> <div style="border: 1px solid purple; padding: 2px; display: inline-block;">03 Draft Modification Report</div> <div style="border: 1px solid orange; padding: 2px; display: inline-block;">04 Final Modification Report</div> </div>
<p>Purpose of Modification:</p> <p>The intent of this Modification is to introduce a new process to help ensure that valid confirmed theft data (claims), received from Suppliers via the Retail Energy Code (REC), is appropriately reported into central systems.</p>		
	<p>The Proposer recommends that this Modification should be:</p> <ul style="list-style-type: none"> subject to self-governance assessed by a Workgroup <p>This Modification will be presented by the Proposer to the Panel on 20 August 2020. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>	
	<p>High Impact:</p> <p>None</p>	
	<p>Medium Impact:</p> <p>None</p>	
	<p>Low Impact:</p> <p>Shippers Central Data Service Provider (CDSP)</p>	

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Timetable			Other: Fraser Mathieson (SPAA)
The Proposer recommends the following timetable:			
Initial consideration by Workgroup		27 August 2020	 Fraser.Mathieson@electralink.co.uk
Workgroup Report presented to Panel		18 November 2021	 07921 458276
Draft Modification Report issued for consultation		18 November 2021	
Consultation Close-out for representations		09 December 2021	
Final Modification Report available for Panel		13 December 2021	
Modification Panel decision		16 December 2021	

1 Summary

What?

This Modification seeks to place obligations on Shipper parties to ensure that valid confirmed theft of gas data received from Suppliers via the Retail Energy Code (REC), such as consumption volumes, are appropriately entered into central systems for the purposes of Settlement.

The modification further seeks to place obligations on Shippers to use reasonable endeavours to ensure Suppliers who they provide Shipping services for are made aware of any suspected thefts which they themselves have been made aware of, for example, via the Transporter.

Why?

In March 2019, [UNC Request 0677R group](https://www.gasgovernance.co.uk/0677)¹ (also known as the Joint Theft Reporting Review (JTTR)) was established as a cross-code working group between Uniform Network Code (UNC) and Supply Point Administration Agreement (SPAA) parties. The JTTR was tasked with reviewing theft reporting arrangements for Shippers, Transporters and Suppliers to; consider concerns over discrepancies between Supplier and Shipper theft reporting; consider whether current theft reporting can be simplified, and; produce clear recommendations for improvement. The UNC Workgroup Report can be found here:

<https://www.gasgovernance.co.uk/0677>

The JTTR provided a unique opportunity to consider, in a holistic way, the end to end reporting of gas theft information, from those responsible for carrying out investigations (i.e. Suppliers) to those responsible for ensuring theft consumption data is entered into Settlement (i.e. Shippers and Transporters). The group was an industry first in the sense that it was the first time Shippers, Transporters and Suppliers have come together to review theft reporting across the UNC, SPAA and the Data Services Contract.

The group received expert support from the Central Data Service Provider (CDSP), the Allocation of Unidentified Gas Expert (AUGE), and ElectraLink as the administrator of the Theft Risk Assessment Service (TRAS) and Energy Theft Tip-Off Service (ETTOS).

The JTTR met on eight occasions and identified circa 30 issues relating to theft of gas reporting. The issues included, amongst other things, that there is not currently sufficient provision in code to

- a) ensure confirmed theft data is shared between Shippers and Suppliers; and,
- b) ensure confirmed theft volumes are entered into Settlement.

In support of the existence of this issue, the group identified clear evidence of a significant discrepancy between the number of confirmed thefts reported by Suppliers via the Theft Risk Assessment Service (TRAS) and those reported by Shippers via Xoserve's Contact Management System (CMS). 30% of all confirmed theft records in TRAS do not appear in CMS and 17% of confirmed theft records in CMS do not appear in TRAS. In short, this indicates that Shippers and Suppliers are not talking to one and other as efficiently as would be expected and is likely a product of there being no clear obligation in either the UNC or SPAA for these parties to report confirmed theft data to each other.

¹ UNC 0667R: Shipper and Supplier Theft of Gas Reporting Arrangements <https://www.gasgovernance.co.uk/0677>

Why?

This results in two highly undesirable effects, the first is an inaccurate view of the impact of theft of gas on Unidentified Gas (UIG) and unnecessary volatility in UIG calculations. The second is that the significant effort of Suppliers in detecting and investigating theft of gas is, unfairly, not recognised in Settlement.

The single largest confirmed theft that appeared in TRAS but did not appear in CMS equated to 85GWh of energy – which represents £2.5m of gas at wholesale prices². The AUGÉ has stated that this is a clear and direct contributory factor in the volatility of Unidentified Gas experienced by industry parties and the JTRR agreed it is vital that improvements are made by codifying the requirement for Shippers and Suppliers to communicate and for confirmed theft data to be entered into Settlement.

SPAA Change Proposal (SCP) 492 – JTRR Reporting Confirmed Theft of Gas (available here: <https://www.energytheftdetection.co.uk/change/scp-492-jtrr-reporting-confirmed-theft-of-gas/>) has already been implemented to require Suppliers to provide consumption data to Shippers, where theft of gas is confirmed. This UNC Modification is now required to ensure the appropriate obligations exist in the UNC.

How?

An obligation will be placed in the UNC to require Shippers to report valid confirmed theft of gas data, received from their Suppliers, into Settlement.

For the avoidance of doubt an obligation already exists to require Shippers to undertake AQ ~~terminations~~ ~~corrections~~ as may be necessary as a result of confirmed theft of gas.

For the avoidance of doubt, the UNC obligations will not be prescriptive about the method by which confirmed theft of gas information should be reported into Settlement. However, the JTRR have reviewed in detail the method by which confirmed theft data could be shared between parties and have recommended a process whereby confirmed theft data (such as consumption volume and start/end dates) is automatically input into Settlement systems where a theft is confirmed in TRAS (or any successor service), with Shippers having an opportunity to review and object before the data is entered into final Settlement.

² Consumption data provided by the AUGÉ. Monetary value based on System Average Price of 3p per kWh.

2 Governance

Justification for Self-Governance

This Modification is considered capable of proceeding under self-governance arrangements as it is unlikely to have a material effect on:

- consumers
- competition
- the operation of pipe-line systems
- matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies;
- the uniform network code governance procedures or the network code modification procedures; and
- is unlikely to discriminate between different classes of parties to the uniform network code/relevant gas transporters, gas shippers or DN operators.

Furthermore, this Modification demonstrates that industry parties are capable of utilising the industry-led self-regulatory approach to code governance in resolving historic mischiefs in the reporting of confirmed theft, without recourse to the Authority.

Requested Next Steps

This Modification should:

- be subject to self-governance, and;
- be assessed by a Workgroup.

The changes proposed within this Modification are a result of the recommendations developed by the cross-code JTRR group.

This group consisted of Shippers, Transporters, Independent Gas Transporters, Suppliers, the CDSP, the Allocation of Unidentified Gas Expert (AUGE) and ElectraLink (As Code Administrator of the Supply Point Administration Agreement (SPAA)). As such, significant development and review has already been undertaken and the proposed new obligations are high level and, arguably, should already exist in code or in agreements between Shipper and Suppliers.

Note that the UNC Performance Assurance Committee (PAC) is expected to be able to monitor the results of this Modification and as such the monitoring tools (reports or making available any/ all required data) will need developing at Workgroup. The Workgroup should specify what will be required to monitor actions, considering which data will be most suitable for this task.

3 Why Change?

Please see section 1 above.

In summary, the driver of this change is significant evidence that confirmed theft data from Suppliers is not entering Settlement in all cases. This is likely to be, in part, a product of there being no obligations in code for Shippers and Suppliers to report confirmed theft to one and other. The effect of not implementing this change would be to perpetuate a historic loophole in theft reporting arrangements that directly contributes to UIG, through there being insufficient provision in code for confirmed theft consumption data to be entered into Settlement. This is evidenced by the significant discrepancy in the number of confirmed thefts entered into TRAS by Suppliers and the number of confirmed thefts entered into CMS by Shipper – with 30% of all confirmed thefts in TRAS not appearing in CMS.

4 Code Specific Matters

Reference Documents

Workgroup Report 0677R v3.0 <https://www.gasgovernance.co.uk/0677>

SCP 492 - JTRR Reporting Confirmed Theft of Gas <https://www.energytheftdetection.co.uk/change/scp-492-jtrr-reporting-confirmed-theft-of-gas/>

Appendix 1 – Draft PARR Report v1.0

Knowledge/Skills

No specific knowledge or skills are required to assess this Modification, other than an understanding of code governance processes and the importance of ensuring confirmed theft data is reported into central systems for the purpose of accurate Settlement.

5 Solution

Under SCP 492: Joint Theft Reporting Review: Reporting Confirmed Theft of Gas, an obligation is placed on Supplier Parties to ensure that certain confirmed theft data is reported to their appropriate Shipper. This Modification seeks to require Shippers to report valid confirmed theft of gas data, received from their Suppliers via the Retail Energy Code (REC), into Settlement.

The Modification also codifies the requirement for Shippers to report suspected theft of gas to the relevant Supplier for investigation.

Suppliers must ensure that details of Confirmed Thefts are provided to the relevant Shipper to enable consistent reporting under the UNC.

The details provided to Shippers via the Retail Energy Code are proposed to include, but are not limited to; the Supplier Investigation ID; the MPRN; confirmation of Theft of Gas; the supply start and end date of the assessed period of unrecorded gas (Theft Period); and the volume of unrecorded gas (Theft Energy Value).

Business Rules (BR's)

BR1 - Notifications of claim(s), or ~~termination(s) correction(s)~~ relating to previous claim(s), of Theft(s), associated with relevant Supply Meter Point received by the Central Data Service Provider (CDSP) from the Retail Energy Code Company Ltd (RECCo) in accordance with the Retail Energy Code (REC) will be passed to the relevant Shipper for consideration.

Guidance 1 - this allows for Supplier initiated ~~terminations corrections~~ to occur although one may expect these will only occur in exceptional circumstances. For the avoidance of doubt, on implementation of the solution described by this Modification Shippers will no longer be required to manually enter Supplier confirmed Thefts directly into central systems as this process will now be replaced by an automated process initiated by claims submitted by the Supplier via the REC.

BR2 - For the avoidance of doubt if the ~~termination correction~~ is not objected to this will result in the previous claim being withdrawn and the CDSP will act accordingly.

Guidance 2 – a ~~termination correction~~ must always relate to a previously accepted claim and by its very nature would only occur in exceptional circumstances. See examples below:

Example 1: Supplier A reports a valid theft into the REC in relation to Supplier Investigation ID 1234 for 500 units. This is submitted to the CDSP by REC on behalf of the Supplier to the Shipper who does not object. Accordingly, the 500 units will be put into settlement, Subsequently Supplier A finds that the theft was erroneously reported. They submit a ~~termination correction~~ to REC which, in the absence of an objection by the Shipper, would mean Supplier Investigation ID 1234 was withdrawn and the 500 units which was put into settlement would be reversed out.

Example 2: Supplier A reports a valid theft into the REC in relation to Supplier Investigation ID 1234 for 500 units. This is submitted to the CDSP by REC on behalf of the Supplier to the Shipper who does not object. Accordingly, the 500 units will be put into settlement, Subsequently Supplier A finds that the theft was erroneously reported and should be 400. They submit a ~~termination correction~~ to REC which, in the absence of an objection by the Shipper, would mean Supplier Investigation ID 1234 was withdrawn and subject to the ~~termination correction~~ not being objected to would then submit a new Supplier Investigation ID 5678 for 400.

Guidance 3 - For the avoidance of doubt a Confirmed Energy Theft ~~Termination Correction~~ will need, if energy is subsequently required to be put into settlement, to be followed with by a Confirmed Energy Theft Claim i.e. having submitted a ~~Termination Correction~~ the Supplier will then have to then submit a Energy Theft Claim

BR3 - The Shipper can object at Supply Meter Point level to the claim(s) or ~~termination(s) corrections~~ within 15 Supply Point System Business Days of receipt of the claim or ~~termination correction~~ from the CDSP. The grounds for objection are limited to instances of manifest error. For the avoidance of doubt in the event of an objection other than as set out in BR4 no further action is required by the CDSP.

Guidance 4 – It was felt that three weeks would provide enough time for Shippers and Supplier to enter dialogue in terms of any concerns. Of course, the frequency of reporting into CDSP needs to be considered to avoid overlaps.

BR4 - Any objection submitted will be notified to the Performance Assurance Committee (PAC) and the Retail Energy Code who submitted the relevant Notification to the CDSP on behalf of the Supplier. Relevant data should be retained by the CDSP and made available to the PAC subject to a valid request.

Guidance 5 – This provides a very limited scope for objection and should mean that scenarios were the Supplier and Shipper disagree are exceptional. The monitoring of the number of objections would fall within the scope of the Performance Assurance function.

Guidance 6– The notifications on the number of objections and terminations corrections to be provided to PAC and/or REC could be monthly, quarterly or a rolling twelve months. The notification of changes to energy values following resubmitted claims could be kWh or percentage.

Business Rules (BR's)

Guidance 7 – For further information on the data required by the PAC for a PARR report, please see Note 3 below and Appendix 1 – Draft PARR Report v1.0.

BR5 - In the absence of an objection the relevant energy (Theft Energy Value) will be addressed in settlement by the CDSP. The CDSP will seek to align the Theft Period to a suitable Metering Period within CDSP systems. For the avoidance of doubt the Theft Energy Value will not be subject to amendment.

Guidance 8 – This recognises that the outcome may be both positive or negative. It is proposed that this would normally be done via a Consumption Adjustment and overrides any previous adjustments or meter reading.

Guidance 9 – For the avoidance of doubt 'relevant energy' (the Theft Energy Value) is the value of energy contained in the claim i.e. it is the volume of energy that will be put into settlement, i.e. Metered Energy within that Theft Period would have been excluded prior to submission to the CDSP. A zero value in the claim is allowable as it may be relevant for the Shipper to validate the claim and for the Performance Assurance Committee to be aware of it.

Guidance 10 – For the avoidance of doubt, the CDSP will treat the claim associated with an Supply Meter Point, received from REC/Supplier, as an instruction to enter the relevant energy into Settlement where applicable.

BR6 - In the event that a claim or termination correction, relating to a previous claim, that covers a period during which multiple Shippers were Registered then any objection in accordance with BR3 will apply to the claim or termination correction in its entirety.

Guidance 11 – Where such a claim or termination correction that is objected to by one Shipper, the other relevant Shippers to which the period of the theft claim relates shall be notified by the CDSP of the objection.

Guidance 12 – Where the start and end date of a claim spans multiple Shippers or is otherwise for a period where more than one Shipper provided the relevant Shipping services for that site, the energy volume (Theft Energy Value) and associated allocation shall be pro-rated between each relevant Shipper.

BR7 – The CDSP will have flexibility to align the Theft Period in the claim to a suitable comparable Metering Period within CDSP systems.

Guidance 13 – For the avoidance of doubt the CDSP shall use reasonable endeavours to align the Theft Period with the Metering Period.

Guidance 14 – Where there is not a suitable end Meter Reading at the end of the Theft Period (i.e. there is no Reading in UK Link subsequent to the Theft Period), the CDSP shall insert a Meter Reading. This Meter Reading shall be nil incrementing from the previous Meter Reading recorded in UK Link (i.e. will be the same Meter Reading as the previous Meter Reading).

In addition to the Business Rules above we also propose to make the following associated change:

BR8 - Shippers shall use reasonable endeavours to ensure relevant Suppliers who they provide Shipping services for are made aware of any relevant suspected thefts which they themselves have been made aware of, by a party other than the relevant Supplier, and which relate to that relevant Supplier who they provide Shipping services for in relation to that Supply Meter Point . The Shipper shall retain evidence of such notification and acknowledge they may be asked to provide such evidence upon request from a relevant party.

Commented [SM1]: TPD V14.1.11 – The lawyer has asked us to consider GDPR as the passing of data in this instance could be in relation to a criminal offence and is an area which is far more draconian than a general GDPR breach. The lawyers question is have your lawyers considered the implications of having an obligation in code that stipulates that “Shippers Users shall use reasonable endeavors to ensure entities holding a licence to supply gas issued pursuant to section 7A of the Act and to which they provide or have provided services as a Shipper User are made aware of any suspected thefts of gas the Shipper User is informed of by an entity other than the licensed gas supply entity, and which relate Supply Meter Point associated with such licensed supply entity”. The question is thus do we leave BR8 in or remove it. It is a standalone Business Rule and sits somewhat separate from the rest of the modification

Guidance 15 – This codifies the requirement for Shippers to report suspected theft of gas to the relevant Supplier for investigation. We do not see a role arising for the CDSP at this time as a result of this business rule, so no specific solution is required. If some form of oversight was needed, we would expect it would evolve via the PAC.

Business Rules (BR's)

Guidance 16 : For the avoidance of doubt, any Annual Quantity (AQ) amendments required as a result of any material change to the existing AQ remains an existing obligation of the relevant Shipper and this Modification does not propose any intervention on such matters by the CDSP.

Guidance 17 : For the avoidance of doubt, the Proposer would expect the Performance Assurance Committee to have access to appropriate tools to enable them to monitor the performance of these arrangements.

Guidance 18 : For the purpose of notifications to the PAC, as described in BR4, the anticipated data items to be reported are described below and the intention is any such notification/reporting will be enacted through the Performance Assurance Reports Register (PARR) and include the following data:

Such notifications shall include, but not be limited to, the following data:

- *The number of objections per Shipper;*
- *The number of ~~terminations~~ corrections per Shipper, and;*
- *The changes to energy values as a result of resubmitted claims.*

The above reporting structure will not be specifically codified, to enable flexibility in the creation and future use/development of the relevant PARR report by the PAC. A draft PARR report is provided as Appendix 1.

6 Impacts & Other Considerations

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No.

Consumer Impacts

By improving the reporting of theft of gas it ensures charges are more reflective of actual use of the system.

Cross Code Impacts

This Modification has arisen as a result of the cross-code JTRR which brought together SPAA and UNC parties to review theft reporting arrangements. As such there is a direct cross-code impact on SPAA, which is being managed through involvement of the SPAA Secretariat in the development of this Modification. This Modification and any associated or consequential SPAA change is being managed in accordance with the Code Administration Code of Practice (CACoP) Principle 13 - Code Administrators will ensure cross code co-ordination to progress changes efficiently where modifications impact multiple codes.

The solution is intended to apply to both GT and IGT supply points and therefore has relevance to IGT UNC parties. With is in mind, it is recommended that IGT UNC parties consider whether any permissions must be granted in the IGT UNC to enable confirmed theft at IGT sites to be addressed in Settlement. IGT UNC parties were represented at the JTRR, and the IGT UNC Code Administrator has been engaged by the SPAA Secretariat on an ongoing basis.

EU Code Impacts

None identified.

Central Systems Impacts

The CDSP has been involved with the development of the JTRR and the solution does not mandate a specific IT solution. The Proposer would expect the CDSP to help develop a suitable solution. Please see CDSP Change Proposal [XRN 5236 \(Reporting Valid Confirmed Theft of Gas into Central Systems \(Modification 0734S\)\)](#).

7 Relevant Objectives

Impact of the modification on the Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Positive
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

The proposal is positive in relation to Relevant Objective *d) Securing of effective competition* as it provides a mechanism by which energy relating to valid Thefts is more accurately allocated between Shippers.

8 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

Transitional Arrangements:

The new processes proposed by this Modification will supersede the existing Shipper theft process in CMS. As such, it is proposed there is a 'hard' transition, whereby existing 'in-flight' theft records are closed and replaced via the new process. In practice this would mean any existing confirmed thefts still to be input into CMS, would be closed and the information then received via the output report from TRAS (or its successor system/process). Suspected theft would also be closed in CMS, and the Shipper would be required to retain evidence that the suspected theft has been reported to the relevant Supplier, in accordance with BR7 above.

9 Legal Text

Text Commentary

To be provided in due course.

Text

To be provided in due course.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that self-governance procedures should apply; and,
- Refer this proposal to a Workgroup for assessment.

11 Appendix 1 – Draft PARR Report v1.0

Report Title	Confirmed theft settlement objections & <u>terminations corrections</u>
Report Reference	To be confirmed [currently queued at 2A.13 & 2B.16]
Report Purpose	To provide a view, both count and energy values, of instances where shippers have objected to and/or

	corrected confirmed theft values being updated into settlements.
Expected Interpretation of the report results	The report should identify the count and energy values of instances where a shipper has objected to a confirmed supplier theft being entered into settlements, reported by count, energy value and shipper, in addition to instances of terminations corrections and associated energy values (kWh).
Report Structure (actual report headings & description of each heading)	<p>Month</p> <p>Shipper Short Code</p> <p>Count of confirmed theft objection instances</p> <p>Sum of energy values of objection instances (kWh)</p> <p>Count of terminations corrections</p> <p>Sum of energy values of corrected instances (kWh)</p>
Data inputs to the report	<p>Count of objection instances</p> <p>Sum of confirmed theft settlement objection energy values (kWh)</p> <p>Count of terminations corrections</p> <p>Sum of corrected energy values (kWh)</p>
Number rounding convention	Whole numbers and values.
History (e.g., report builds month on month)	Rolling 12 months, building from month 1 (first month only one month produced).
Rules governing treatment of data inputs (actual formula/specification to prepare the report)	A record of each instance where a shipper objects to a confirmed theft instance that has been drawn into central systems from the supplier theft obligation scheme. Each instance and the associated energy value will be counted and summed in each monthly period. Also instances of terminations corrections and their associated energy values (kWh).
Frequency of the report	Monthly
Sort criteria (alphabetical ascending etc.)	Peer Comparison Identifier sorted alphabetically
History/background	Relevant issues identified in Joint Theft Reporting Review Group (UNC 677R) and addressed in UNC modification 734S.

Relevant UNC obligations and performance standards	Currently UNC Section Section E, TPD Daily Quantities, Imbalance & Reconciliation - 3.5 Gas illegally taken <i>[add or replace with additional legal text section from mod 734S once known]</i> .
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