











UNC Final Modification Report	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: 10px;"> <div style="border: 1px solid #ccc; border-radius: 10px; padding: 5px; display: flex; align-items: center; gap: 10px;"> 01 Modification </div> <div style="border: 1px solid #ccc; border-radius: 10px; padding: 5px; display: flex; align-items: center; gap: 10px;"> 02 Workgroup Report </div> <div style="border: 1px solid #ccc; border-radius: 10px; padding: 5px; display: flex; align-items: center; gap: 10px;"> 03 Draft Modification Report </div> <div style="border: 1px solid #ccc; border-radius: 10px; padding: 5px; display: flex; align-items: center; gap: 10px;"> 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 Panel determined that this Self-Governance Modification should be implemented.</p>
	<p>High Impact: None</p>
	<p>Medium Impact: None</p>
	<p>Low Impact: Shippers Central Data Service Provider (CDSP)</p>

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Timetable			
Modification timetable:			
Initial consideration by Workgroup	27 August 2020		
Workgroup Report presented to Panel	16 December 2021		
Draft Modification Report issued for consultation	16 December 2021		
Consultation Close-out for representations	18 January 2022		
Final Modification Report available for Panel	24 January 2022		
Modification Panel decision	17 February 2022		
This is the revised timetable to accommodate the requested return to November Workgroup.			

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 Workgroup](#)¹, (also known as the Joint Theft Reporting Review (JTRR)) was established as a cross-code working group between Uniform Network Code (UNC) and Supply Point Administration Agreement (SPAA) parties. The JTRR 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 JTRR 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 JTRR 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.

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.

¹ [UNC Modification 0667R: Shipper and Supplier Theft of Gas Reporting Arrangements](#)

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 AUGE 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 Gas³ 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 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 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.

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

³ [SPAA Change Proposal \(SCP\) 492 – JTRR Reporting Confirmed Theft of Gas](#)

Next Steps

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.

During the October Workgroup it became evident that further amendments to the business rules and legal text were required to finalise the Modification & Workgroup Report. Although the changes were fairly minor in nature, rather than resolve them at the Workgroup, the view of the key participants, (the proposer, legal text provider & CDSP), was that the best way to resolve them was to hold a separate BR / Legal Text review meeting and return to a further Workgroup with finalised documentation.

Accordingly, the recommendation of the Workgroup is that Panel return the Modification to Workgroup and amend the reporting date to December 2021, (a one-month extension).

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 (see footnote 1, above)

SCP 492 - JTRR Reporting Confirmed Theft of Gas (see footnote 3, above)

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) 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** 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 is not objected to this will result in the previous claim being withdrawn and the CDSP will act accordingly.

*Guidance 2 – a **termination** 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** 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** 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** 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** 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** the Supplier will then have to then submit an Energy Theft Claim*

BR3 - The Shipper can object at Supply Meter Point level to the claim(s) or termination(s) within 15 Supply Point System Business Days of receipt of the claim or termination 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 where 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** 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.*

Guidance 7 – For further information on the data required by the PAC for a PARR report, please see Guidance 18 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 a 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, 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 in its entirety.

*Guidance 11 – Where such a claim or **termination** 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.

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.

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 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 this 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.

Workgroup Participants believed that an IGT UNC Modification has not been raised to date.

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 \(Modification 0734S\)\)](#).

To further elaborate on the system impacts of implementation, the CDSP provided a ROM⁴ setting out the key features of the system solution.

The key aspects of the ROM are as follows:

- CMS
It is proposed that the CMS platform would be system used to deliver the solution. However CMS is in the process of being re-platformed and rebuilt. The deployment of the “new-CMS” and retirement of “old-CMS” cut-over is expected to occur after the aspirational implementation date for this Modification. The proposed solution is that the Modification is implemented by building functionality in old-CMS and that functionality would then be incorporate as a base requirement for new-CMS.

⁴ [Rough Order of Magnitude \(ROM\) Request – Modification 734](#)

- **Costs**

An Interim solution in old-CMS would cost at least £135,000 but probably not more than £175,000 to implement.

The incremental cost of integrating the requirements into new-CMS is not known at this stage, as the application development agreements are currently in negotiation with suppliers.,

While the cost is not known, two funding models are in the process of being discussed at DCS Contract Management Meetings. These are:

- **DSC Investment funded** - Under this option, the cost of implementing the CMS Rebuild, including Modification 0734 would be funded through DSC customer investment into the DSC Business Plan 2022, and
- **DSC Subscription funded** - Under this option, the cost of implementing the CMS Rebuild, including Modification 0734 would be funded by Correla and DSC customers would pay for an ongoing CMS subscription to Xoserve via existing DSC funding arrangements.

Given these alternative approaches to funding being discussed, the Workgroup thought it worthwhile to draw these options to the Panel's attention.

At Workgroup on 25 November 2021 Workgroup Participants considered again whether work might be started (via an interim solution) as soon as possible, in conjunction with DSC Change Management Committee.

Those Workgroup Participants who expressed a view, believed that work should be underway as soon as feasible (i.e. an interim solution).

It was confirmed that this change proposal was deferred when considered at DSC Change Management Committee on 08 December 2021 and will be considered at the next DSC Change Management Committee after UNC Modification Panel has made its decision.

Workgroup Impact Assessment

At the August 2021 Workgroup an email from EDF Energy was tabled and discussed by participants. In essence the email proposed that, in the case of a disputed claim, it should be possible to amend the value, rather than having to withdraw the original claim and replace it with a new, revised claim. It was agreed by the participants at the meeting that this idea had previously been discussed by Workgroup during early iterations of the Modification and the view of participants present was that the withdraw & resubmit process was preferable.

The workgroup discussed the latest version of the modification and agreed that the modification needed to ensure that it could stand on its own merit without the need to refer to discussions or decisions that had been made during the JTRR workgroups.

A representative of the CDSP raised concerns around the Business Rules and highlighted a number of issues that needed to be considered, including current processes, so that potential inconsistencies between the two regimes do not compromise the intended outcomes of the modification. For example to achieve BR1 additional mandatory data items would be required to record theft centrally. Questions were raised on whether the SPAA Schedule would need to change to make it mandatory for these additional data items to be provided.

A Workgroup Participant pointed out that having 4 different governance codes involved with this Modification made it more difficult to finalise the solution with other workgroup representatives agreeing.

Workgroup discussed other potential solutions which included legal text changes only, in the hope that this would encourage Users to comply with the process by strengthening the consequences for non-compliance. This option was discussed alongside the implementation of new process compliance reporting. Alternatively, if the legal text was deemed to be sufficient then the solution could be delivered via an XRN.

There was a recognition across the workgroup that even though the Business Rules and system solution should be independent of each other, it was noted that they were very closely interlinked.

As part of the discussion the Workgroup was asked if it thought there was any further amendments required to the BRs or the associated legal text. There were no issues raised at the time of asking and consequently, the Workgroup is confident that only one further meeting is required to finalise the documentation.

On 25 November 2021 Workgroup Participants discussed the concerns forwarded to the Joint Office from SGN - available on meeting page) and concluded this is a matter which can be addressed through the inclusion of a suitable consultation question:

“In relation to Modification 0734S and Business Rule 8, do parties have any comments in relation to data protection? If so, please set out the specific nature of these below.”

Panel may need to re-consider the self-governance route for this Modification if any concerns are raised as a result of this question.

Concluding Workgroup discussions, the Workgroup Participants unanimously supported the 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
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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.

Workgroup Participants agreed with the Proposer’s statement above.

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 BR8 above.

For a full description of the proposed phased implementation, please refer to Section 6 and the associated ROM.

Interim solution will be considered by DSC Change Management Committee with a view to considering implementation as soon as possible.

9 Legal Text

Workgroup Participants considered the Legal Text and were satisfied it meets the intent of the solution.

Text Commentary

This can be found here: www.gasgovernance.co.uk/0734

Text

This can be found here www.gasgovernance.co.uk/0734

10 Consultation

Panel invited representations from interested parties on 16 December 2021. All representations are encompassed within the Appended Representations section.

The following table provides a high-level summary of the representations. Of the 3 representations received 1 supported implementation, 1 offered qualified support and 1 provided comments.

Representations were received from the following parties:		
Organisation	Response	Relevant Objectives

EDF	Qualified Support	d) positive
Gazprom	Support	d) positive
SGN	Comments	d) positive

Please note that late submitted representations will not be included or referred to in this Final Modification Report. However, all representations received in response to this consultation (including late submissions) are published in full alongside this Report and will be taken into account when the UNC Modification Panel makes its assessment and recommendation.

11 Panel Discussions

Discussion

The Panel Chair summarised that Modification 0734S would introduce a new process to help ensure that valid confirmed theft data (claims), received from Suppliers via the Retail Energy Code (REC), are appropriately reported into central systems.

Panel Members considered the representations made noting that, of the 3 representations received, 1 supported implementation, 1 offered qualified support and 1 provided comments.

Some Panel Members agreed with some respondents and the Proposer that this Modification would improve the view of the impact of theft of gas on Unidentified Gas (UIG) and UIG calculations and would also recognise further the efforts Suppliers put in, in investigating and detecting theft of gas. Currently there is no code obligation to mandate Shipper parties to record theft of gas data received from suppliers therefore this Modification would significantly improve the current situation.

Panel Members discussed two areas where consultation respondents had comments. These are captured below.

1. Lack of proper data controls to ensure GDPR compliance

Panel Members discussed the reservation expressed by one consultation respondent, SGN, who supported the intent of the Modification but offered comments, that the current proposal is to share personal data (potentially being criminal offence data) between codes without that sharing being governed by the type of contractual structure that would normally be put in place. The assertion is that this potentially exposes both Shippers and Suppliers.

Some Panel Members stated that it is for those parties to determine what compliance looks like from their perspective. GDPR should not prevent the detection of fraud or criminal activity. Specific data items are not specified in the Modification so Parties must determine this for themselves.

Some Panel Members stated there is some concern that putting it into UNC it places an obligation on Shippers to communicate an issue. Some concern was expressed at a lack of engagement at Workgroup on this area by other Shipper companies. Some Panel Members were concerned that Shippers may, in general, not to have reviewed this with their own legal teams.

Some Panel Members stated that it should be considered that this Modification has gone through the full Workgroup process and through UNC consultation. Parties have had the opportunity to input into this process.

Further the modification states explicitly that the UNC obligations are not prescriptive about the data to be exchanged and it is down to individual Shippers to ensure their own GDPR compliance.

2. Requirement to withdraw the Supplier Investigation ID

Panel Members discussed the concerns of the consultation response from EDF, who offered Qualified Support. These concerns relate to Business Rule 1, Guidance 2 regarding Termination, which directs Suppliers to withdraw the Supplier Investigation ID case where a correction is required (i.e. consumption or period of time changes) and raise a new investigation against the correct details. The respondent suggests an alternative (referred to in the consultation response as Option 1):

Option 1: The Supplier doesn't terminate the theft notification but amend the details. Where the Supplier wants to amend part of the information for a particular theft investigation, they are able to amend this information, but the Supplier Investigation ID Number doesn't change. This would enable Suppliers and industry to track the unique cases without impacting theft industry processes and Supplier's investigation. This would also reduce the likelihood of data duplication and incorrect figures.

Some Panel Members noted that this issue was acknowledged and addressed by Workgroup. This is captured on page 10 above.

Some Panel Members stated that Supplier Investigation ID is REC related and is therefore not a cause for concern here.

Consideration of the Relevant Objectives

Panel Members considered Relevant Objective *d) Securing of effective competition between Shippers and/or Suppliers*, agreeing that implementation would have a positive impact because this modification would improve the view of the impact of theft of gas on Unidentified Gas (UIG) and UIG calculations. This would work to create a more level playing field.

Determinations

Panel Members voted unanimously that Modification 0734S does not have an SCR impact.

Panel Members voted unanimously that no new issues were identified as part of consultation.

Panel Members voted unanimously that there are no cross code impacts relating to Modification 0734S.

Panel Members voted unanimously that Modification 0734S continues to meet the self-governance criteria.

Panel Members voted unanimously to implement Modification 0734S.

12 Recommendations

Panel Determination

Panel Members agreed that Modification 0734S should be implemented.

13 Appendix 1 – Draft PARR Report v1.0

Further work on the draft PARR report (relating to PAC Action 1201) was discussed at the recent PAC meeting on Tuesday 15 February 2022 (<https://www.gasgovernance.co.uk/pac/150222>). A further amendment to the draft PARR report for this Modification (amending what is shown below) is expected to be brought before UNCC.

Report Title	Confirmed theft settlement objections & terminations
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 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</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</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

	<p>scheme. Each instance and the associated energy value will be counted and summed in each monthly period. Also instances of terminations and their associated energy values (kWh).</p>
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	<p>Currently UNC Section E, TPD Daily Quantities, Imbalance & Reconciliation -</p> <p>3.5 Gas illegally taken <i>[add or replace with additional legal text section from mod 734S once known]</i>.</p>

14 Appended Representations

Representation - EDF

Representation - Gazprom

Representation - SGN

Representation - Draft Modification Report UNC 0734S

Reporting Valid Confirmed Theft of Gas into Central Systems and Reporting Suspected Theft to Suppliers

Responses invited by: **5pm on 18 January 2022**

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Alex Cebo
Organisation:	EDF
Date of Representation:	18 th January 2022
Support or oppose implementation?	Qualified Support
Relevant Objective:	d) Positive
Relevant Charging Methodology Objective:	Not Applicable

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

EDF agrees with the overall principles of the proposal to place the obligations on Shipper parties to ensure that valid confirmed theft of gas data into central systems for the purposes of Settlement because we believe this modification would:

1. Improve the view of the impact of theft of gas on Unidentified Gas (UIG) and UIG calculations.
2. Recognise further the efforts Suppliers put in in investigating and detecting theft of gas.

The modification seeks to introduce new Business Rules and changes to the process whereby the Supplier informs REC of the confirmed thefts through their monthly submission, at what point, REC shares this information with CDSP for an automatic upload. This information is validated by the Shipper users.

We agree with the majority of Business Rules outline in the modification with the exception of Business Rule (BN) 1, Guidance 2 Termination - which directs Suppliers to withdraw the Supplier Investigation ID case where a correction is required (i.e. consumption or period of time changes) and raise a new investigation against the correct details.

In EDF's view, the proposed rule has a cross-code impact on processes such as GTDIS and the future implementation of TRAS 2 model.

As outlined in the theft of gas process defined under REC, Suppliers are required to allocate a unique Supplier Investigation ID Number which is used to identify the theft

investigation. One property can have many investigations, and each has a unique number allocated to it. If Supplier requires to withdraw the existing case and re-raise it with the correct values, this would mean that the Supplier would also have to withdraw the unique Supplier Investigation ID number used for tracking the unique case. When they re-raise the new case, the unique Supplier Investigation ID number would also change.

Supplier Investigation ID Number is used as a reference to recognise the unique theft investigation in the theft industry processes. If this unique ID is withdrawn, and replaced by a new ID as proposed by the Business Rule 1, it will result in:

- **Complications in Suppliers Obligations with REC** - the reason why the unique ID is allocated to a theft case is to ensure that the relevant parties are aligned and aware with the full history of the theft investigation case. If this case is withdrawn and a new case is raised to correct information, the tracking of the unique case would be replaced with the new Supplier Investigation ID number. This would create a duplicate record for the investigation with only the assessment differing. Once would now how the outcome of No Theft (needed to withdraw it) and the updated Supplier ID with an outcome of Confirmed Theft with the new assessment. There would then be two investigations on record for the same customer, address and dates with two differing outcomes. Under the rules of the Scheme this is not permitted.

- **Reporting issues and data quality** – the purpose of the unique Supplier Investigation ID Number is to allow Suppliers to report uniquely on the theft investigation and prevent data duplication. If the unique theft case is withdrawn to correct it, so will be withdrawn the Supplier Investigation ID Number. This would mean that the Supplier would have to raise a new theft investigation with a new unique Supplier Investigation ID. This could prevent Suppliers from accurately reporting on their theft figures and could result in the duplications which as a result could impact the theft reporting processes under REC. It would also prevent accurate data modelling and inhibit the success of machine learning as this duplication of records would cause inaccuracies in the analysis of theft data to predict future thefts. Consideration should be given on how this duplication of records will impact the ability of Suppliers to carry out data analysis to meet their obligations under Licence Condition 12A and future impacts for TRAS2. This would also bring about a difference to how electricity and gas records are impacted as this would only occur for gas and not electricity.

We believe that in order to resolve this issue, a change is required to Business Rule 1, Guidance 2, where:

Option 1: The Supplier doesn't terminate the theft notification but amend the details.

Where the Supplier wants to amend part of the information for a particular theft investigation, they are able to amend this information, but the Supplier Investigation ID Number doesn't change. This would enable Suppliers and industry to track the unique cases without impacting theft industry processes and Supplier's investigation. This would also reduce the likelihood of data duplication and incorrect figures.

Option 2: A change to theft of gas processes in REC and new data item which allows tracking of the unique cases and termination of the claim where changes required.

The Suppliers and industry would be required to maintain 2 data items:

- a) the Supplier Investigation ID Number which is unique to the theft investigation, and

b) a Loss Assessment ID Number which is unique to that assessment.

The Loss Assessment ID Number would be submitted to REC in addition to the Supplier Investigation ID to raise and withdraw a loss assessment if a correction is required. This change would require cross code changes and development, and we consider it more complex than Option 1.

We support the principles of the modification; however, we strongly disagree with the Business Rule 1 as it could negatively impact theft industry processes and the data quality reported by the Suppliers.

We recommend that an amendment is introduced to this principle in alignment with our proposed Option 1 which would enable Suppliers to correct the investigation case without impact the unique attributes of the investigation.

Self-Governance Statement: *Please provide your views on the self-governance statement.*

Agree with the proposer.

Implementation: *What lead-time do you wish to see prior to implementation and why?*

If the changes to modification recommended by us in Option 1 are considered we agree with the recommended timelines, i.e. 16 days from the decision.

If the modification is approved without any changes, we believe that it will require further development and review of REC processes to reduce impact on the Suppliers and data accuracy. We disagree with the proposed date as in order to carry out the necessary impact assessment, the industry would require development time which would also require changes to reporting and Supplier systems.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

We do not have a solution to meet the requirements of this change whilst also meeting the Theft reporting requirements under REC if Business Rule (BN) 1, Guidance 2 Termination remains when an assessment needs to be amended.

If the suggested Option 1 is implemented, we will have minimal implementation and development costs.

If the suggested Option 2 is implemented, we will require system development and reporting development

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

We agree with the majority of Business Rules outline in the modification with the exception of Business Rule (BN) 1, Guidance 2 Termination - which directs Suppliers to withdraw the Supplier Investigation ID case where a correction is required (i.e. consumption or period of time changes) and raise a new investigation against the correct details.

Modification Panel Members have requested that the following questions are addressed:

Q1: In relation to Modification 0734S and Business Rule 8, do parties have any comments in relation to data protection? If so, please set out the specific nature of these below.

No comments.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

As mentioned above, we believe that the impact of REC industry processes should be carried out to reduce risks of data duplication.

Please provide below any additional analysis or information to support your representation

As above.

Representation Draft Modification Report

Modification 0734S Reporting Valid Confirmed Theft of Gas into Central Systems and Reporting Suspected Theft to Suppliers

1. **Consultation close out date:** 18th January 2022
2. **Respond to:** enquiries@gasgovernance.co.uk
3. **Organisation:** Gazprom Energy
5th Floor
8 First Street
Manchester
M15 4RP
4. **Representative:** Steve Mulinganie
Regulation Manager
stevemulinganie@gazprom-mt.com
0799 097 2568 / 0751 799 8178
5. **Date of Representation:** 18th January 2022
6. **Do you support or oppose Implementation:**
We **Support** implementation of the Modification
7. **Please summarise (in 1 paragraph) the key reason(s) for your position:**
The Modification seeks to ensure that Supplier Reported theft energy values are reflected in UNC Settlement. The Modification provides for Shippers to be able to object on the grounds of material error thus ensuring appropriate oversight is in place.
8. **Are there any new or additional Issues for the Modification Report:**
No
9. **Self-Governance Statement Do you agree with the status?**
Yes
10. **Relevant Objectives:**
How would implementation of this modification impact the relevant objectives?
We believe that this modification is positive in respect of Relevant Objective (d)

11. Impacts & Costs:

What analysis, development and on-going costs would you face if this modification was implemented?

We **have not** identified any significant costs associated with the implementation of this modification

12. Implementation:

What lead times would you wish to see prior to this modification being implemented, and why?

ASAP

13. Legal Text:

Are you satisfied that the legal text will deliver the intent of the modification?

We **have not** reviewed the Legal Text provided.

14. Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that you believe should be taken into account or you wish to emphasise.

No

Representation - Draft Modification Report UNC 0734S

Reporting Valid Confirmed Theft of Gas into Central Systems and Reporting Suspected Theft to Suppliers

Responses invited by: 5pm on 18 January 2022

To: enquiries@gasgovernance.co.uk*Please note submission of your representation confirms your consent for publication/circulation.*

Representative:	David Mitchell
Organisation:	Scotland Gas Networks Ltd and Southern Gas Networks Ltd
Date of Representation:	18 th January 2022
Support or oppose implementation?	Comments
Relevant Objective:	d) Positive
Relevant Charging Methodology Objective:	Not Applicable

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

SGN would like to offer comments in response to this modification proposal.

We support the intent of the modification as it seeks to (i) place an obligation on Shipper parties to ensure that valid confirmed theft of gas data received from Suppliers via the Retail Energy Code (REC), is appropriately entered into central systems for the purposes of Settlement and (ii) facilitate the transfer of similar information that Shippers may be aware of back to Suppliers .

Currently there is no code obligation to mandate Shipper parties to record theft of gas data received from suppliers therefore this modification would significantly improve the current situation.

Whilst we support the intent of this modification we do have reservations regarding both the obligation that will be placed on Shippers to use reasonable endeavours to ensure Suppliers who they provide Shipping services for are made aware of any suspected theft of gas which they themselves have been made aware of as per business rule 8, and the general expectation that shippers will receive information relating to theft of gas from an entity that is not a UNC party business rule 1.

Our principle concern is driven by a desire to ensure that Shipper parties remain GDPR compliant whilst discharging the obligations placed on them as a result of this modification.

We anticipate Shippers will have an interest in knowing whether the information received from Suppliers is personal data (and potentially criminal offence data) and, if it is, that there is a framework in place (in the normal fashion) describing what their GDPR obligations are with respect to that data. Likewise, when Shippers release such information, they will be interested in knowing that the information will be handled in a manner compliant with GDPR rules.

It may be these matters are something that can be addressed within (or at least involving) the UNC's Data Permissions Matrix. We therefore believe that more work could be considered by the administrators of the data permission processes of UNC and REC to understand the type of data that is expected to be shared between UNC shipper parties and supplier entities, and to put in place a system of data controls, to record the legal basis of the sharing the data.

It may be that, following further work, the GDPR risks will be considered smaller rather than greater, but in the absence of that work our position, as a Gas Transporter sitting outside the relevant risk perimeter, is that the current proposal is to share personal data (potentially being criminal offence data) between codes without that sharing being governed by the type of contractual structure that would normally be put in place. This potentially exposes both Shippers and Suppliers.

It is possible that, due to recent events in the shipping and supply market, that all legal entities that are shippers are also suppliers and vice versa. However, this is not the basis the gas market is designed to promote and the creation of a barrier to entry relating to GDPR compliance (in the form of the codes assuming that all legal entities will be shippers and suppliers) should be avoided.

Self-Governance Statement: *Please provide your views on the self-governance statement.*

We believe that this modification fulfils the self-governance criteria on the basis that it does not have a material impact on consumers or competition.

Implementation: *What lead-time do you wish to see prior to implementation and why?*

Implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised however we are mindful that this will be driven by the CDSP's ability to deliver an enduring system solution or an interim solution for receiving theft of gas data from the Suppliers via the REC.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

SGN does not foresee any costs to its business as a result of this modification being implemented.

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

We are satisfied that the legal text will deliver the intent of the solution; however we have reservations regarding shipper parties remaining GDPR compliant when sharing theft of gas data.

Modification Panel Members have requested that the following questions are addressed:

Q1: In relation to Modification 0734S and Business Rule 8, do parties have any comments in relation to data protection? If so, please set out the specific nature of these below.

Business Rules 8 states that “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”.

When the workgroup considered the wording for this Business Rule, in the context of GDPR, it was noted that the Business Rule does not request specific data items, therefore it falls to parties to assess their own compliance with GDPR in the context of how they submit their information. We believe that the lack of any standardisation in BR8 will mean that Shippers will be responsible for ensuring that there are no GDPR issues arising, from the information that they share with third parties which seems to be potentially wide ranging in nature (and potentially personal data) therefore we have reservations regarding this business rule.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

Further work should be undertaken to understand the data items that are expected to be shared by parties to ensure GDPR compliance.

Please provide below any additional analysis or information to support your representation

None identified.