










Workgroup Report		At what stage is this document in the process?
<h1>IGT166:</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: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> 01 Modification </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> 02 Workgroup Report </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> 03 Draft Modification Report </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> 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 for IGT sites.</p>		
	<p>The Workgroup recommends that this Modification should:</p> <ul style="list-style-type: none"> be subject to Self-Governance assessed by a Workgroup <p>The Panel will consider this Workgroup Report on 28th July 2023. The Panel will consider the recommendations and determine the appropriate next steps.</p>	
	<p>High Impact: N/A</p>	
	<p>Medium Impact: N/A</p>	
	<p>Low Impact: Pipeline Users</p>	

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Timetable

Modification timetable:	
Initial consideration by Workgroup	13 th July 2023
Amended Modification considered by Workgroup	-
Workgroup Report presented to Panel	28 th July 2023
Draft Modification Report issued for consultation	28 th July 2023
Consultation Close-out for representations	18 th August 2023
Variation Request presented to Panel	-
Final Modification Report available for Panel	22 nd September 2023
Modification Panel decision	29 th September 2023

1 Summary

What

This Modification is linked to [UNC0734S - Reporting Valid Confirmed Theft of Gas into Central Systems and Reporting Suspected Theft to Suppliers](#), which was raised by Gazprom and is intended to place obligations on Shipper parties to ensure that valid confirmed theft of gas 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.

It's important to note that the required changes have been developed by the CDSP with IGT sites already within scope. This change, therefore, formalises the current arrangements for IGT supply points that were implemented on 1st April 2023.

This Modification also looks to align the IGT UNC current legal text where it makes cross-code references to the UNC where the UNC has since been updated and so the IGT UNC is incorrect. This process is a housekeeping change and as the relevant legal text to this Modification includes this cross-code reference, it has been included in this Proposal.

Why

In March 2019, UNC Request 0677R Workgroup (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 reviewed 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 Tip-Off Service (ETTOS).

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). 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.

And thus, UNC0734S was raised and implemented on 1st April 2023. This Modification is required to mirror these changes.

It should be noted that this Modification also seeks to make a related housekeeping change. Whilst reviewing the IGT UNC an incorrect reference to the UNC was identified. Therefore the housekeeping change being included under this Modifications seeks to reflect the true area of the UNC that needs to be

referred to in the IGT UNC. This will allow necessary updates to the Code without this risk undermining the governance of the IGT UNC.

How

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

For the avoidance of doubt an obligation already exists to require Shippers to undertake AQ determinations as may be necessary because of confirmed theft of gas. The UNC and IGT 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. This process has now been implemented.

Workgroup Discussions (July 2023)

The Workgroup agreed with the summary of the Modification as set out by the Proposer.

2 Governance

Justification for Self-Governance Procedures

The Modification is unlikely to have a material impact on the end customer, competition, the operation of pipeline 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.

As with UNC0734S, 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.¹

Requested Next Steps

This Modification should:

- be subject to self-governance
- be approved by the Panel before going out for a consultation

It should be noted that mirror Modification UNC0734S has already been implemented and this proposal is looking to align the IGT UNC.

¹ IGT133 Transition of IGT Theft Reporting into the IGT UNC and UNC Transporter Theft of Gas Reporting previously have been Self-Governance.

Workgroup Discussions (July 2023)

The Workgroup agreed that the Modification meets the criteria to proceed under self-governance.

3 Why Change?

The driver of this change, and its UNC0734S counterpart, is through 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 another. 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

Technical Skillsets

N/A

Reference Documents

- [UNC 0677R - Shipper and Supplier Theft of Gas Reporting Arrangements](#)
- [UNC 0734S - Reporting Valid Confirmed Theft of Gas into Central Systems and Reporting Suspected Theft to Suppliers](#)
- [Appendix 1 – Draft PARR Report v 1.0](#)

5 Solution

The details provided to Shippers via the REC 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). A number of 'Business Rules' have also been outlined and developed through UNC0734S. These are replicated for IGT sites – with the CDSP having developed a solution for both GDN and IGT supply points.

Business Rules

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.

Workgroup Discussions (July 2023)

A Workgroup member asked if the intention of the Business Rules was for the IGT UNC to point directly to UNC Code, or to create separate legal text. The Proposer confirmed that the IGT UNC legal text would simply point to the correct section of the UNC. The Workgroup agreed with the Business rules set out by the Proposer.

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

What is the current consumer experience?

As it currently stands, theft of gas is incorrectly and inefficiently reported, meaning that charges do not portray an accurate reflection of the use of central systems for the purposes of Settlement.

What would the new consumer experience be?

This modification would improve the reporting of theft of gas and so ensure charges are more reflective of actual use of systems for Settlement.

Impact of the change on Consumer Benefit Areas	
Area	Identified Impact
<p>Improved safety and reliability</p> <p>This will improve the reliability of the way theft of gas is reported, meaning for a more balanced and accurate reflection captured in the system</p>	Positive
<p>Lower bills than would otherwise be the case</p> <p>Ensures that charges are more reflective of actual use of the system, which if preventing erroneous reporting of theft, could lower bills.</p>	Positive
<p>Reduced environmental damage</p> <p>None.</p>	None
<p>Improved quality of service</p> <p>Allows for a mechanism by which energy relating to valid thefts is more accurately allocated between Shippers, therefore allowing for industry to work more efficiently and effectively.</p>	Positive
<p>Benefits for society as a whole</p> <p>None.</p>	None

Cross-Code Impacts

Low impact to Pipeline Users on how they are reporting theft of gas.

This Modification, along with UNC 0734S have arisen as a result of the cross-code Joint Theft Reporting Review (JTRR), where SPAA and UNC parties collaborated to review theft reporting arrangements.

Details are provided to Shippers via the REC, and this Modification seeks to require Shippers to then report valid, confirmed theft of gas data, received from Suppliers via the REC into Settlement.

UNC	<input checked="" type="checkbox"/>
REC	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>
None	<input type="checkbox"/>

Environmental Impacts

None

Workgroup Discussions (July 2023)

The Workgroup agreed with the Impacts and Considerations as set out by the Proposer.

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) Co-ordinated, 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 agreements 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	Positive
(G) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators	None

The CDSP have already developed a combined industry solution to UNC 0734S, as such with this modification working to facilitate this with supportive governance for IGT connections as well as GDNs, this change will better facilitate Objectives (D) and (F). Aligning with the UNC for efficient administration of the IGT UNC and to ensure that there is provision of a mechanism by which energy relating to valid thefts is more accurately allocated between Shippers.

Workgroup Discussions (July 2023)

The Workgroup agreed with the Proposer that the Modification has a positive impact on relevant objectives (D) and (F).

8 Implementation

As UNC 0734S has been implemented and the process is in place for GT and IGT supply points, we recommend that this modification be implemented at the earliest release following approval.

Workgroup Discussions (July 2023)

The Workgroup agreed with the implementation schedule and the plan for a release on the day following the closure of the appeal window.

9 Legal Text

Text Commentary

Following the legal text drafted for UNC0734S, the drafting for this Modification aims to replicate for the IGT UNC, accounting for the difference in codes, while maintaining the purpose of the modification.

Suggested Text

The draft legal text for IGT166 can be found on the [IGT166 webpage](#).

Workgroup Discussions (July 2023)

The Workgroup agreed with the Proposed legal text for IGT166.

10 Recommendations

Workgroup’s Recommendation to Panel

Panel is asked to:

- Agree that Self Governance procedures should apply.
- Send the Workgroup Report to the Panel for approval.

Workgroup Discussions (July 2023)

The Workgroup agreed with the proposed recommendation to send the Modification to the IGT UNC Panel on 28th July 2023 for approval, followed by a standard consultation.

11 Appendix 1 – Draft PARR Report v1.0

Report Title	Confirmed Energy Theft Notification submissions and Objection instances
Report Reference	PARR Schedule 2A.x
Report Purpose	To provide a view of where Shippers have objected to Confirmed Energy Theft Notifications being updated in settlement. For the avoidance of doubt a Confirmed Energy Theft Notification includes a Confirmed Energy Theft Claim and a Confirmed Energy Theft Withdrawal

<p>Expected Interpretation of the report results</p>	<p>To understand to what extent Suppliers' Confirmed Energy Theft Notifications are objected to and therefore not reflected within settlement, by comparing across Shippers and against the industry totals</p>
<p>Report Structure (actual report headings & description of each heading)</p>	<p>Month Peer Comparison Identifier % of Confirmed Energy Theft Claims objected to % of energy within the Confirmed Energy Theft Claims objected to % of Theft Withdrawals objected to % of theft energy for withdrawal objected to</p>
<p>Data inputs to the report</p>	<p>Confirmed Energy Theft Objection instances Confirmed Energy Theft Withdrawal Objection instances Confirmed Energy Theft Notification (Claim and Withdrawal) objection energy values (kWh)</p>
<p>Number rounding convention</p>	<p>Whole numbers and values. Percentages will be to 1 decimal place e.g., 29.1%.</p>
<p>History (e.g., report builds month on month)</p>	<p>Rolling 12 months, building from month 1 (first month only one month produced).</p>
<p>Rules governing treatment of data inputs (actual formula/specification to prepare the report)</p>	<p>The report will include the values and figures based on the Confirmed Energy Theft Notifications and Objections received within the month they are being recorded against. The report is prepared 15 Supply Point System Business Days (SPSBDs) after the end of the calendar month.</p>
<p>Frequency of the report</p>	<p>Monthly (M+15 SPSBDs)</p>
<p>Sort criteria (alphabetical ascending etc.)</p>	<p>Peer Comparison Identifier Alphabetically</p>
<p>History/background</p>	<p>Relevant issues identified in Joint Theft Reporting Review Group (UNC 0677R) and addressed in UNC Modification 0734S.</p>
<p>Relevant UNC obligations and performance standards</p>	<p>UNC TPD, Section V – General, Clause 14 – Theft of Gas</p>

