

Reducing supplier disincentives to detect and investigate gas theft – uniform network code proposal UNC231V and other changes

Response to questions in the consultation document

Chapter 2

Q1: What factors have led to the limited number of suppliers using the current compensation arrangements?

In our view, the main factor inhibiting the use of the scheme is likely to be that the potential administrative cost of following the scheme and preparing claims outweighs the benefits that suppliers may receive.

Chapter 4

Q1: Do you agree that the £1,000 cap per allowance (apart from Allowance (vii)) is reasonable? Please provide supporting arguments.

We agree that the £1,000 cap per allowance (we note there is no cap on Allowance (vii)) is appropriate. Even if average costs are lower, this level will permit suppliers to claim for cases that may have been difficult or unusual. We envisage that only a small percentage of claims will approach the cap. However, in order to ensure that suppliers approach claims in a consistent way, we believe that there should be guidance as to which items of an investigation it would be permissible to claim for. In addition, there must be robust processes in place to ensure that the claims submitted under the scheme represent a realistic and accurate reflection of the costs actually incurred.

Please note that the answer to this question is commercially confidential

Q2: Do you have further supporting information on your actual costs associated with each of the activities set out in Table 1? Information on average costs and the range and distribution of costs would be particularly helpful.



Q3: Views are invited on whether the audit and compliance arrangements for the payment of allowances to suppliers are appropriate. In particular, are they sufficient to meet the implied requirement under SLC7 of the gas transporters licence to only make payments when the relevant criteria are met?

Given the change to actual costs and the increase in the potential value of the payments, we do not believe that the present checking process will be adequate. It will be important not to add significantly to overall costs with a gold-plated audit process; but at the very least we think there should be a check on a random sample of claims made under the scheme to ensure that the costs claimed are justified.

Q4: Do you agree that an equivalent modification should be raised to the IGT UNC?

Yes, there should be an equivalent modification in respect of the IGT UNC. It is important that there be a level-playing field between transporters on this issue, and that suppliers may make claims under the Scheme no matter which transporter is involved.

Q5: Views are requested on the compatibility of UNC 231V with the proposed NRPS, SETS or any other industry developments.

Until the funding arrangements for the NRPS are known, it will remain unclear as to whether UNC231V would be compatible with it. In principle, however, it should be possible to make the arrangements such that they work in tandem – with claims being submitted by, and payments made to, whichever organisation has undertaken the investigatory work – NRPS or supplier. We consider that UNC231V could work alongside SETS (SETS proposed in UNC 277).

Chapter 5

Q1: Views are requested on our proposals to amend SLC7 and each large gas transporter REAS and RES.

We believe the proposals to amend SLC7 and each large gas transporter REAS and RES represent a good way forward.

Q2: Views are requested on our proposed timetable to amend SLC 7 and each large gas transporter REAS and RES.

It will be very important to allow sufficient time for any changes to be made, given all the other industry developments currently being brought forward.

Q3: Do any of the proposed changes have potential detrimental consequences for the arrangements on IGT networks?

We feel this is a question for IGTs.

Chapter 6

Q1: Do you agree with our further proposals to improve the drafting of SLC 7?

The further changes suggested seem reasonable.