

- 1.1 As stated in our early response whilst in principle we acknowledge that the creation of the Theft Risk Assessment Service (TRAS) could be of benefit to the industry if developed appropriately, we remain concerned that suppliers could be mandated to provide extensive information that would have no value to the industry when aggregated together. The TRAS must not be allowed to burden the industry with unnecessary or unreliable data requests which could result in spurious revenue protection leads which will simply result in additional costs to the industry. As an example data that is useful for debt profiling but is proven to have little to correlation to theft detection such as poor credit score or County Court Judgements.
 - 1.2 We believe TRAS must consider the bigger picture. The best reports of theft come from developed networks and contacts, i.e. the eyes and ears of experienced personnel in the field accessing premises etc. Suppliers & Gas Transporters must take this opportunity to either invest and build their own revenue protection capability or buy in the services from experts. Using general data gathering agencies is unlikely to deliver the volume of confirmed theft we can clearly demonstrate exists because of how our agent performance is measured.
 - 1.3 We strongly believe the TRAS should receive data sufficient to allow reporting on all network theft, including direct to main, rogue or unregistered sites. As conventional theft is decreasing and network theft increasing arrangements will need to be put in place to ensure that information relating to the wider definition of Unrecorded Gas is provided to Gas Transporters.
 - 1.4 British Gas supports the development of an appropriate TRAS via the governance arrangements of the Supply Point Administration Agreement (SPAA) and will actively engage and support work to deliver appropriate arrangements.
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Question 2: Do you agree with our proposals to direct the implementation of the Theft Risk Assessment Service?

- 2.1 Providing the implementation of TRAS does not hinder the theft detection process through burdensome requirements and inappropriate targeting we agree with Ofgem's proposals to direct the implementation of TRAS and agree that by providing clear direction via a Supply licence condition, this will ensure that there is a co-ordinated and structured approach to its development and implementation.
- 2.2 As an active member of SPAA, we will be happy to actively participate in the development of the TRAS.

Question 3: Do you agree with our proposed requirements for the Theft Risk Assessment Service and the related drafting of the proposed Direction on:

- a) The services provided by the Theft Risk Assessment Service?
 - b) The Theft Target?
 - c) The governance of the Theft Risk Assessment Service?
 - d) The appointment and operation arrangements of the Theft Risk Assessment Service?
 - e) The reporting requirements for the Theft Risk Assessment Service?
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- 3.1 We are concerned that the TRAS may make onerous data requests to suppliers which when aggregated together will provide no benefit to the industry at all. We note that the original National Revenue Protection Service (NRPS) model required suppliers to provide email address, bank account information, payment type, prepayment meter customer payment "performance" , refused access reports, Meter Asset Manager and non-purchase reports which when viewed individually will assist suppliers in detecting potential theft but when aggregated together add no value to the theft detection process.
- 3.2 We strongly believe that suppliers should be obliged to provide "output" data resulting from theft detections to the TRAS including address, meter point reference, type of offence, date of offence, value of gas stolen as this

information when aggregated and analysed will enable Suppliers to see how theft occurs in different areas

- 3.3 We also see value in the TRAS managing a Stolen Meters Register to assist Suppliers in determining genuine meters from “substitute meters” used in the course of theft. The TRAS should also be used to co-ordinate the industry’s approach to theft including encouraging the public to provide information on where theft is occurring and the provision of a National Theft Hotline.
- 3.4 We believe that the content of the proposed direction provides a comprehensive, high level view of the requirements of the TRAS, and provides an extremely useful platform from which SPAA can develop and progress.
- 3.5 We are mindful that a significant amount of lower level detail will need to be subsequently developed by SPAA in order to construct a full set of requirements that can be issued for tender. This detail will ultimately need to be aligned with the high level principles outlined by Ofgem and Ofgem will need to ensure that the definition of the TRAS’ role is not expanded or diminished during its development.
- 3.6 It is therefore essential that Ofgem ensures that it keeps a watching brief on the development of TRAS, to ensure that its detailed requirements are aligned with Ofgem expectations.
- 3.7 Whilst we agree in principle with the creation of the TRAS and the related drafting of the proposed direction. We do have some comments on the content of the drafting, as follows:
 - 3.7.1 In paragraph 3a, we are unclear how a licensee can individually maintain and operate the TRAS, particularly given that the drafting of the rest of the Direction implies that licensees must work collectively with each other in all matters relating to the TRAS.
 - 3.7.2 We question why paragraph 6b is necessary or relevant to the activities of the TRAS.

- 3.7.3 With reference to paragraph 8a the TRAS will be reliant upon information which could detract from its primary purpose if not interrogated and filtered correctly. Whatever leads are produced must be reliable and an effective use of revenue protection services time. There must be ongoing review and refinement. Gas Transporters will need to interact with TRAS where theft is from the network.
- 3.7.4 We suggest a new paragraph 8b(iii) to provide all Relevant Information in respect of a premises that the Relevant Supplier may reasonably require to *"fulfil the requirements of its Licence"*.
- 3.7.5 Under paragraph 8c will the TRAS have any enforcement provisions to ensure Gas Transporters deal with reports of Theft from the network effectively as experience tells us that information provided in the past is not always acted upon.
- 3.7.6 We have reservations as to how the theft target will be established. Will there be an overall target for all parties which is then split across Suppliers and Gas Transporters or will the TRAS only set targets for Suppliers ?
- 3.7.7 We question the intention of paragraph 13 and whether, practically, it will always be possible for the revised Theft Target to achieve additional overall benefits for Customers when compared to the existing Theft Target.
- 3.7.8 Throughout the document there are a number of references to "Unrecorded Gas and specifically Theft" The volume of unrecorded gas is possibly greater than Theft volume and we believe it is on the increase yet the impact on Suppliers and Customers is exactly the same as when Theft occurs. We would suggest these situations should be dealt with in a similar manner and Gas Transporters should be suitably incentivised to identify and prevent Unrecorded Gas.
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Question 4: Do you agree that we should require the Theft Risk Assessment Service to be implemented by 31 December 2013?

- 4.1 We are mindful of the extent of work that will need to be undertaken by suppliers, under the governance of SPAA, to develop and implement the TRAS from scratch.
- 4.2 Given where we are today, it is not unreasonable for Ofgem to expect the TRAS to be implemented by 31 December 2013, indeed in our opinion the stipulation of a proposed implementation date will provide suppliers with a degree of focus for delivery.
- 4.3 The size of the task however should not be underestimated and we expect Ofgem to closely monitor developments and be prepared to review the implementation date, should it be clearly demonstrable that implementation against any stipulated date is not reasonably achievable.