

Section D: High Level Solution Options

D1: Solution Options

Comm Ref:	2934.1 - RT - PO
Title:	XRN5236 Reporting Valid Confirmed Theft of Gas into Central Systems (Modification 0734)
Comm Date:	15/11/2021
Solution Option Summary:	<p>The link to Change Proposal XRN5236 can be found here.</p> <p><u>Background</u></p> <p>This Change Proposal has been raised to deliver the changes proposed through UNC Modification 0734S - Reporting Valid Confirmed Theft of Gas into Central Systems and Reporting Suspected Theft to Suppliers.</p> <p>This Modification seeks to introduce a new process to help ensure that valid confirmed theft data (Claims), received from Suppliers via the Retail Energy Code Company (RECCo), is appropriately reported into central systems.</p> <p>At a high level XRN5236 seeks to put in place the following process:</p> <ul style="list-style-type: none">• Supplier raised theft of gas is sent to the CDSP by the RECCo on an agreed frequency (this is not confirmed but expected to be monthly).• The Registered Shipper for the Supply Meter Point(s) for the period the theft of gas occurred will be made aware of the Supplier raised theft by the CDSP.• The Registered Shipper will have 15 Supply Point System Business Days (SPSBDs) to object to the theft of gas.• In the absence of an objection, the theft of gas will be addressed in settlement by the CDSP.• The CDSP will ensure suitable reporting on the theft process to both RECCo and PAC.

For the full Modification 0734 details, please go to the Joint Office website:

<https://www.gasgovernance.co.uk/0734>

Please note that Modification 0734 has not been approved by the UNC Panel yet. A decision on the approval of the Modification is expected in [January 2022].

This Solution Change Pack provides details on the interim solution to deliver the changes associated to Modification 0734 only. An interim solution is being offered because the enduring solution has been proposed to be included within scope of the CMS Rebuild programme which is being developed and the implementation approach and date is still to be agreed/confirmed.

Based on this, the Modification Workgroup requested an interim solution is considered that can be delivered ahead of the CMS Rebuild programme to avoid the Modification implementation date being delayed until the CMS Rebuild programme go live.

High-Level Solution Option

The High-Level Solution Option (HLSO) for the interim solution for this change is available and can be found [here](#).

As detailed above, this HLSO only covers the proposed interim solution as the enduring solution will be included within the CMS Rebuild scope. Please see the below summary of this option.

Option 1 – Enhancement to the legacy CMS TOG process to include the Modification 0734 functionality - Interim solution

As you'll see within the HLSO, the high-level cost estimate for this change is 135,000 – 175,000 GBP for 12 months and could be delivered within a stand-alone release.

After the first 12 months if the interim solution is still required, the ongoing monthly cost expected to manage this interim solution is 6-7 GBP.

The interim solution proposes that changes are made to the legacy CMS and additional resource is required to support the new process.

Please note, the cost associated with the interim solution will be incurred where ChMC stipulates an implementation in advance of CMS Rebuild and this cost will be in addition to any CMS Rebuild cost.

To confirm, the preference from the UNC Modification Workshop was to aim for implementation for April 2022 to ensure the new theft process was in place by the time RECCo appointed a Theft Risk Assessment Service (TRAS). To confirm, there is not currently a definitive point that Modification 0734 will need to be in place to meet any specific REC obligations.

Based on this, if Change Management Committee (ChMC) do not approve the CDSP working at risk (ahead of the Modification 0734 decision) to deliver the interim solution by April 2022, we understand that there will be no impact on parties complying with their code (UNC or REC) obligations but we would encourage parties to undertake this assessment and verify this.

To confirm, existing Shipper theft obligations as per UNC will remain in place until Modification 0734 is implemented and the new process as per the Modification is put in place.

At the December ChMC, Change Managers will be asked whether they would like the CDSP to start working at risk ahead of the

	<p>Modification 0734 decision to deliver the interim solution by April 2022.</p> <p>If the Change Managers do not approve this, we will bring the interim solution HLSO back to a ChMC for consideration and vote once the Modification has been approved for Change Managers to decide upon. This would impact the proposed delivery date but as mentioned above, this is not believed to impact any specific REC obligations.</p>
<p>Xoserve preferred option: (including rationale)</p>	<p>As this Solution Change Pack only considers the interim solution, this is the only solution option we are asking ChMC to consider at this stage.</p>
<p>DSG preferred solution option: (including rationale)</p>	<p>The HLSO for the interim solution is due to be discussed at the DSG meeting on 22nd November</p>
<p>Consultation closeout:</p>	<p>29/11/2021</p>

<p>Impact on Service Line(s) and funding (A6) for each Solution Option:</p>	<p>There are existing Service Lines to undertake 'Consumption Adjustments for gas illegally taken from the Total System' – DS CS SA5-28. It is expected that new Service Lines will need to be created to account for this new process to receive theft information from Suppliers.</p>
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Section E: Industry Response

Solution Options Review

Please consider any commercial impacts to your organisation that Xoserve need to be aware of when formulating your response

E1: Organisation's preferred solution option

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Organisation's preferred solution option, including rationale taking into account costs, risks, resource etc.	<p>We support MOD 0734S and the enduring solution which seeks to introduce a robust process whereby the volume of the confirmed theft is reported into central systems.</p> <p>We feel that the solution should allow the shippers to bulk accept Theft claims via CMS, and have a preview option of the bulk list so that the shipper is able to see any stand out volume and reject that one and then accept the rest. We feel this would allow efficiency in the solution.</p> <p>In terms of the interim solution, we cannot see a strong benefit case to implement something which will be subsequently replaced within months by the enduring solution.</p> <p>We would like to understand more details in terms of the benefits it would bring to industry.</p> <p>Our understanding is that MOD 0734S is yet to be approved in January 2022, which raises a question whether the solution should be discussed for approval.</p> <p>In addition, it is not clear what is driving the early implementation of the interim solution. Our understanding is that the proposed implementation date April 2022 was originally based on the new TRAS process being in place by this time. The new TRAS process will no longer be in place by this time as it has been delayed.</p> <p>Moreover, if the "as is" process is followed correctly then identified gas theft will be entered into settlements.</p> <p>MOD 0734S makes this simpler and to ensure compliance but there is nothing preventing compliance if current processes are followed. Therefore, we believe that this change should be delivered as part of the CMS rebuild programme as a more cost-efficient way to</p>	

	deliver the change.
Implementation Date:	Reject
Xoserve preferred solution option:	Reject
DSG preferred solution option:	Reject
Publication of consultation response:	N/A

E2: Xoserve' s Response

<p>Xoserve Response to Organisations Comments:</p>	<p>We thank you for your representation and we will be feeding this back into ChMC for the final decision.</p> <p>To address some of the points raised within the representation, this change is still proposed to be included within the CMS Rebuild Programme. The approach to offer an interim solution option prior to the enduring solution as part of the CMS Re-build Programme was discussed within the Modification 0734 UNC Distribution Workgroup. The Workgroup preference was for the interim solution to be delivered in order to allow the Modification 0734 process to be implemented ahead of the CMS Rebuild Programme which is still being discussed with the industry and timescales for delivery are to be confirmed. Based on this, we issued the HLSD for the interim solution and requested views from Change Managers. The initial intention for the Modification was to implement by April 2022 to align TRAS arrangements expected to be put in place under the REC. You are right that the Modification is not due to be approved until January 2022 and therefore approval from Change Managers to start work to deliver the interim solution would be 'at risk' as the Modification has yet to be approved. As you've described, currently there is not a definitive point that Modification 0734 will need to be in place to meet any specific REC obligations. If ChMC do not approve the CDSP working at risk on the interim solution option, we understand that there will be no impact on parties complying with their code obligations (either UNC or REC) and the current theft process and obligations will continue (however encourage parties to verify this through their own assessments).</p> <p>If the interim solution is rejected by Change Managers because they do not agree with working 'at risk' ahead of the Modification being approved, we will bring the interim solution back to ChMC</p>
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	<p>once the Modification is approved. At this point, Change Managers will again be able to vote on whether they believe the interim solution should be delivered or whether they want to wait for the enduring solution as part of the CMS Rebuild.</p>
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Section F: Approved Solution Option

F1: Approved Solution Option

XRN Reference:	XRN5236
Solution Details:	Solution Option 1: Enhancement to the legacy CMS TOG process to include these functionality
Implementation Date:	01/04/2022
Approved By:	ChMC
Date of Approval:	08/12/2021