



NRPS

Meeting Notes: 15th February 2011

Attendees:

Colette Baldwin
Andrew Wallace
Cesar Coelho
Lorraine Kerr
Anne Jackson

David Watson
Sasha Pearce
Steve Mulinganie
Gareth Evans

Apologies:

Dan Simons

Reconciliation & Reallocation

2 scenarios:

Approach is based on Mod 640 Rules.

1. I & C/LSP energy goes back into reconciliation process as now, but there is an issue with getting the AQ revised as quickly as possible, a BTU process is an option.

The NRPS would need to be able to calculate the volume of gas a site will use based on the on-site information, together with the historical AQ which could be deemed to be more accurate. This can be applied retrospectively up to 5 years, and the BTU process can be undertaken by the NRPS. This is currently a manual process.

AJ will discuss the option with xoserve to try and understand if there are any issues that would make this approach unacceptable. The completion of this process by the NRPS could improve the efficiency of the process by xoserve.

2. SSP - Mod 640 rules could apply. This is currently used where a small supply point increases its consumption and goes over the threshold. The reconciliation for a small supply is

recalculated and put back into the system. This is the only time SSPs are reconciled. Could Mod 229 have an impact on this, xoserve will have to put a volume back in and reconcile back over a historic period. Nexus settlement options have 4 scenarios with a rolling AQ for periodically reconciled sites, which could address this then; this won't resolve the historic position. Question of how the calculation and who does the calculation of the energy that's been stolen. There is some issue of disconnection powers which changes if the disconnection becomes the subject of debt rather than safety.

The calculation methodology for the assessment of energy should be NRPS core, the application of the methodology at the site must be nominated.

640 mod is discounted. The revenue goes into the NRPS and is then allocation back to the parties incurring costs; the remaining revenue recovered would be set against the beginning period of the theft. Had any costs been incurred by the shippers according to the AQ, outside of the settlement system, the NRPS would assess what costs would be apportioned.

There followed a discussion on whether the individual instances were reconciled in a ring fenced manner or on a period basis. There would need to be further debate on the following concerns:

- 1. Assumption that the NRPS will calculate on the basis of the tariff of the appointed supplier at the time – includes margin, cost to serve, tax, energy & transportation costs, however commodity costs, business costs etc need to be considered too.*
- 2. How do you calculate the transportation costs?*
- 3. Methodology to be agreed on issues of supplier cost and transporter costs*
- 4. Impact of multiple shippers.*

A debate on the true "value of theft" ensued. Is the "value of theft": energy, transportation, cost of margin, investigation - including physical works (site visit, meter replacement) cost of recovery (including Court Costs), taxation (CCL & VAT).

On the issue of cost recovery from those who steal, Ofgem indicated that the transactional costs of the investigation and recovery are permitted to be put through, but the cost of analysis (NRPS core), opex of the NRPS data analysis clearly may need to be considered as industry costs.