



Gas Forum

Request for Information (RFI) relating to the provision of a National Revenue Protection Service

This document invites proposals for the provision of a National Revenue Protection Service, on a confidential basis to the Gas Forum's NRPS Project Group. Details of the project group membership can be found on the Gas Forum website – www.Gasforum.co.uk

The group currently includes potential service providers; please indicate if you do not wish your response to be shared with these parties.

Responses to be returned in the format set out in Appendix 1 and should be emailed or posted to:

Gasforum@gemserv.com addressed to David Moore,

Gas Forum NRPS Project Group Secretary
Gas Forum
Gemserv Ltd
10 Fenchurch Street
London
EC3M 3BE

If you prefer not to provide your response to the Gas Forum's Service Provider (Gemserv), you may provide it to Colette Baldwin or Richard Street at the following alternative addresses.

Colette Baldwin
E.ON UK
Newstead Court,
Little Oak Drive,
Annesley,
Notts, NG15 0DR

Richard Street
Corona Energy
1 The Exchange
Brent Cross Gardens
London
NW4 3RJ

And should arrive no later than the close of business on **29th October 2010**

Should you have any questions relating to this document they should be addressed to:

David Moore - T: 02070901015
Gasforum@gemserv.com

Colette Baldwin: T: 02476 181382
Colette.baldwin@eonenergy.com

Richard Street: T: 02086328136
Richard.street@coronaenergy.co.uk

1 Executive Summary

The Gas Forum National Revenue Protection Service (NRPS) Project Group is seeking proposals to address the Development of a National Revenue Protection Service for the entire gas industry (including I & C supply points). The solutions being developed at this stage are for the gas industry, however should the electricity industry or other utilities wish to avail themselves of the services offered, the solutions must be scalable to cover multi-utility situations.

It is envisaged that this service will be provided by industry experts in data mining and analysis, field investigations by appropriately qualified meter workers, and parties able to deal with the revenue issues – from collection of money from customers to industry accounting for energy. As this is a unique set of arrangements we are pulling together, we recognise that parties may not be able to deliver all elements of the services and so we welcome responses from companies who can deliver any of the following elements:

- A Management Function – the primary contracting party who will, as necessary manage partner organisations to ensure the delivery of the full end to end service.
- Data mining & analysis function.
- Field Investigations – including appropriate meter work
- Debt Recovery – (possibly via Prepayment meter – see detail below)
- Case preparation for prosecution (primarily civil, possibly criminal)
- Industry Revenue accounting (energy and financial)

Our desire is to deliver a service to the industry which offers a consistent approach to the investigation and follow up of potential theft – regardless of which supplier is involved, building in appropriate safeguards for customers, in particular vulnerable customers.

2 Introduction

In 2004/5 the Energy Networks Association/Energy Retailers Association (ENA/ERA)¹ jointly undertook work to review the governance around the theft of energy. The group published a report in 2006 setting out their recommendations.

Four years on from the conclusion of the ERA/ENA work, a Uniform Network Code Modification (Mod 245)² was raised in 2009 to review the theft arrangements. The review group made two recommendations, a SETS scheme which has been taken forward under UNC Modification 277³, and the **National Revenue Protection Service (NRPS)**, UNC Modification 274⁴ was raised to take this idea forward and develop the NRPS.

The UNC Modification has been put on hold while the Gas Forum NRPS project group progresses the development of the commercial model described herein.

The majority of the group believe that there are greater benefits to be achieved by working together to create a NRPS:

1. Investigations across change of supplier boundaries – customers will no longer be able to frustrate the investigation of theft by their current supplier by changing to another supplier who has no knowledge of what has been happening on site. Working for every supplier the investigations will continue across suppliers.
2. Data Protection – No supplier will be provided with information from the service provider about supply points not in their ownership, or for the periods of time when customers were supplied by other parties, however, follow up action such as unannounced site visits will be possible even after a change of supply has occurred.
3. Trends in behaviours (geographical clustering) will be more obvious and this information will be used by the provider and all parties will benefit, however there will be no risk to Data Protection obligations since the information will not be shared between us, but will be held only by the NRPS.
4. All customers will receive a consistent approach to the treatment of theft investigation and follow – up there will be no soft touches or lower priorities depending on which supplier organisation is involved.

¹ <http://www.energy-retail.org.uk/papers/ElectricityandGasReportFinalVersionpdf.pdf>

² <http://www.gasgovernance.co.uk/0245>

³ <http://www.gasgovernance.co.uk/0277>

⁴ <http://www.gasgovernance.co.uk/0274>

5. Vulnerable customers will be included, however appropriate measures will be taken to factor vulnerability into investigation and follow up.
6. It will provide a fair allocation mechanism for costs and revenue, and will be on a not-for-profit basis.
7. It will provide a national promoted telephone line for reporting suspected incidents.
8. It will provide facilities for the tracking of stolen meters that may be re-used elsewhere.
9. It will lead to the elimination of theft on shipperless sites by providing customers with information on how to obtain a supply contract when they are identified as shipperless and it will ensure follow up that either leads to a supply contract or provide sufficient confidence to the transporter to disconnect the supply if the customer continues to take gas without a valid supply contract.

3 Project Key Dates

The project milestones are contained within the NRPS Project Plan which can be found on the Gas Forum website.

Ofgem is expected to conduct an Impact Assessment (IA) in February 2011 to consider the theft arrangements under development by the industry. Formal tenders will only be issued following the IA, where Ofgem indicates that the NRPS model should be progressed by the industry.

We then anticipate the tender process to take 4 months, followed by initial service availability 6 months thereafter.

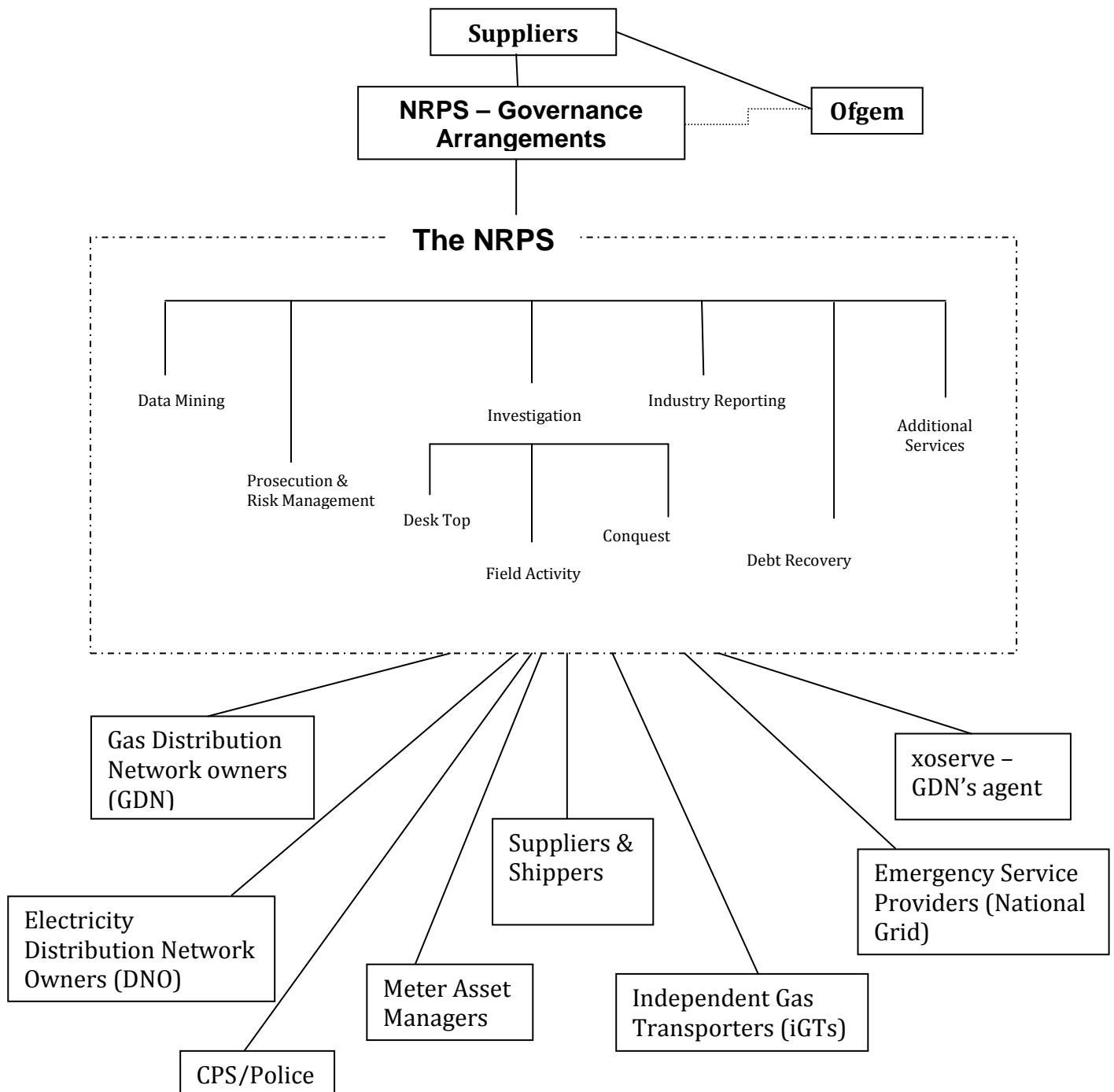
4 Period of Contract

The initial contract period is not yet defined; however initial thoughts suggest that a minimum contract period of 4 years would be required.

Question:

- 4.1 We would be interested to understand what period of contract would be optimum for service provision.**

Proposed Stakeholder Inter-relationship Representation



5 Details of the Proposed Services

Optionality

The NRPS is a full end to end service for the detection and investigation of potential instances of theft of gas from suppliers. Some elements of the service to be provided will be on an optional basis, so where the suppliers feel that they can deliver the elements that are optional - to the same standard as that of the NRPS, they will be permitted to opt out of taking that service from the NRPS, however, they will be required to provide information to the NRPS of all outcomes, and they will be subject to compliance audits by the NRPS. Details of whether the service is optional or mandatory are provided at the head of each section.

Governance Arrangements

Oversight of the governance arrangements for the NRPS agreement will rest with a Governance Body which will be made up of industry participants. For clarity, the day to day management of the service will rest with the NRPS.

Management of the NRPS

The Management body of the NRPS will

- Manage its service providers and determine appropriate Service Level Agreements.
- Be responsible for the auditing of the service providers
- Be responsible for the auditing of performance of parties opting out of core services as necessary.
- Monitor performance and provide monthly, quarterly and annual reports on performance to the Governance Body.
- Maintain regular relationships reviews with suppliers.
- Provide reports to Ofgem as directed by suppliers.
- Be a focal point/point of contact for the theft of gas issues for the industry.

Question

5.1 Can you indicate whether you feel the NRPS services structure is correct and whether you believe there are more suitable alternatives?

Data Requirements & Analysis

This service will be provided by the NRPS for the full supplier community and is not optional

In order to identify the sites at which theft may be occurring analysis of data provided by the industry will be required. It is expected that by analysing the data, behaviours or information will be identified that will merit further investigation of sites for possible theft.

Over time, the intelligence derived from the data will be refined by feedback of performance to improve the likelihood of the accuracy of the leads generated.

The industry can make the following data available to the NRPS for each of the 22 million supply points:

1. Standard account information
 - i. Meter details,
 - ii. Full postal address,
 - iii. Telephone number
 - iv. Email addresses
 - v. Meter Point Reference Number
 - vi. AQ - Annual Quantity
 - vii. Payment data – type of payment method & bank account information
2. Meter Reader Refused Access Reports
3. Meter Reader Refused Access Reports
4. Meter Reader No Access Reports
5. Meter Reader No Access Reports
6. Historic meter removal work reports.
7. Non-purchase reports for prepayment meters.
8. “No gas” Call reports for prepayment meters which have shut down.
9. All meter read data, including negative and flat consumption reports and any trend data
10. Meter error reports from Meter Operators.
11. Date of Gain or Change of Tenancy
12. Change of address information for house move customers
13. Meter read visit cycle
14. Reports of theft / theft detections in the vicinity.
15. Tip offs
16. xoserve Theft of Gas / Conquest reports.

These are standard industry data items, and each item may have multiple data elements. If you require information on any specific item, please feel free to contact us, using the contact information above.

In view of the different systems operated by the data providers, the data would need to be provided to the data company in its raw state. There will be rules around the structure of the data being provided – i.e. minimum/maximum field lengths, however it is not anticipated that providers will standardise the data into a single format, therefore the provider will need to be capable of receiving the data in different formats and transposing it into useable information.

The data provision frequency will be determined by the service provider – whatever they conclude will deliver the intelligence required to drive the investigative process on. Please note that the data items above will updated within industry systems on an irregular basis, often as and when something occurs on a particular customer account.

To clarify data sources are expected to be:

- Suppliers & Shippers
- Gas Transporters

- Supplier's agent data (via the supplier)
- The NRPS field investigation reports
- xoserve
- National Grid Emergency Service Provision

The data service provider will analyse the data and profile the customers for further investigation based on the likelihood of possible theft occurring on site. This would deliver information on the probability of theft occurring by

- Types of theft
- Theft in geographical clustering by area
- Stolen Meters being reused on other sites
- Other indicators (to be defined)

Please note the service provider will be required to share general intelligence on the trends, levels and causes of theft with other industry parties.

Questions:

5.2 Can you provide information on your relevant experience of operating/undertaking analysis of data and identifying behaviours to deliver a cost effective service? Can you also indicate what (if any) experience you have of working with the utility industry?

5.3 Can you detail how you would envisage operating/fulfilling this service requirement?

5.4 What other sources of data would you expect to use in addition to data provided by the industry?

5.5 Do you believe that the industry's expectations with regard to data analysis are achievable?

5.6 Can you provide information (with implication on services and cost) on your optimal data requirements, specific to latency and frequency, to deliver this service?

Investigation

This element of the service is capable of being taken on an optional basis from the NRPS.

As an output of the data service provider – if the analysis concludes that further investigation is merited, the NRPS service will either conduct an investigation for potential theft or will advise the relevant supplier of what investigations they are required to conduct.

A number of suppliers already have a field force undertaking the investigation activity. Those suppliers may choose to perform this task themselves – either nationally or regionally, however, those suppliers will be required to undertake the activity to the same standard as the NRPS, and they will be required to provide reports on a case by case basis to the NRPS of their findings as if the NRPS had undertaken the activity themselves.

Initially a “desk top” analysis of the triggers for the investigation will be conducted to sense check the risk profile against specific information on that customer. It may well be that although the data suggests theft may be occurring, the supplier or the NRPS may have additional information that will negate the need for further investigation and the desk top investigation should establish this.

This could be for a number of reasons, such as: (not exhaustive)

- Information about a recent meter exchange not having been correctly updated
- A site visit having occurred within [10] days of the alert
- The supplier may know from their contact history that gives an explanation of why the consumption may vary.

All site visits undertaken by the NRPS should be conducted in accordance with all current regulatory and statutory requirements.

When on a site visit, the NRPS identify that a meter has been tampered with and it is not safe/appropriate to leave that meter connected/in situ, the meter should be exchanged by an appropriately qualified operative, for a Prepayment meter (via the current supplier) if appropriate or left disconnected.

As an output of the investigation, the NRPS will be required to determine whether theft has occurred, and categorise the theft in accordance with Ofgem guidance which is yet to be finalised. This will include establishing the value and volume of theft which has taken place. The Gas Transporters have a scheme which provides guidance on how this is achieved; this will ultimately be provided in the Code of Practice. This [Theft Code of Practice is currently in development, which will outline the roles and responsibilities of market participants where interference with gas/electricity meters is suspected. The Code will also set out minimum standards for Revenue Protection Service provision, and any provider of the NRPS will be required to comply with it](#)

The NRPS may contact the supplier for help with a desk top analysis, and the NRPS will provide information on the sites to be visited and the outcome of any visits conducted. If suppliers undertake this activity themselves, the same information will be provided to the NRPS.

The NRPS will be required to provide an evidence pack to facilitate any criminal or civil legal action as detailed in the Code of Practice under development, and on request of the supplier.

Questions

- 5.7 Can you provide information on your relevant experience of undertaking investigations?
- 5.8 How would you envisage delivering a cost effective service?
- 5.9 How would you ensure that the agents undertaking any field investigations are appropriated trained and qualified and met the required standards?
- 5.10 What qualifications would your field agents be expected to have in respect of safety and meter work?

Debt Recovery

This element of the service is capable of being taken on an optional basis from the NRPS.

The NRPS will provide debt recovery services potentially including, but not necessarily, civil legal action to recover debt. The NRPS will establish agreed credit management guidelines.

The NRPS may agree to recover the debt incurred by the current supplier via a Prepayment meter, Please note that debt due to a previous supplier (where debt has been incurred due to theft from more than one supplier) the debt due to the previous suppliers may not be recovered through a prepayment meter.

With the agreement of the current supplier only, and in line with the Code of Practice adopted by suppliers on disconnections, where disconnection of supply for non-payment is appropriate this will be offered by the NRPS.

The NRPS will be responsible for assessing the volume and value of debt resulting from gas stolen for parties who opt out of debt recovery element of the services,

Questions

- 5.11 Can you provide information on your relevant experience of undertaking debt recovery?
- 5.12 Can you provide views on whether there are alternative approaches you would take to debt recovery in these circumstances?
- 5.13 Can you provide information on how you will manage debt recovery for domestic customers and non-domestic customers?

Revenue Accounting

Elements of the service are capable of being taken on an optional basis from the NRPS.

Optional Service - Submitting claims against existing industry schemes to recover costs associated with the investigation of theft where those costs cannot be recovered from the party who steals.

Mandatory Service – The NRPS will determine the parties bearing the cost of theft and will apportion any monies recovered to the appropriate party(s).

Question

5.14 The stated aim of this service is to apportion monies recovered from both domestic and non-domestic customers across the industry parties. Considering the costs the industry bears for consumers who steal, please provide information on how you envisage this working?

5.15 Please provide information on your knowledge/experience of dealing with gas industry arrangements including energy balancing, allocation of gas volume and transportation costs?

Additional Services

The NRPS will maintain a register of Stolen Meters

Shipperless Sites - The NRPS will also be required to provide information to consumers where a site is identified as “shipperless”. Where a site remains “shipperless” despite appropriate follow-up and the alerting of the householder to the consequences of remaining shipperless, the NRPS may conclude with a finding of theft and take the necessary steps to prevent further theft.

6 Responses

Responses are invited to the proposal which can be for the provision of:

- Full delivery of the end to end solution
- Delivery of elements of the solution – stand alone
- Delivery of elements of the solution – with partners

Questions:

6.1 In your response we would ask you to consider whether you have any alternative ideas which would enable the service to be delivered with the same intention, but with alternative structures/solutions.

6.2 We would request that you consider a timescale to develop the solution and then to deliver the solutions.

6.3 Finally please provide an indication of the likely cost (on a confidential basis) of the services.

Please complete the attached response template.



7 Industry Q & A Session

In order to assist you in completing your responses to this RFI, we are proposing to host a Q & A session as an opportunity for you to seek any additional information or clarify your understanding of any of the requirements. The proposed date is September 27th; please register your interest directly with David Moore of the Gas Forum Secretariat (contact details as above).

Response Template

<u>Section</u>	<u>Question</u>	<u>Question</u>	<u>Response</u>
General		Please set out how your proposal meets our requirements	
		Specify whether you are offering the full end-to-end or elements of the services on a stand-alone or partnered service	
		How would you propose to recover costs for providing the service?	
		Please consider what incentives, if any, would be appropriate between the Contractors and the NRPS to ensure the NRPS maximises its opportunities to find theft.	
		Please provide information on data security and how you will meet any data protection requirements/issues?	
		Please provide details on how you would approach setting a strategy to ensure the NRPS will achieve its objectives?	
Contract Provision	4.1	We would be interested to understand what period of contract would be optimum for service provision	
Management	5.1	Can you indicate whether you feel the services structure is correct and whether you believe there are more suitable alternatives?	

Data Analysis	5.2	Can you provide information on your relevant experience of operating/undertaking analysis of data and identifying behaviours to deliver a cost effective service? Can you also indicate what (if any) experience you have of working with the utility industry?	
	5.3	Can you detail how you would envisage operating/fulfilling this service requirement?	
	5.4	What other sources of data would you expect to use in addition to data provided by the industry?	
	5.5	Do you believe that the industry's expectations with regard to data analysis are achievable?	
	5.6	Can you provide information (with implication on services and cost) on your optimal data requirements, specific to latency and frequency, to deliver this service?	
Investigations	5.7	Can you provide information on your relevant experience of undertaking investigations?	
	5.8	How would you envisage delivering a cost effective service?	
	5.9	How would you ensure that the agents undertaking any field investigations are appropriated trained and qualified and met the required standards?	
	5.10	What qualifications would your field agents be expected to have in respect of safety and meter work?	

Debt Recovery	5.11	Can you provide information on your relevant experience of undertaking debt recovery?	
	5.12	Can you provide views on whether there are alternative approaches you would take to debt recovery in these circumstances?	
	5.13	Can you provide information on how you will manage debt recovery for domestic customers and non-domestic customers?	
Revenue Accounting	5.14	The stated aim of this service is to apportion monies recovered from both domestic and non-domestic customers across the industry parties. Considering the costs the industry bears for consumers who steal, please provide information on how you envisage this working?	
	5.15	Please provide information on your knowledge/experience of dealing with gas industry arrangements including energy balancing, allocation of gas volume and transportation costs?	
Conclusions	6.1	Can you set out your timescales for development of the solution followed by delivery timescales?	
	6.2	Please provide information on alternative ideas which would enable the service to be delivered with the same intention, but with alternative structures/solutions	
	6.3	Please provide an indication of the likely cost (on a confidential basis) of the services.	