

DCUSA CHANGE DECLARATION

DCP 054 – Revenue Protection / Unrecorded Units into settlements

VOTING DATE: 16 August 2013

DCP 054	WEIGHTED VOTING		
	DNO	IDNO	SUPPLIER
CHANGE SOLUTION	Accept	N/A	Accept
IMPLEMENTATION DATE	Accept	N/A	Accept
RECOMMENDATION	<p>Change Solution – ACCEPT. In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the change solution was greater than 50% in all Categories.</p> <p>Implementation Date – ACCEPT. In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the implementation date was greater than 50% in all Categories.</p>		
PART ONE / PART TWO	Part One – Authority Determination Required		

PARTY	SOLUTION (A / R)	IMPLEMENTATION DATE (A/R)	COMMENTS
DNO PARTIES			
UKPN - Eastern Power Networks	Accept	Accept	<p>Modernising the 1998 Revenue Protection Code of Practice and moving it into a formal governed structure under DCUSA is a significant step forward. Having the CoP in open governance will allow it to keep up with changes to the regulatory framework and to be developed in response to future CPs which can be designed and debated in the open forum of a DCUSA working Group.</p> <p>We recognise that this drafting may not fully satisfy all Parties, but we believe that bringing this into open governance provides a sensible mechanism for addressing any remaining concerns.</p> <p>We believe that this change better fulfils the following General objectives:</p> <ol style="list-style-type: none"> <i>1. The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks,</i> <i>3. The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences</i>
UKPN - London Power Networks	Accept	Accept	
UKPN - South Eastern Power Networks	Accept	Accept	
Electricity North West Ltd	Accept	Accept	N/A
Northern Powergrid - Northern Electric Distribution Ltd	Accept	Accept	N/A
Northern Powergrid - Yorkshire Electricity Distribution plc	Accept	Accept	
SSE - Scottish Hydro-	Accept	Reject	According to the timetable set out in this CP, the potential Authority

Electric Power Distribution plc			approval date may be only six weeks prior to the proposed implementation date.
SSE - Southern Electric Power Distribution plc	Accept	Reject	<p>This period between decision and implementation is inadequate as, to comply with all of the obligations proposed in the CP, some parties may have requirements to engage and train additional resources, procure services, develop systems and procedures, etc.</p> <p>Whilst we fully support the intent and principles of this CP, we suggest that a more realistic date for implementation would be 1st April 2014.</p> <p>This is not the only recent CP which has come out to party voting with an exceptionally short implementation period associated with it. To facilitate party compliance and maintain the credibility of the DCUSA change process, Working Groups should not be routinely proposing dates which are unrealistic and excessively ambitious, other than in genuinely exceptional circumstances.</p>
Scottish Power - Manweb	Accept	Accept	N/A
Scottish Power - Distribution	Accept	Accept	N/A
IDNO PARTIES			
N/A			N/A
SUPPLIER PARTIES			
British Gas	Accept	Accept	British Gas believes electricity theft is a very serious issue which places lives at risk and adds unnecessary costs to customers bills. We therefore welcome the proposed introduction of a code of practice that will ensure minimum standards are applied to theft investigations and ensure that costs incurred as a result of theft are borne by those that choose to steal.

			<p>We note that the proposed code of practice includes the following obligation.</p> <p>The Supplier shall investigate and resolve all cases of Theft of Electricity other than Theft in Conveyance. Where theft is identified, the Supplier shall seek to recover the Relevant Costs from the Perpetrator, and shall (to the extent possible under the BSC) arrange for the stolen electricity to be entered into Settlement.</p> <p>Whilst we accept the principle that stolen units should be accounted for within the settlement system we do not support amendments to BSC arrangements that would allow units to be accounted for without a parallel change that would allow the energy costs to be smeared across all suppliers as outlined as an option in Ofgem's recently published consultation on tackling electricity theft. If suppliers are forced to bear the full costs of the assessed stolen units this would act as a disincentive to seek out and tackle theft particularly where high volumes of units could be assessed as stolen such as cannabis farms. It could also act as a disincentive to correctly assess the volume of stolen units as suppliers may be tempted to under estimate.</p>
E.On	Accept	Accept	N/A
Npower	Accept	Accept	Bringing the industry electricity theft code of practice under a governance framework will ensure parties adhere to appropriate obligations. The theft code of practice will almost certainly require further amendments following implementation to remain useful.
Scottish Power Energy Retail Ltd	Accept	Accept	N/A
SSE	Reject	Reject	Although SSE fully support the intent of this modification and Ofgem's desire to improve theft detection in the electricity sector we do have

			<p>various comments we feel need to be addressed.</p> <p>It would be SSE’s preference to put obligations on Supplier or Distribution parties and their agents and not specifically put requirements on Revenue Protection Agents in general and more specifically as the agent of a particular party. This confuses responsibilities.</p> <p>The High level Principles outlined at the beginning of the Code Of Practice are very weakly supported by the content of the Code of Practice and some are not supported at all, for example 3.3 (d).</p> <p>Under section 4 Obligation -Suppliers are required to recover costs from the perpetrator and put the stolen energy into settlements. Distributors are only required to recover costs from perpetrators. Costs should be recovered from perpetrators but if Distributors do not put the energy stolen into settlements we believe that both the supplier and perpetrator could be paying for the same energy.</p> <p>We are concerned about the suggestion to 'proactively cold call' as a deterrent, but do see the value of calling unannounced on Customers where there is some suspicion.</p> <p>The Code of Practice is very prescriptive and does not expand on purpose or intent behind a lot of the requirements. We would prefer to see purpose and intent described and allow the relevant party to determine how best to deliver that intent, which allows for innovative solutions and potential efficiency gains.</p> <p>Many of the obligations are immeasurable and it is unclear why the standard is required. Under priorities and timescales we have</p>
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			<p>concerns around Category C graded suspicions. We believe customers identified through any data driven analytics exercise might fall into this category and the volumes may not allow a party to meet the timescales described.</p> <p>SSE would be unable to share data with other suppliers based on the Code of Practice as currently written. We support the need to share data if we are to work together as an Industry against thieves, but the Code of Practice must indicate clearly why data sharing is required and the expectation about how the data passed should be used. There needs to be some obligations around how the data is passed, used and subsequently kept by the receiving supplier. So that as a Supplier passing data we believe that the data sharing processes and procedures are robust. The PIA is required to demonstrate that the Industry has fully considered the relevancy, purpose and procedures around this. However the conclusions and the subsequent governance are missing from the Code of Practice. Additionally the data items should not be suggested as a reference to the PIA.</p> <p>We are very disappointed to see that reporting requirements are extremely weak and are focussed on suppliers only. Appendix 6 is headed by 'Revenue Protection Agent to Supplier' but is referenced as information that may be required by Ofgem. We would expect suppliers to provide better and more robust information along with distributors, so that they can be collated to give the Industry a better picture of levels of theft to support and inform any future policy and decision making. We also wish to see the activity of Distributors in this area, which to date have had little visibility.</p> <p>This document has been developed over many months (years) and would benefit from a further review by fresh eyes. SSE do not believe that this</p>
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			<p>document is ready to be introduced in to DCUSA, and, in particular, because we are aware that Ofgem are likely to designate it under licence. SSE believe that it does not meet the requirements expressed by Ofgem in early meetings and in particular it neglects the role of the Distributors in finding Theft in Conveyance. Additionally it adds little to standardise the approach for consumers across gas and electricity and it differs in parts from the Gas Code of Practice, for example in the handling of Vulnerable Customers. The Gas CoP requires us to leave the customer on supply, where ever possible. The Electricity CoP references things that can be done without explaining that intent and makes it at the Party's discretion.</p> <p>The implementation date of November is also challenging. Data sharing would require a change to our Privacy Statements within our contracts and reporting measures would have to be more robust and may require system support.</p>
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