

DCUSA Change Proposal Form

This form is issued in accordance with Clause 10.5 of the DCUSA.

Completed forms should be returned to dcusa@electralink.co.uk for assessment by the DCUSA Panel. Failure to complete all parts of the form may result in it being rejected by the DCUSA Panel.

- PART A – Mandatory for all Change Proposals
- PART B – Mandatory for Non Charging Methodologies Proposals
- PART C – Mandatory for Charging Methodologies Proposals
- PART D – Guidance Notes

PART A - MANDATORY FOR ALL CHANGE PROPOSALS

| Document Control | |
|---|--|
| CP Status | Urgent |
| CP Number | DCP 215 |
| Date of submission | 28 July 2014 |
| Attachments |  Proposed DCP 215 Legal Text.docx |
| Originator Details | |
| Company Name | Npower Limited |
| Originator Name | Richard Vernon |
| Category | SUPPLIER |
| Email Address | Richard.Vernon@npower.com |
| Phone Number | 07825 608088 |
| Change Proposal Details | |
| CP Title | The Inclusion of a Theft Assessment Calculator within DCUSA |
| Impacted parties | DNO / IDNO / SUPPLIER |
| Impacted Clause(s) | Schedule 23 Revenue Protection Code of Practice |
| Part 1 / Part 2 Matter | Part 1 |
| Provide your rationale why you consider this change is a Part 1 or Part 2 Matter | Clause 9.4.1 States: it is likely to have a significant impact on the interests of electricity consumers; |
| Related Change Proposals | [See Guidance Note 3] |
| Change Proposal Intent | |
| <p>Background</p> <ul style="list-style-type: none"> ▪ Creating an 'Assessment Calculator of Unrecorded Energy' was previously discussed at both the SPAA and DCUSA (DCP54) Theft Code of Practice working groups. ▪ Discussions within the SPAA working group have continued, with proposals currently under reviewed within the SPAA Theft workgroup. ▪ No further work has progressed within the electricity arena. <p>Intent</p> <p>This CP seek to place an obligation on Parties to make use of a theft assessment calculator that has</p> | |

been procured by DCUSA Ltd/DCUSA Panel. This would be a single, standard and independent calculator for assessing units where actual recorded data is not present (either before or during the period in question).

This change proposes a new approach to estimating demand in domestic and non-domestic properties where unrecorded units are identified e.g. theft. The calculator could be utilised by both network operators and suppliers. The calculator would be procured by DCUSA Ltd/DCUSA Panel, ideally in line with similar and ongoing gas procurements.

We would ask the DCUSA Panel to consider this change as urgent given that a delay may increase costs for DCUSA Parties. The gas industry is progressing with procurement and dual fuel cost savings may be reduced over time.

Business Justification and Market Benefits

Benefits of a Standard Calculator

- The revised calculator approach will be robust and defensible, drawing on well recognised data sources and data models currently deployed in the UK.
- Consumers would be treated fairly and consistently.
- The billing of stolen units is a deterrent to those who may be tempted to engage in theft of electricity.
- An independent body working with the gas theft working-group noted that the gas calculator was significantly inaccurate. This may also apply to electricity calculators used.
- Consumers are more likely to pay and less likely to challenge an independent and industry standard calculation.
- Enable Parties to better meet theft industry requirements.

Potential Benefits of a Dual Fuel Calculator

- Cost saving as dual fuel procurement compared to independent procurements.
- Reduction in costs for ongoing maintenance.
- Reduced administration costs.
- It would allow standardisation within dual fuel suppliers.
- There could be a greater consistency of approach for both fuels.

Proposed Solution and Draft Legal Text

Please refer to the attached document.

Proposed Implementation Date

The next applicable DCUSA release after Authority consent.

Impact on Other Codes

Please tick the relevant boxes and provide any supporting information.

BSC

CUSC

| | |
|--|-------------------------------------|
| Grid Code | <input type="checkbox"/> |
| MRA | <input type="checkbox"/> |
| SEC | <input type="checkbox"/> |
| Other | <input checked="" type="checkbox"/> |
| None | <input type="checkbox"/> |
| If other please specify | |
| SPAA. The DCUSA workgroup & Panel may agree to undertake a joint procurement alongside the SPAA. | |
| Consideration of Wider Industry Impacts | |
| None. | |
| Environmental Impact | |
| . | |
| Confidentiality | |
| None | |

PART B – MANDATORY FOR NON CHARGING METHODOLOGIES CHANGE PROPOSALS

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| DCUSA Objectives |
| <p><u>General Objectives:</u></p> <p>Please tick the relevant boxes. [See Guidance Note 9]</p> <p><input checked="" type="checkbox"/> 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks</p> <p><input type="checkbox"/> 2 The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity</p> <p><input checked="" type="checkbox"/> 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences</p> <p><input checked="" type="checkbox"/> 4 The promotion of efficiency in the implementation and administration of this Agreement</p> <p><input type="checkbox"/> 5 Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.</p> |
| Detailed rationale for better facilitation of the DCUSA Objectives identified above |
| |

Objective 1: Reduction of losses caused by unrecorded units e.g. theft will make distribution networks more economically efficient.

Objective 3: The change would help DNO's in support of licence obligations proposed for RIIO ED1 (SLC 49 on Losses and theft of electricity).

Objective 4: This change should increase Parties ability to meet existing Schedule 23 requirements.

PART C – MANDATORY FOR CHARGING METHODOLOGIES CHANGE PROPOSALS

DCUSA Charging Objectives

Please tick the relevant boxes. [See Guidance Note 11]

Charging Objectives:

- 1 that compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence
- 2 that compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)
- 3 that compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business
- 4 that, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business
- 5 that compliance by each DNO Party with the Charging Methodologies facilitates compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.

General Objectives:

- 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks
- 2 The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity
- 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences
- 4 The promotion of efficiency in the implementation and administration of this Agreement
- 5 Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.

| Detailed rationale for better facilitation of the DCUSA Objectives identified above |
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| <p>[See Guidance Note 10]</p> <p><u>Charging Objectives:</u></p> <p><u>General Objectives:</u></p> |
| Has this issue been discussed at any other industry forums? If so please specify and provide supporting documentation |
| <p>DCUSA Standing Issues Group – DIF 040 The Inclusion of a Theft Assessment Calculator within DCUSA</p> |

PART D – GUIDANCE NOTES FOR COMPLETING THE FORM

Guidelines for Working Group Members and Working Group Terms of Reference are available on the DCUSA Website and provide more information about the progression of the Change Process. www.dcusa.co.uk

| Ref | Data Field | Guidance |
|-----|---|---|
| 1 | Attachments | Append any proposed legal text or supporting documentation in order to better support / explain the CP. |
| 2 | Part 1 / Part 2 Matter | A CP must be categorised as a Part 1 or Part 2 matter in accordance with Clause 10.4.7 of the DCUSA. All Part 1 matters require Authority Consent. |
| 3 | Related Change Proposals | Indicate if the CP is related to or impacts any CP already in the DCUSA or other industry change process. |
| 4 | Proposed Solution and Draft Legal Text | <p>Outline the proposed solution for addressing the stated intent of the CP. The Change Proposal Intent will take precedence in the event of any inconsistency. A DCUSA Working Group may develop alternative solutions. The plain English description of the proposed solution should include the changes or additions to existing DCUSA Clauses (including Clause numbers).</p> <p>Insert proposed legal drafting (change marked against any existing DCUSA drafting) which enacts the intent of the solution. The legal text will be reviewed by the Working Group (if convened) and is likely to be subject to legal review as part of its progress through the DCUSA change process.</p> |
| 5 | Proposed Implementation Date | The Change can be implemented in February, June, and November of each year or as an extraordinary release. For Charging Methodology CPs, select an implementation date which takes in to consideration the deadlines for publishing |

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| | | <p>indicative tariffs.</p> <ul style="list-style-type: none"> • Submission of Company indicative tariffs is 31 December of each year. • Final tariffs are published on 1 April of each year. <p>Please select an implementation date that provides sufficient time for the change to be incorporated into the appropriate charging model and the DCUSA in order to be reflected within the December indicative tariffs.</p> <p>Contact the DCUSA helpdesk for any further information on the releases dcusa@electralink.co.uk.</p> |
| 6 | Consideration of Wider Industry Impacts | Indicate whether this Change Proposal will be impacted by or have an impact upon wider industry developments. If an impact is identified, explain why the benefit of the Change Proposal may outweigh the potential impact and indicate the likely duration of the Change. |
| 7 | Environmental Impact | Indicate whether it is likely that there would be a material impact on greenhouse gas emissions as a result of the proposed variation being made. Please see Ofgem Guidance . |
| 8 | Confidentiality | Clearly indicate if any parts of this Change Proposal Form are to remain confidential to DCUSA Panel (and any subsequent DCUSA Working Group) and Ofgem. |
| 9 | DCUSA General Objectives | Indicate which of the DCUSA Objectives will be better facilitated by the Change Proposal. |
| 10 | Detailed Rationale for DCUSA Objectives | Provide detailed supporting reasons and information (including any initial analysis that supports your views) to demonstrate why the CP will better facilitate each of the DCUSA Objectives identified. |
| 11 | DCUSA Charging Objectives | Indicate which of the DCUSA Charging Objectives will be better facilitated by the Change Proposal. Please note that a CDCM or EDCM change may also facilitate the DCUSA General objectives. |