



DCUSA Change Report

DCP 215 - The Inclusion of a Theft Assessment Calculator within DCUSA

1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA and details DCP 215 – ‘The Inclusion Of A Theft Assessment Calculator Within DCUSA’ (Attachment 3).
- 1.2 The voting process for the proposed variation and the timetable of the progression of the Change Proposal (CP) through the DCUSA Change Control Process is set out in this document.
- 1.3 Parties are invited to consider the proposed amendments (Attachment 2) and submit their votes using the form attached as Attachment 1 to dcusa@electralink.co.uk no later than **08 September 2014**.

2 Executive Summary

- 2.1 DCP 215 was raised by Npower to place an obligation on the DCUSA Panel to procure an industry standard theft assessment calculator which must be utilised by Industry Parties where this is the chosen method of calculating unrecorded units. A draft legal text has been proposed which acts as Attachment 2 to this report.
- 2.2 This CP seeks to facilitate through its implementation the development of a joint gas and electricity theft calculator through the procurement of an independent provider.

3 BACKGROUND

- 3.1 The DCP 054 ‘*Revenue Protection / Unrecorded Units into settlements*’ Change Proposal introduced the Revenue Protection Code of Practice into the DCUSA on the 07 November 2013. Discussions on the development of a theft assessment calculator occurred at the DCP 054 Working Group who concluded that a separate Working Group should be set up to progress this change.
- 3.2 DCUSA Issue Form 040 ‘*The Inclusion of a Theft Assessment Calculator within DCUSA*’ was submitted by Npower on the 20 June 2014 to the DCUSA Standing Issues Group (SIG) to seek feedback from industry members on the development of an assessment calculator of unrecorded energy before raising it as a CP. The DCUSA SIG noted that a joint gas and electricity procurement of a provider to develop and maintain the theft assessment calculator would provide a procurement cost saving and an on-going maintenance and

administration cost saving to Parties. Members suggested that the development of a calculator should be considered further by a Working Group.

4 INTENT OF DCP 215 'THE INCLUSION OF A THEFT ASSESSMENT CALCULATOR WITH DCUSA'

4.1 DCP 215 Change Proposal was raised by Npower and proposes to place an obligation on the DCUSA Panel to procure a provider to update and maintain a standard theft assessment calculator. The theft assessment calculator will assist in the estimating of gas/electricity demand in domestic and non-domestic properties where theft has been identified. The calculator will provide a standard and consistent approach across both the gas and electricity industries for the estimated usage of units stolen which can be used to justify in court the amount of the electricity or gas bill charged to a thief.

4.2 The theft assessment calculator is proposed to be based upon items such as:

- the average occupancy of the premise;
- the type of premises (such as flat, semi-detached/detached house);
- age of the premises; and
- appliance efficiency ratings.

Thus, resulting in an average fixed template amount for specific types of premises such as 10 Kilowatts (KW) per week usage for a house.

4.3 The theft calculator has been gauged by the SPAA Theft of Gas (ToG) Working Group to have an expected cost of approximately £40,000 (excluding VAT, travel and subsistence). The review of the calculator's items such as the energy efficiency ratings that the calculator is based upon would occur every three years costing approximately £4,000 (excluding VAT, travel and subsistence).

4.4 The CP has been classified as a Part 1 Matter in accordance with Clause 9.4. The DCUSA Panel agreed to send this DCP straight to the report phase as it is an enabling change.

4.5 This CP adds an obligation on DCUSA Parties to procure a dual fuel theft assessment calculator. DCUSA Parties may choose to undertake the procurement of the calculator with the gas industry due to the increased costs of the electricity industry procuring a theft assessment calculator alone. The development of the joint theft assessment calculator has an expected timeline of two months.

4.6 The purpose of this change is to provide the means by which DCUSA can work with SPAA to develop a joint theft assessment calculator. The existing gas theft assessment calculator acts as Attachment 4.

4.7 This CP has been raised to enable DCUSA to undertake the work required, jointly with SPAA representatives, to establish a joint theft assessment calculator. Without such a change the Panel cannot establish any Working Group (e.g. a joint group with SPAA) to engage in such an activity. It should be noted that the Change Proposal would result in the costs of the establishment of the joint theft assessment calculator and its maintenance being borne by Parties.

5 PROPOSED LEGAL TEXT

5.1 This CP seeks to include provisions for governance of the theft assessment calculator in the DCUSA by:

- 1) amending Clause 1.1 to include a definition for the Theft Assessment Calculator;
- 2) introducing a new Clause 5.3.15 to *'arrange for a Theft Assessment Calculator to be procured, maintained and made available to those Parties obliged to use it'*;
- 3) amending Schedule 23 Clause 15.3 'Assessment Of Unrecorded Units' Obligation to include an obligation on DCUSA Parties to use the theft assessment calculator where this method is chosen;
- 4) amending DCUSA Schedule 23 Appendix 7 DCUSA Clause 1.2 to reflect the obligation on DCUSA Parties to use the theft assessment calculator as defined in DCUSA Clause 1.1 where this method is chosen.

6 EVALUATION AGAINST THE DCUSA OBJECTIVES

6.1 DCP 215 has been assessed against the DCUSA General Objectives:

- Objective 1¹ – Better Facilitated.
- Objective 2² – No Impact.

¹ The development, maintenance and operation by each of the DNO Parties and IDNO Parties of an efficient, co-ordinated, and economical Distribution System.

- Objective 3³ – Better Facilitated.
- Objective 4⁴ – Better Facilitated.
- Objective 5⁵ – No Impact.

6.2 General Objective 1 is better facilitated as this CP will help to adjust the reduction of losses caused by unrecorded units and as a result make Distribution networks more efficient.

6.3 General Objective 3 is better facilitated as this CP would help DNOs meet their Standard Licence Conditions (SLC) under RIIO ED1 in particular SLC 49 on ‘Losses and Theft of Electricity’.

6.4 General Objective 4 is better facilitated as this CP helps Parties to meet their obligations to implement the DCUSA arrangements under DCUSA Schedule 23.

DCUSA Schedule 23 Clause 15.3

- Each Party must ensure that the assessment of unrecorded units, following confirmation of Theft of Electricity, is carried out in a systematic, reasonable, consistent and transparent way.

7 IMPACT ON GREENHOUSE GAS OMISSIONS

7.1 It is not believed that there is any material impact on greenhouse gas emissions from the implementation of this Change Proposal.

8 IMPLEMENTATION

8.1 Subject to Authority approval, DCP 215 will be implemented in the next DCUSA release following Authority Consent.

9 PANEL RECOMMENDATION

9.1 The DCUSA Panel approved the DCP 215 Change Report on 20 August 2014. The timetable for the progression of the CP is set out below:

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 each of the DNO Parties and IDNO Parties of the obligations imposed upon them by their Distribution Licences.

⁴ The promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it.

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.

Activity	Target Date
Change Report Approved by DCUSA Panel	20 August 2014
Change Report Issued For Voting	22 August 2014
Party Voting Ends	08 September 2014
Change Declaration	10 September 2014
Authority Decision ⁶	15 October 2014
Implementation ⁷	Next DCUSA Release following Authority Consent

9.2 Parties are invited to vote on DCP 215 using the voting form provided as Attachment 1.

10 ATTACHMENTS:

- Attachment 1 – DCP 215 Voting Form
- Attachment 2 – DCP 215 Proposed Legal Text
- Attachment 3 – DCP 215 Change Proposal
- Attachment 4 – Existing Gas Assessment Calculator

⁶ Indicative decision date based on the 25 Working Day KPI

⁷ Next DCUSA release is the 07 November 2014