



DCUSA CHANGE REPORT

DCP 261 – Use of the Theft Assessment Calculator

Executive Summary

DCP 261 seeks to indemnify DCUSA LTD should DCUSA Parties use the Theft Assessment Calculator for any purpose other than those permitted.

This document presents the Change Report for DCP 261 and invites respondents to vote on the proposed change.

1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA, and details DCP 261 – ‘Use of the Theft Assessment Calculator’. 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.
- 1.2 Parties are invited to consider the proposed amendment (Attachment 2) and submit their votes using the Voting form (Attachment 1) to dcusa@electralink.co.uk by **26 February 2016**.

2 EXECUTIVE SUMMARY

- 2.1 DCP 261 was raised by npower to indemnify DCUSA LTD should DCUSA Parties use the Theft Assessment Calculator for any purpose other than those permitted.
- 2.2 This change is designated as a Part 2 Matter and an urgent change to remove the cost risk to all DCUSA Parties of a DCUSA Party misusing the Theft Assessment Calculator and the costs for breaching the contract between DCUSA Ltd and the Theft Assessment Calculator provider being smeared across all Parties. The proposed legal text acts as Attachment 2.

3 BACKGROUND OF DCP 261 ‘USE OF THE THEFT ASSESSMENT CALCULATOR’

- 3.1 DCP 215 ‘The Inclusion of a Theft Assessment Calculator within DCUSA’ placed an obligation on the DCUSA Panel to procure an independent provider to develop a Theft Assessment Calculator. The DCUSA Panel delegated this procurement exercise to a Project Working Group.
- 3.2 Where a customer has permitted an audit of appliances and electricity theft is suspected then DCUSA Parties are obliged to use the Theft Assessment Calculator tool to assess the number of electricity units used at the premises. During the contract negotiation with the provider, it was highlighted that the Theft Assessment Calculator would be used by Parties other than DCUSA Ltd and the provider who are party to the contract. DCUSA Ltd considered that it was reasonable to indemnify the provider against misuse of the

calculator by third parties who are not party to the contract. The agreement to provide such an indemnity was subject to the raising of this CP.

- 3.3 As a result of the indemnity being put in place, if a DCUSA Party should misuse the tool under the current arrangements, the costs of that misuse would be spread across all Parties to DCUSA.
- 3.4 This change obligates Parties to use the tool within the remit of the agreement between DCUSA Ltd and the provider and indemnifies DCUSA Ltd should Parties use the tool for purposes other than those permitted. This change provides that if a Party misuses the tool, any costs arising as a result of that misuse will sit with the Party concerned rather than all DCUSA Parties.

4 INTENT OF THE DCP 261 CHANGE PROPOSAL

- 4.1 DCP 261 was raised as a Part 2 Matter by npower to indemnify DCUSA LTD should DCUSA Parties use the Theft Assessment Calculator for any purpose other than those permitted.
- 4.2 The DCUSA Panel have directed that this change be designated as an urgent change as it relates to an imminent issue (the provision of the Theft Assessment Calculator tool to DCUSA Parties) and if not addressed should a Party misuse the Theft Assessment Calculator tool it may have an adverse commercial impact on other DCUSA Parties as the costs of that misuse would be spread across all Parties to DCUSA.

5 DCP 261 - LEGAL DRAFTING

- 5.1 The proposed legal text has been reviewed by the DCUSA legal advisor and acts as Attachment Two.
- 5.2 It is proposed to insert a new Clause 32.5 in Section 2A Distributor to Supplier/Generator Relationships under Revenue Protection as set out below:

“Each Party undertakes to only use the Theft Assessment Calculator to assess unrecorded electricity units arising as a result of instances of Theft of Electricity and to only use the Theft Assessment Calculator for Non-commercial Use. It is acknowledged that DCUSA Ltd

has procured the Theft Assessment Calculator on the basis that it will only be used in accordance with this Clause 32.5. Each Party shall indemnify DCUSA Ltd against any costs incurred by DCUSA Ltd as a result of that Party breaching this Clause 32.5. This Clause 32.5 shall apply to every Party that uses the Theft Assessment Calculator (notwithstanding Clause 15). For the purposes of this Clause 32.5, "Non-commercial Use" means a use, even if this entails monetary reward, where a public good results from the use. Public good can be defined as an activity which widens access to information and has social or economic benefit (including more accurate electricity billing and/or electrical line loss calculations)".

6 ASSESSMENT AGAINST THE DCUSA OBJECTIVES

6.1 The Proposer considers that DCUSA General Objective four is better facilitated by DCP 261 for the rationale set out below:

- **General Objective Four - The promotion of efficiency in the implementation and administration of this Agreement**

General Objective 4 is better facilitated by preventing the risk of costs being socialised across all DCUSA Parties due to a Party using the Theft Assessment Calculator outside of the purpose DCUSA LTD has agreed with its provider.

7 ENVIRONMENTAL IMPACT

7.1 In accordance with DCUSA Clause 11.14.6, the Proposer assessed whether there would be a material impact on greenhouse gas emissions if DCP 261 were implemented. The Proposer did not identify any material impact on greenhouse gas emissions from the implementation of this Change Proposal.

8 IMPLEMENTATION

8.1 Subject to Party approval, DCP 261 will be implemented on the 01 April 2016.

9 PANEL RECOMMENDATION

9.1 The Panel approved this Change Report ex-committee on the **03 February 2016**. The Panel considered that the Proposer had carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 261.

9.2 The timetable for the progression of the CP is as follows:

Activity	Date
Change Report approved by DCUSA Panel	03 February 2016
Change Report Issued for Voting	05 February 2016
Party Voting Closes	26 February 2016
Change Declaration Issued	01 March 2016
Implementation	01 April 2016

10 NEXT STEPS

10.1 Parties are invited to consider the proposed amendment (Attachment 2) and submit their votes using the Voting form (Attachment 1) to dcusa@electralink.co.uk by **26 February 2016**.

10.2 If you have any questions about this paper or the DCUSA Change Process please contact the DCUSA by email to dcusa@electralink.co.uk or telephone 020 7432 3011.

ATTACHMENTS

- Attachment 1 – DCP 261 Voting Form
- Attachment 2 – DCP 261 Draft Legal Text
- Attachment 3 – DCP 261 Change Proposal