



DCUSA Change Report

DCP 267 – 'Introduction of a new definition for 'Confirmed Theft''

Executive Summary

DCP 267 seeks to introduce a definition for Confirmed Theft under DCUSA to ensure consistency across Suppliers in submitting confirmed theft detections under TRAS.

This document presents the Change Report for DCP 267 and invites all Parties to vote on the following:

- whether to accept or reject DCP 267, noting whether or not DCP 267 better facilitates the DCUSA Objectives; and
- the implementation date for DCP 267.

The voting deadline for DCP 267 is **12 September 2016**.

1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA and details DCP 267 – *‘Introduction of a new definition for ‘Confirmed Theft’*.
- 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 and submit their votes using the form attached as Attachment 1 to dcusa@electralink.co.uk no later than **12 September 2016**.

2 BACKGROUND TO THE DCP 267 CHANGE PROPOSAL

- 2.1 On the 10 July 2014, Ofgem directed under paragraph 7 of condition 12A of the Standard Conditions of the Electricity Supply Licence for Suppliers to introduce a dual fuel Theft Risk Assessment Service (TRAS). The TRAS was developed to assist Suppliers’ efforts to detect theft by using data to profile the risk of electricity theft at premises.
- 2.2 On the 01 June 2015, DCP 225¹ introduced a new schedule into the DCUSA setting out the governance, funding and a description of the TRAS service, as well as an obligation on Supplier Parties to submit data to the TRAS provider.
- 2.3 In DCUSA Schedule 25 *‘Theft Risk Assessment Service’* appendices, Suppliers provide specified data in the template spreadsheets to the TRAS provider. This includes monthly consumption data and historic data for the suspected theft cases. The outcome of investigation code field in these template spreadsheets contains the term *‘Confirmed Theft’*.
- 2.4 12 months after its initiation, the TRAS service provider is required to provide Suppliers with annual targets for the detection of theft of electricity which is known as the *‘Theft Target’*.
- 2.5 This change has been raised to ensure that the evidence that *‘Confirmed Theft’* is based on is the same for Supplier Parties to the DCUSA and Supply Point Administration Agreement (SPAA) codes. Therefore, ensuring reporting consistency against the Theft Target set. Furthermore, it will put in place a definition that would be compliant with an electricity theft detection incentive scheme being proposed.

¹ DCP 225 - Theft Risk Assessment Service – Party Obligations

3 INTENT OF DCP 267 CHANGE PROPOSAL

- 3.1 DCP 267 has been raised by British Gas to introduce a definition for '*Confirmed Theft*' under DCUSA to ensure consistency across Suppliers in submitting confirmed theft detections under TRAS.
- 3.2 This CP has been designated as a Part 2 Matter as the proposed change does not meet the criteria for Part 1 Matters.

4 DCP 267 WORKING GROUP

- 4.1 The DCUSA Panel established a Working Group to assess DCP 267. The Working Group met on two occasions and was comprised of Supplier and DNO representatives. Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website – www.dcusa.co.uk.
- 4.2 All Working Group members were supportive of the general principle of DCP 267.

5 WORKING GROUP ANALYSIS OF DCP 267

- 5.1 The '*Confirmed Theft*' definition was originally drafted under the Gas Theft Detection Incentive Scheme subcommittee. It was agreed that both SPAA and DCUSA be amended to guarantee Suppliers adopt a uniform process for submitting theft detections as part of TRAS.
- 5.2 The Working Group refined the five guidelines set out in options (a) to (e) of the proposed '*Confirmed Theft*' definition in conjunction with SPAA CP 16/336. The Working Group noted that this definition provided a minimum standard for Parties to adhere to but did not prevent Parties from taking further actions to confirm theft at a premises.
- 5.3 Members noted that this CP would aim to be implemented on the 03 November 2016 to align with the equivalent SPAA CPs implementation date.

6 DCP 267 CONSULTATION

- 6.1 The Working Group carried out a consultation (Attachment 4) to give DCUSA Parties and other interested organisations an opportunity to review and comment on the proposed DCP

267 solution. The Working Group were particularly interested in Parties views of the five guidelines set out in the *'Confirmed Theft'* definition.

6.2 There were eight responses received to the consultation. Three respondents were DNOs, four respondents were Suppliers and there was one anonymous respondent. The Working Group discussed each response and its comments are summarised alongside the collated consultation responses in Attachment 4.

6.3 A summary of the responses received, and the Working Group's conclusions are set out below:

Question 1: Do you understand the intent of the DCP 253 change?

6.4 All respondents understood the intent of the CP.

Question 2: Are you supportive of the principles of the DCP 253 change?

6.5 All respondents were supportive of the principles of the CP.

Question 3: Do you have any comments on the GP term as set out in the proposed legal text?

6.6 Six respondents had no comments on the proposed legal text. Two respondents requested that the draft legal text be clarified on the following points:

Author	Draft Legal Text Comments
Respondent	One respondent suggested amending the wording <i>'then'</i> to <i>'that is'</i> in the following excerpt of legal text: <i>"that the means that a Supplier, Distributor or Revenue Protection Agent (as applicable) reasonably determines that, on the balance of probabilities and taking into account all of the evidence then that is available, one or more instances of Theft of Electricity has occurred".</i>
Working Group	The Working Group agreed that the wording <i>'then available'</i> rather than <i>'that is available'</i> is more applicable to a specific point in time when the party made their assessment that an instance of confirmed theft had occurred and agreed to not make the proposed legal text change."
Respondent	Another respondent requested that part 'e' which states <i>'(where available) a police report or crime reference number'</i> be clarified in relation to the criminal

	offence element as illegal abstraction of electricity by its very definition is a criminal offence. The respondent proposed Part 'e' should read ' <i>and (e) if available, a police or crime reference number</i> '
Working Group	The Working Group considered that the wording ' <i>(where available)</i> ' may have been taken from Schedule 23 ' <i>Revenue Protection Code of Practice</i> ' but agreed to amend the wording to ' <i>if available</i> ' to add clarity to the proposed legal text.

Question 4: Do you have any comments on the five guidelines set out in options (a) to (e) in the 'Confirmed Theft' definition?

- 6.7 Six respondents had no comments on the five guidelines. One respondent referenced their response to question three. The anonymous respondent requested that under option (c) a witness statement be included alongside photographic evidence and or a sketch. This respondent considered that a witness statement would add far more evidential value when combined with a sketch.
- 6.8 The Working Group considered that the witness statement could be captured under guideline "*(b) a report of a site visit where access was successful*". The Working Group did not wish to mandate the provision of a witness statement as they considered that it would introduce unnecessary administration on Parties and noted that a witness statement was often not available. It is noted that the five guidelines set out in the '*Confirmed Theft*' definition provide a minimum standard and do not prevent Parties from undertaking further actions to confirm theft.

Question 5: Which DCUSA General Objectives does the CP better facilitate? Please provide supporting comments.

1. **The development, maintenance and operation by each of the DNO Parties and IDNO Parties of an efficient, co-ordinated, and economical Distribution System.**
2. **The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent with that) 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.**

- 6.9 The following table provides a summary of the responses to this question.

Respondent Party Type	Objective 1	Objective 2	Objective 3	Objective 4	Objective 5
Supplier	0	1	0	3	0
DNOs	1	0	0	2	0
Anonymous	0	0	0	1	0
Total	1	1	0	6	0

- 6.10 The majority of respondents considered that General Objective 4 was better facilitated by this change as it will aid the effective operation of the TRAS arrangements by providing Suppliers with a consistent definition of what constitutes a confirmed theft detection.
- 6.11 One respondent considered that General Objective 2 was better facilitated by this change as *“under the Direction issued by the Authority on 10th July Electricity, Suppliers are obliged to establish, operate and maintain a Theft Risk Assessment Service (TRAS). The Licensee must ensure that the TRAS carries on its activities in a manner that is most likely to facilitate “effective competition between Suppliers. The TRAS provider is obliged to establish and maintain both a “Theft Methodology” and a “Theft Target”. In order for these to be established and maintained as effectively as possible Suppliers need to report back instances of “Confirmed Theft” in a consistent manner”.*
- 6.12 Another respondent considered that General Objective 1 was better facilitated by this change as *‘the creation of a standardised definition under this CP supports any future introduction of an electricity theft detection incentive scheme. Such a scheme, properly designed, would be expected to drive theft reduction efforts so benefitting Objective 1 in terms of the operation of an efficient, economical distribution system’.*
- 6.13 The Working Group noted the responses. Please refer to Section 11 of this report for the Working Groups rationale on which Objectives are best facilitated by this CP.

Question 6: It is proposed that DCP 267 be implemented on the 03 November to align with the equivalent SPAA CPs implementation date. Do you have a preference on the date that DCP 267 is implemented into the DCUSA?

- 6.14 All respondents agreed that the DCP 267 solution should be implemented on the 03 November 2016 in line with the equivalent SPAA changes implementation timescale.

Question 7: Are you aware of any wider industry developments that may impact upon or be impacted by this CP?

- 6.15 All respondents were not aware of any wider industry developments that would impact upon this CP.

Question 8: Are there any alternative solutions or matters that should be considered by the Working Group?

- 6.16 Seven respondents did not have any alternative solutions or matters to be considered by the Working Group. One respondent raised a concern *“that the definition may dilute the standard of evidence required and leave the consumer exposed to accusations of theft when none has taken place”*.
- 6.17 The Working Group noted the responses and reiterated their response to a previous question that the guidelines set out in the *‘Confirmed Theft’* definition provide a minimum standard and do not prevent Parties from undertaking further actions to confirm theft.

8 CONSUMER IMPACT ASSESSMENT

- 6.19 The Working Group did not identify any material impact on consumers from the implementation of this CP.

9 PROPOSED LEGAL TEXT

- 9.1 The proposed legal text has been reviewed by the DCUSA Legal Advisor and acts as Attachment 2.

10 DCP 267 – WORKING GROUP CONCLUSIONS

- 10.1 The Working Group reviewed each of the responses received to consultation one and concluded that all of the respondents understood the intent of DCP 267.
- 10.2 The Working Group agreed that all respondents were supportive of the principle of the CP.

10.3 The Working Group noted that the majority of respondents felt that specifically DCUSA General Objective 4 was better facilitated by this change.

10.4 The Working Group agreed that the primary benefit of the solution proposed by this change is:

- a consistent definition of what constitutes a confirmed theft detection for Suppliers to use in their reporting outcomes which will aid the effective operation of the TRAS arrangements.

11 EVALUATION AGAINST THE DCUSA OBJECTIVES

11.1 The Working Group considers that DCUSA General Objective 2 and 4 is better facilitated by DCP 267. The reasoning against the objectives is set out in the table below:

DCUSA General Objective 2 - The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent with that) the promotion of such competition in the sale, distribution and purchase of electricity.

Supplier parties are obligated by their licence to procure and maintain a Theft Risk Assessment Service (TRAS) to detect instances of electricity theft. The licensee is required to ensure that the TRAS provider carries out these activities in a manner that is most likely to facilitate *“effective competition between Suppliers”*. The TRAS provider is required to maintain and refine the Theft Risk Assessment Methodology (TRAM) in accordance with the tools available to it and to set an annual *‘Theft Target’* for the detection of electricity theft. The provision of a *‘Confirmed Theft’* definition ensures that all Suppliers are reporting instances of electricity theft consistently against the *‘Theft Target’* thus facilitating effective competition between Suppliers.

DCUSA General Objective 4 - The promotion of efficiency in the implementation and administration of this Agreement.

This change will help to ensure the effective operation of TRAS arrangements by providing Suppliers with a consistent definition of what constitutes a confirmed theft detection.

12 IMPACT ON GREENHOUSE GAS OMISSIONS

- 12.1 In accordance with DCUSA Clause 11.14.6, the Working Group assessed whether there would be a material impact on greenhouse gas emissions if DCP 267 were implemented. The Working Group did not identify any material impact on greenhouse gas emissions from the implementation of this CP.

13 IMPLEMENTATION

- 13.1 Subject to Party approval, DCP 267 will be implemented on the 03 November 2016 to align with the implementation date of the equivalent SPAA change.

14 PANEL RECOMMENDATION

- 14.1 The DCUSA Panel approved the DCP 267 Change Report on 17 August 2016. The timetable for the progression of the CP is set out below:

Activity	Date
Change Report approved by DCUSA Panel	17 August 2016
Change Report Issued for Voting	19 August 2016
Party Voting Closes	12 September 2016
Change Declaration Issued	14 September 2016
Implementation	03 November 2016

15 ATTACHMENTS:

- Attachment 1 - DCP 267 Voting Form
- Attachment 2 - DCP 267 Proposed Legal Text
- Attachment 3 - DCP 267 Change Proposal
- Attachment 4 - DCP 267 Consultation Documents