

SCHEDULE [xxx] - Equitable Theft Detection Incentive Scheme

1. INTRODUCTION

- 1.1 This Schedule establishes and explains the process and obligations associated with the operation of the Electricity Theft Detection Incentive Scheme.
- 1.2 The Electricity Theft Detection Incentive Scheme (“**The Scheme**”) applies to all Supplier Parties and all Metering Points.

- 1.3 The Scheme applies by reference to successive periods of 12 months beginning on [TBC] (with each 12-month period forming a “**Scheme Year**”). The first Scheme Year will commence on [TBC].
- 1.4 The Scheme is concerned with the completion of investigations of Qualified Outliers provided by the TRAS Service Provider or leads from The Energy Theft Tip Off Service (“**ETTOS**”), a Supplier Party's Agents and DNO/IDNO Parties within a 90-Working-Day timeframe following provision of each lead. Supplier Parties shall ensure that, in the case of a Confirmed Theft (as defined in Clause 1.1 of this Agreement) being detected as a result of a completed investigation, appropriate remedial steps shall be undertaken to stop the Theft of Electricity from continuing.

2. DEFINITIONS

- 2.1 In this Schedule, the following words or expressions shall have the meanings set out opposite them (unless the context requires otherwise):

Agent	means a Meter Operator Agent or other contractor of a Supplier Party.
ETTOS	has the meaning given in Paragraph 1.4.
Indicative Scheme Summary Report	is described in Paragraph 5.4.
Investigation Completion Value	is described in Paragraph 3.
Commercial Sector	means Metering Points for those premises identified as commercial for the purposes of the Theft Risk Assessment Service Arrangements.
Qualified Outlier	is described in appendix 1 to Schedule 25 (Theft Risk Assessment Service).
Qualifying Supplier Party	has the meaning given in Paragraph 5.10.
Residential Sector	means Metering Points for those premises identified as residential for the purposes of the Theft Risk Assessment Service Arrangements.
Scheme	has the meaning given in Paragraph 1.1.
Scheme Administrator	means the administrator appointed by the Panel from time to time to administer the Scheme on behalf of the Panel.
Scheme Year (or SY)	has the meaning given in Paragraph 1.3.
Scheme Year Summary Report	is described in Paragraph 5.9.

- 2.2 The phrase "completed investigation" (and similar expressions, such as "investigations completed") shall be interpreted in accordance with Paragraph 5.11.

- 2.3 Save as set out in Paragraph 2.1, the words and expressions used in this Schedule shall be interpreted in accordance with Clause 1 of the main body of this Agreement.

3. INVESTIGATION COMPLETION VALUE

- 3.1 The Scheme will be established and operated on the premise that each investigation completed within a 90-Working-Day timeframe following the provision of a Qualified Outlier to a Supplier Party by the TRAS Service Provider or a lead from a DNO/IDNO Party, a Supplier Party's Agent or the ETTOS, will qualify for an incentive payment, the "**Investigation Completion Value**". For the initial Scheme Year (SY1) this will be set at the rate of £400 per completed investigation.
- 3.2 The Scheme Administrator shall adjust the Investigation Completion Value for SY2 onwards in accordance with a methodology agreed by the Panel after considering any amount rolled over from any previous Scheme Year.
- 3.3 The Investigation Completion Value for each Scheme Year shall be published by the Secretariat within 28 days after the commencement of that Scheme Year.

4. INCENTIVE SCHEME POTS

- 4.1 The Scheme will provide for the Residential Sector and the Commercial Sector, with an incentive scheme pot for each.
- 4.2 There will be a requirement on the Scheme Administrator to establish the precise split between the Residential Sector and the Commercial Sector, but a split of £12 million for Investigation Completion Value payments for the Residential Sector and £1.6 million for Investigation Completion Value payments for the Commercial Sector shall be assumed at the outset.
- 4.3 For future Scheme Years (from SY2), monies in the pot not paid out to Supplier Parties can be rolled into the following Scheme Year.
- 4.4 The size of the individual pots for the Residential Sector and the Commercial Sector of The Scheme will be set for SY1 as described in Paragraph 4.2. In subsequent Scheme Years, the Residential Sector and Commercial Sector pots will be calculated individually within 28 days after the commencement of each Scheme Year, based upon the following methodology:

$$(X*Y) - Z$$

Where:

X = The number of completed investigations in the Residential Sector or Commercial Sector (as applicable) during the previous Scheme Year

Y = The Investigation Completion Value relevant to that Scheme Year

Z = Any monies rolled over to the Residential Sector or Commercial Sector (as applicable) pot from the previous Scheme Year.

5. REPORTING COMPLETED INVESTIGATIONS

- 5.1 From the start of the Scheme Year, Supplier Parties may report (and subsequently withdraw if necessary) details of investigations completed within the 90-Working-

Day timeframe following provision of a Qualified Outlier by the TRAS Service Provider or a lead from an DNO/IDNO Party, Supplier Party's Agent, or ETTOS.

- 5.2 The Panel shall ensure that the TRAS Service Provider provides the Scheme Administrator with details of the number of investigations completed within the 90-Working-Day timeframe following provision of these to any Supplier Party by the TRAS Service Provider, ETTOS, a Supplier Party's Agent or a DNO/IDNO Party as well as the total number of Qualified Outliers and leads provided to all Supplier Parties by the TRAS Service Provider, ETTOS, Supplier Party's Agents or a DNO/IDNO Party over the same time period. For investigations resulting from leads provided by ETTOS, a Supplier Party's Agent or a DNO/IDNO Party, the Qualifying Supplier Party shall self-certify when the investigations commenced (in order to calculate the 90-Working-Day-timeframe), which the Panel can opt to verify by an independent annual audit regime.
- 5.3 The Scheme Administrator will produce and send to each Qualifying Supplier Party, the Panel and the Authority an anonymised overall Indicative Scheme Summary Report (for each of The Scheme months 1 to 11), within 10 Working Days. Should any data within the Indicative Scheme Summary Report change as a result of an issue being raised within that period (but not later); a revised report will be issued to each Qualifying Supplier Party, the Panel and the Authority.
- 5.4 The Indicative Scheme Summary Report will be developed by the Scheme Administrator, but should detail the aggregate number of reported completed investigations for the relevant Scheme month for each Supplier Party against the number of Qualified Outliers provided by the TRAS Service Provider or leads from ETTOS, Supplier Party's Agents and DNO/IDNO Parties, as well as the aggregate number of completed investigations recorded for that Supplier Party, separately within the Residential Sector and the Commercial Sector and the cumulative number of reported completed investigations recorded by all Supplier Parties for each market sector for the Scheme Year to date.
- 5.5 The Scheme Administrator shall advise each Qualifying Supplier Party of their individual identifier within the anonymised Indicative Scheme Summary Report. The Supplier Party identifiers will also be provided to the Authority.
- 5.6 To be eligible for inclusion within The Scheme, any investigations completed within the 90-Working-Day timeframe must be provided to the TRAS Service Provider by the 5th Working Day after the 5th calendar day of the second month after the month in which the investigation was completed. For example, an investigation completed on 10th January 2018 would have to be submitted to the TRAS Service Provider by 12th March 2018. This will ensure that Qualifying Supplier Parties report completed investigations and any resulting theft detections in a consistent and timely manner.
- 5.7 Any completed investigation reports not issued in accordance with Paragraph 5.6 will be excluded from The Scheme. It will not be possible for late investigation reports to be presented for the year following the Scheme Year in which the investigation

was completed, as only investigations completed within the specified start and end dates of the Scheme Year will be eligible for that Scheme Year.

- 5.8 The Panel shall ensure that the TRAS Service Provider provides the Scheme Administrator with an annual report, detailing the number of completed investigations reported by each Qualifying Supplier Party in accordance with Paragraph 5.6 for each Scheme Year as well as the number of Qualified Outliers provided to that Supplier Party by the TRAS Service Provider or leads provided by ETTOS, Supplier Party's Agents and DNO/IDNO Parties, between 119 and 124 calendar days after the end of a Scheme Year.
- 5.9 The Scheme Administrator will issue an anonymous overall final report (the “**Scheme Year Summary Report**”), within 20 calendar days after receipt of the final report from the TRAS Service Provider to each Qualifying Supplier Party, the Panel and the Authority, detailing the total number of investigations completed within the 90-Working-Day timeframe against the total number of Qualified Outliers provided by the TRAS Service Provider or any leads from ETTOS, Supplier Party's Agents and DNO/IDNO Parties, along with the cumulative number of completed investigations against the cumulative number of Qualified Outliers provided by the TRAS Service Provider or leads from ETTOS, Supplier Party's Agents and DNO/IDNO Parties to all Supplier Parties for each of the Residential Sector and the Commercial Sector, for the whole Scheme Year.
- 5.10 A “**Qualifying Supplier Party**” is a Supplier Party who has been active in the market throughout the whole Scheme Year. It excludes any new market entrants that have entered the electricity market during that Scheme Year, or any Supplier Party that has successfully withdrawn from the market during that Scheme Year. This will ensure that those entering or leaving the market during a Scheme Year are not unfairly disadvantaged.
- 5.11 A “**completed investigation**” is, for each Qualified Outlier or leads provided to the Qualifying Supplier Party, defined as the production of and completion of the full report in respect of that Qualified Outlier or lead (subject to Paragraph 5.12).
- 5.12 Desktop investigations which require no further action will be considered out of scope for the purposes of Paragraphs 4 and 6, unless such an investigation then results in a site visit.
- 5.13 Desktop investigations which do not result in a site visit will be notified by each Supplier Party to the Scheme Administrator within the allowed 90-Working-Day timeframe so that these can be treated as out of scope (as described in Paragraph 5.12).
- 5.14 Site visits must be carried out by appropriately qualified Supplier Party staff or the staff of a Supplier Party's Agent.

Where a Supplier Party ceases trading during a Scheme Year, any credits that would have been made to that Supplier Party will not be paid and will be retained within the

relevant Residential Sector or Commercial Sector (as applicable) pot. Any debits that would have been required from that Supplier Party will likewise not be collected.

6. **DEBITS AND CREDITS**

- 6.1 The Scheme Administrator will be responsible for the calculation of final payments resulting from The Scheme, using the information provided within the Scheme Year Summary Report.
- 6.2 All debits and credits associated with the relevant Scheme Year will be calculated by the Scheme Administrator based on the total number of investigations completed within the 90-Working-Day timeframe for each Qualifying Supplier Party resulting from Qualified Outliers provided by the TRAS Service Provider or leads from ETTOS, Supplier Party's Agents and DNO/IDNO Parties against the total number of Qualified Outliers provided by the TRAS Service Provider or leads from ETTOS, Supplier Parties' Agents and DNO/IDNO Parties to all Qualifying Supplier Parties.
- 6.3 This will be done for each Qualifying Supplier Party using the following formula for the Residential Sector incentive pot and the Commercial Sector incentive pot separately:

$$(X*(SIC/TIC))-(X*(SLP/TLP))$$

Where:

X is the total value of the incentive pot for the Residential Sector or Commercial Residential Sector (as applicable) for the relevant Scheme Year;

SIC is the total number of investigations completed within the 90-Working-Day timeframe and reported in accordance with Paragraph 5 by that Supplier Party in relation to the Residential Sector or Commercial Sector (as applicable) during the relevant Scheme Year;

TIC is the total number of investigations completed within the 90-Working-Day timeframe and reported in accordance with Paragraph 5 by all Qualifying Supplier Parties in relation to the Residential Sector or Commercial Sector (as applicable) during the relevant Scheme Year;

SLP is the total number of Qualified Outliers provided to that Supplier Party by the TRAS Service Provider or leads from ETTOS, Supplier Party Agents and DNO/IDNO Parties in relation to the Residential Sector or Commercial Sector (as applicable) during the relevant Scheme Year;

TLP is the total number of Qualified Outliers provided to all Qualifying Supplier Parties by the TRAS Service Provider or leads from ETTOS, Supplier Parties' Agents and DNO/IDNO Parties in relation to the Residential Sector or Commercial Sector (as applicable) during the relevant Scheme Year.

Example: Supplier Party A, a supplier active in the residential sector, completes 500 investigations within the relevant 90-Working-Day time-period out of a total of 15000 investigations completed within the relevant 90-Working-Day time-period by all

Qualifying Supplier Parties within that sector over the duration of the Scheme Year. It received 600 Qualified Outliers and leads and 20000 Qualified Outliers and leads were received by all Qualifying Supplier Parties in that sector.

$(11200000(500/15000)) - (11200000*(600/20000)) = 37333.33$. Therefore, Supplier Party A received 3% of all Qualified Outliers and leads issued for that sector but completed 3.33% of all investigations within the 90-Working-Day timeframe for that sector and thus receives a credit payment of £37333.33.*

Supplier Party B, a Supplier Party active in the commercial sector, completes 20 investigations within the relevant 90-Working-Day time-period out of a total of 450 investigations completed within the relevant 90-Working-Day time-period by all Qualifying Supplier Parties within that sector over the duration of the Scheme Year. It received 60 Qualified Outliers and leads and 500 Qualified Outliers and leads were received by all Qualifying Supplier Parties in that sector.

$(1600000(20/450)) - (1600000*(60/500)) = -120888.89$. Therefore, Supplier Party B received 12% of all Qualified Outliers and leads issued for that sector but completed 4.4% of all investigations within the 90-Working-Day timeframe for that sector and thus makes a debit payment of £120888.89.*

- 6.4 Once calculated, notification of the relevant debit and credit values will be communicated to each individual Qualifying Supplier Party by the Scheme Administrator, within 144 calendar days following the end of each Scheme Year.
- 6.5 Payments will be made by the Scheme Administrator via existing Supplier Party invoicing arrangements under this Agreement. All debit invoices issued under The Scheme will be subject to the normal payment terms as set out in Clause 8 of this Agreement.
- 6.6 Non-payment of The Scheme debit invoices will be treated in the same manner as the non-payment of other DCUSA Ltd invoices under this Agreement, with the same sanctions being applicable. Notification of non-payment will also be reported to the Authority for information.
- 6.7 Arrangements should be such that DCUSA Ltd is never faced with a financial deficit associated with The Scheme.
- 6.8 The issuing of credits from The Scheme shall be done in such a way as to not discriminate between Supplier Parties. This shall be achieved by paying out the proportion of The Scheme credits to all eligible Supplier Parties commensurate to the proportion of The Scheme debits received at that time.

7. GENERAL

- 7.1 Qualifying Supplier Parties will be required to self-certify (in a format determined by the DCUSA Panel) that all completed investigations are in accordance with that which is described in Paragraph 5.11.

- 7.2 The DCUSA Panel reserves the right to conduct an audit of any Qualifying Supplier Party's evidence for completed investigations.