

DCUSA DCP 288 - 288A - 288B CHANGE DECLARATION**VOTING END DATE: 9 FEBRUARY 2018**

| DCP 288 - 288A - 288B | WEIGHTED VOTING | | | | |
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| | DNO | IDNO | SUPPLIER | DISTRIBUTED GENERATOR | GAS SUPPLIER |
| DCP 288 - CHANGE SOLUTION | n/a | n/a | Accept | n/a | n/a |
| DCP 288A - CHANGE SOLUTION | n/a | n/a | Reject | n/a | n/a |
| DCP 288B - CHANGE SOLUTION | n/a | n/a | Reject | n/a | n/a |
| IMPLEMENTATION DATE | n/a | n/a | Accept | n/a | n/a |
| DCP 288 - RECOMMENDATION | <p>Change Solution – Accept.</p> <p>In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the change solution was more than 50% in all Categories.</p> | | | | |
| DCP 288A - RECOMMENDATION | <p>Change Solution – Reject.</p> <p>In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the change solution was less than 50% in all Categories.</p> | | | | |
| DCP 288B- RECOMMENDATION | <p>Change Solution – Reject.</p> <p>In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the change solution was less than 50% in all Categories.</p> | | | | |

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| IMPLEMENTATION DATE - RECOMMENDATION | <p>Implementation Date – Accept.</p> <p>In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the implementation date was more than 50% in all Categories.</p> |
| PART ONE / PART TWO | Part One – Authority Determination Required |

| PARTY | 288 SOLUTION | 288A SOLUTION) | 288B SOLUTION | IMPLEMENTATION DATE (A / R) | WHICH DCUSA OBJECTIVE(S) IS BETTER FACILITATED? | COMMENTS |
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| SUPPLIER PARTIES | | | | | | |
| The Renewable Energy Company (Ecotricity) | Reject | Reject | Accept | Accept | <p>DCP 288B better facilitates Objective Two, whilst DCP 288 and DCP 288A both have a negative impact on this objective.</p> <p>DCP 288 and DCP 288A instil a false sense of competition to uncover confirmed theft as there is not an even playing field. Energy theft is not spread evenly across the market and so arbitrary targets are not fair to all suppliers.</p> <p>DCP288B promotes a fairer sense of competition as it provides equal opportunities for all suppliers to compete. It is based on a factor which all suppliers are more likely to actually receive,</p> | <p>It is unfair to assume that theft is evenly distributed across the industry, encompassing all suppliers, where there is no factual proof of this. DCP 288 and DCP288A are prejudicial to both customers and niche suppliers like ourselves, who have inherently low incidences of energy theft. They instil the unfair presumption of guilt on a prescript percentage of a supplier’s customer base, rather than factoring customer’s interests. Instead of incentivising suppliers to actively investigating energy theft, they are instead being encouraged to determine as many incidences as possible</p> |

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| | | | | | <p>rather than restricting it to a factor which is associated with a smaller sample of suppliers – as highlighted in the monthly GTDIS anonymised reports.</p> | <p>are confirmed theft and make ominous policies to criminalise their customer base. DCP 288 and DCP 288A only set out to financially detriment suppliers like ourselves. The current anonymised GTDIS reports highlight just how little theft there is outside of a certain number of suppliers. Therefore the equitable DCP 288B proposal is the only feasible solution. DCP 288B offers a much more sensible approach for the industry to engage more with energy theft. By incentivising suppliers to adequately investigate leads in an efficient manner will actively demonstrate their duty of care to customers, without instilling the false presumption of guilt. Customer honesty and good behaviour is not compromised in the prescriptive manner that the other proposals mandate.</p> |
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| Corona Energy | Reject | Reject | Accept | Accept | <p>Corona Energy (CE) has worked closely with the ICoSS group to develop DCP 288B because this DCUSA modification introduces the principle that suppliers should be incentivised to look for theft rather than be penalised for not finding theft as is the case with GTDIS.</p> <p>CE would like to see DCP 288B implemented as soon as practicable</p> | No comments provided |
| British Gas | Accept | Reject | Reject | Accept | <p>General Objective Two - 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>We agree that this proposal will better facilitate DCUSA Objective 2. We agree that this proposal will provide suppliers with a commercial incentive to identify theft on their portfolio by providing financial consequences to those suppliers who do and do not detect theft.</p> <p>The consequence of this proposal therefore will be an increase in the amount of theft detected by Suppliers over and above the</p> | <p>DCP 288 mirrors the principles in SPAA change CP 16/327 "Introduction of The Gas Theft Incentive Scheme". SPAA CP 16/327 was raised as a result of amendments to SPAA CP14/268 and is in line with the principles set out by Ofgem within their decision document entitled "Tackling gas theft: the way forward" published on 26th March 2012 and was approved by Ofgem on 7th March 2017.</p> <p>DCP 288 and DCP 288A introduce no additional obligations on Suppliers to investigate reports of electricity theft as these already exist within the Supply Licence Conditions and Electricity Theft Codes of practice. DCP 288A differs from DCP 288 in as much</p> |

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| | | | | | <p>volume that would have been detected without the existence of such a scheme.</p> <p>Reducing theft and correcting apportionment of costs to those who drive such costs into the market, therefore improving competition between Suppliers. The scheme will also encourage the follow up of theft leads provided by the Theft Risk Assessment Service given that they will need to demonstrate actual thefts detected rather than demonstrate investigative effort in terms of total visits made.</p> <p>This proposal along with other measures including the Licence condition and TRAS will encourage Suppliers to have a robust process in place for dealing with reports of Theft and/or tampering.</p> | <p>as it offers a soft landing for Suppliers with less than 2m supply points. In our opinion, this soft landing is not necessary as those Suppliers should already have, in place, adequate provisions for detecting and investigating theft of electricity.</p> <p>288B proposes to only allow investigation leads provided by the TRAS or the Distribution Business to qualify for a payment. When introducing the GTDIS (CP16/327), a similar alternative (CP16/337: Movement to a leads based theft incentive scheme) was proposed. This was rejected by the authority as it was felt that CP16/327 better facilitated objective (b) and was more aligned with Ofgem’s principles set out in their 2012 theft document. The proposer has not provided any further evidence to support the implementation of DCP 288B over and above what was provided for CP 16/337 and we therefore see no reason why the Authority would approve this alternative to DCP 288.</p> <p>Furthermore the proposer of 288B is of the view that “electricity theft is not equally distributed across each Supplier’s</p> |
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| | | | | | | <p>customer portfolio in accordance with its market share. There is therefore a danger that the Theft Detection Incentive Scheme, as currently structured, creates a cross-subsidy from Suppliers who may have a lesser proportion of theft within their portfolio than their market share might suggest to those Suppliers where the reverse is true.”</p> <p>In our view the proposed theft target being proposed by DCP 288 is only a small proportion of the actual theft taking place in the market. We have evidence of theft taking place on a range of Suppliers’ portfolios be them new entrants, medium sized or more established Suppliers. (We would be happy to provide this to the Authority on a confidential basis). We also know that customers change supplier to avoid detection and changes have been made to the TRAS to track these and provide information to the new supplier in these instances.</p> <p>DCP 288B states that it incentivises electricity theft detection. However, suppliers that complete the same number of investigations within SLA would be treated no differently,</p> |
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| | | | | | | <p>even if supplier 1 identifies 100 cases of theft and supplier 2 identifies 0 cases of theft. By incentivising completed investigations, rather than confirmed theft, suppliers will meet their targets by encouraging high volume, low quality visits to take place. The effect of this will be to increase costs to our customers, with little benefit. Historically, our own internal Revenue Protection officers who carry out the highest number of visits are consistently the lowest performers (when measured by theft detected).</p> |
| EDF Energy | Accept | Reject | Reject | Accept | <p>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.</p> <p>DCUSA General Objective Two is better facilitated because theft of Electricity increases the costs paid by consumers and can have serious safety consequences. It also leads to a misallocation of costs among Suppliers, which can distort competition and hamper</p> | <p>We dispute the assumption in DCP288A that consumers who switch from large to small Suppliers are less likely to engage in energy theft; therefore, larger Suppliers should be responsible for investigating a larger proportion of energy theft. No evidence has been presented to qualify this statement and we believe that consumers switch from large to small suppliers to avoid detection. The TRAS has shown that consumers engaging in energy theft are likely to switch to a smaller Supplier once</p> |

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| | | | | | <p>the efficient functioning of the market.</p> | <p>they find out they are under investigation.</p> <p>We are concerned that DCP288B could incentivise a Supplier to focus on lower quality, less reliable theft leads and not ones likely to identify higher levels of theft to achieve the incentive payment for the investigation whilst avoiding the costs of resolving and recovering the costs of theft.</p> <p>DCP288B limits the lead sources that would be included in the scheme; we believe that all leads sources should be included in any scheme and DCP 288B does not provide sufficient detail on how this would be achieved.</p> |
| <p>Gazprom Marketing and Trading Retail LTD</p> | <p>Reject</p> | <p>Reject</p> | <p>Accept</p> | <p>Accept</p> | <p>DCP 288B better facilitates General Objective Two as it will provide Suppliers with an appropriate financial incentive to investigate potential instances of theft within their Electricity customer portfolio, while avoiding the potential cross subsidy that might be created where payment was linked only to discovery of theft.</p> | <p>No comments provided</p> |

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| E.ON UK | Reject | Reject | Reject | Accept | n/a | We have rejected all solutions opting for an Authority decision on how this CP should be progressed |

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| <p>Electricity Plus Supply Ltd</p> | <p>Accept</p> | <p>Reject</p> | <p>Reject</p> | <p>Accept</p> | <p>We believe DCP 288 better facilitates General Objective Two (<i>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</i>). This proposal will incentivise Suppliers to investigate quality leads to focus resources on detecting theft in their portfolio and would result in higher levels of confirmed theft that wouldn't be identified, in the absence of this scheme.</p> <p>This will reduce the level of misallocated energy consumption across the market and there improve competition between Suppliers.</p> <p>While DCP288A does facilitate this to a degree, we do not agree that a temporary relaxed theft target for independent suppliers would facilitate effective competition between suppliers. There is no evidence to suggest that theft levels are less with an independent supplier with >2m supply points. Independent suppliers have the same obligations to investigate and</p> | <p>No comments provided</p> |
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| | | | | | <p>detect theft in their portfolios as all suppliers. This solution appears to cater for an immaturity of process, and does not correct an assumption that theft is equally proportioned in each portfolio. The fact that the solution has the theft target increasing to 100% after 2 years contradicts the justification for this solution. As we do not believe this will facilitate effective competition between suppliers, we do not believe it facilitates General Objective Two.</p> <p>We do not believe General Objective Two is better facilitated by DCP288B. DCP288B does not incentive theft detection and is a completely reactive solution, which is no different to what we have today. This will not increase theft detection in the market and will not incentivise any proactive detection of energy theft. We would question the purpose of a theft detection incentive scheme that did not provide any incentive to detect energy theft.</p> | |
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| <p>ENGIE Power Ltd</p> | <p>Reject</p> | <p>Reject</p> | <p>Accept</p> | <p>Accept</p> | <p>We believe DCP 288B better facilitates General Objective 2 by providing suppliers with an appropriate financial incentive for investigating possible instances of theft.</p> | <p>No comments provided.</p> |
| <p>ScottishPower Energy Retail</p> | <p>Accept</p> | <p>Reject</p> | <p>Reject</p> | <p>Accept</p> | <p>n/a</p> | <p>Whilst we have accepted DCP 288 as the proposed solution, we do have major concerns in relation to the proposed targets which we believe have not been justified. A target should be set that is achievable but only with effort. The industry can already see using the TRAS data that this target is totally unachievable without greatly increased costs. This calls into question the cost / benefit ratio which has been discussed since TRAS inception. We would request that this is fully reviewed in line with information contained within TRAS to establish a more realistic target.</p> |

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| Total Gas & Power Ltd | Reject | Reject | Accept | Accept | 2 | No comments provided. |
| First Utility | Reject | Accept (1) | Accept (2) | Accept | DCUSA General Objective 2 - Positive | n/a |

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| npower | Accept | Reject | Reject | Accept | 1= The development, maintenance and operation by each of the DNO Parties and IDNO Parties of an efficient, co-ordinated, and economical Distribution System will be better facilitated by DCP 288, as it will best help to reduce theft levels in the electricity market. | Given that the existing numbers are an initial estimate, we would suggest that the Industry Theft Target Methodology is introduced as soon as possible, preferably for year 2. |
| Opus Energy Ltd | Accept | Reject | Reject | Accept | DCUSA General Objective 2. | Please note that we support DCP 288, because only with a theft target can detection of theft be guaranteed. This methodology is also consistent with that used for gas. |

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| Spark Energy | Accept | Reject | Reject | Accept | n/a | Only DCP 288 mirrors the structure and format of the current Gas Theft Detection Incentive Scheme |
| Haven Power Ltd | Reject | Reject | Accept | Accept | We consider DCUSA Objective 2 is better facilitated by DCP 288B as the proposal provides suppliers with an appropriate incentive to detect theft within their customer portfolio through an equitably incentivised scheme. | In our view DCP 288B is the least burdensome approach to adopt. It also incentivises suppliers to detect theft without running the risk of cross subsidising other suppliers' activities and distorting competition. |

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| DNO PARTIES | | | | | | |
| n/a | | | | | | |

| IDNO PARTIES | | | | | | |
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| n/a | | | | | | |

| DISTRIBUTED GENERATOR PARTIES | | | | | | |
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| n/a | | | | | | |

| GAS SUPPLIER PARTIES | | | | | | |
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| n/a | | | | | | |