









Part A: Generic

DCUSA Change Proposal (DCP)		At what stage is this document in the process?
<h1>DCP 338</h1> <h2>Update to the GTDIS Schedule to Address Process Issues Encountered During the First Scheme Year</h2> <p>07 February 2019</p>		<div>01 – Change Proposal</div> <div>02 – Consultation</div> <div>03 – Change Report</div> <div>04 – Change Declaration</div>
<p>Purpose of Change Proposal:</p> <p>This CP has been raised to address issues encountered during the first year of the Theft Incentive Scheme. The change seeks to clarify scheme processes and guidelines for Suppliers and provide clear procedures for administering the scheme.</p>		
	<p>Governance:</p> <p>The Proposer recommends that this Change Proposal should be:</p> <ul style="list-style-type: none"> • Treated as a Part 2 Matter • Treated as an Urgent Change • Proceed to Change Report <p>This Change Proposal will be presented to the DCUSA Panel ex-committee.</p> <p>The Panel will consider the proposer's recommendation and determine the appropriate route.</p> <p>The proposed Implemented Date is 01 April 2019</p>	
	 <p>Impacted Parties: Suppliers</p>	
	 <p>Impacted Clauses: DCUSA Schedule 30 (Electricity Theft Detection Incentive Scheme)</p>	

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Indicative Timeline		 DCUSA@electralink.co.uk
The Secretariat recommends the following timetable:		 02074323008
Initial Assessment Report Issued to Panel	11 February 2019	Proposer: Opus Energy
Change Report Approved by Panel	20 February 2019	 Marvin Clare Marvin.clare@opusenergy.com
Change Report issued for Voting	22 February 2019	
Party Voting Closes	15 March 2019	
Change Declaration Issued to Parties	19 March 2019	
Implementation Date	01 April 2019	

1 Summary

What?

- 1.1 In June 2018 the Electricity Theft Detection Incentive Scheme (GTDIS) was introduced in line with the principles set out by Ofgem within their decision document entitled “Tackling electricity theft – the way forward” published on 14th March 2014. The first Scheme Year runs from 1 June 2018 to 31 May 2019.
- 1.2 The Gas Theft Detection Incentive Scheme (GTDIS) was introduced a year prior (June 2017). At the end of the Scheme Year several issues regarding the reporting processes, guidelines and administration of the scheme were identified.

1.3 As a result, the Scheme Secretariat (ElectraLink) carried out a lessons learnt exercise of the Gas Theft Detection Incentive Scheme (GTDIS) Year 1. The Secretariat put together a list of issues encountered during the first year of the scheme and presented these to the Theft Issues Group (TIG) for review. The purpose of this exercise was to determine a solution, potential code changes and next steps. This is to ensure that the scheme processes, methodology and guidelines are accurate as fundamental process flows could potentially put SPAA Ltd and DCUSA Ltd at risk. It is noted that even though there will be slight differences between SPAA and DCUSA text, where possible changes will also be reflected in the Gas Theft Detection Incentive Scheme (GTDIS). The TIG recommended for a Change Proposal to be raised addressing the undermentioned areas of the electricity incentive scheme:

- Rounding of theft targets and market share
- Communicating the Incentive Scheme Pot Prior to the Scheme Year
- Issue of Incentive Scheme Reports
- Clarify Scheme Point of Contact
- Issue of Amended Scheme Report
- Data Set Used to Calculate the Theft Targets
- Market share data to be used
- Calculation of end of year credits and debits

Why?

1.4 Given the number of issues encountered during GTDIS Year 1, it is recommended that the incentive scheme schedule is updated to ensure the correct processes and guidelines are followed. Activities prior to, during and at the end of the Scheme year need to be clarified within the schedule. This includes timeframes for setting the targets and communication with Parties.

How?

1.5 The overall aim is to ensure the Scheme rules and guidelines are followed and that Suppliers understand the Scheme processes and reporting requirements.

1.6 The proposed changes to DCUSA Schedule 30 are provided as Attachment 1.

2 Governance

Justification for a Part 2 Matter

2.1 This change does not require Authority consent as it seeks to clarify the Theft Detection Incentive Scheme processes and the calculation of the credits and debits at the end of the Scheme year. This is to ensure effective administration of the Scheme going forward.

2.2 The change does however require the DCUSA Panel to consider urgency, this is because the ETDIS Year 2 Theft Target Methodology is to be approved by February 2019. An approved methodology is also required before setting the ETDIS Year 2 targets. The theft targets will then need to be set no

later than April 2019. In addition, the incentive scheme pot is to be communicated to Suppliers prior to the 1st of June 2019. Given the extent of the planning and administration activities involved the change will need to be implemented by 11th March 2019. A later implementation date adds considerable risk to the accuracy of the outputs that need to be calculated and circulated.

2.3 Given the data issues encountered during the first year of the electricity scheme, the TIG has advised that instead of using data from the Theft Risk Assessment Service (TRAS) provider to set the theft targets data provided by Suppliers through the Data Transfer Service (DTS) should be used. This will cover all Suppliers data split by Commercial and Residential and also cover data for Suppliers not yet submitting data to TRAS. The data use of DTS data for the purposes of the incentive scheme should be approved at least two months prior the beginning of the scheme year i.e. April 2019.

2.4 Based on the above, the CP should be progressed as an Urgent Change.

Requested Next Steps

This Change Proposal should:

- Be treated as a Part 2 Matter
- Be treated as an Urgent Change
- Proceed to the Change Report phase

2.5 The Change will need to be introduced on 1st April 2019.

3 Why Change?

3.1 Several process issues were identified during the first year of the Gas Theft Detection Incentive Scheme. The TIG recommend that the ETDIS schedule be updated to clarify the Scheme processes. This change is being raised ensure effective administration of the Theft Detection Incentive scheme.

3.2 The undermentioned key areas were discussed by the TIG:

Rounding of Theft Targets and Market Share

3.3 Due to an issue encountered when calculating the scheme credits and debits, the market share rounding process should be clarified. The ETDIS Scheme states four decimal places as the standard however, the data set for setting targets uses five decimal places. The TIG recommended for the market share rounding process to be aligned with the report used for setting theft targets.

3.4 The TIG further discussed the allocation of theft targets noting that the schedule states where a calculated Theft Target is under 1, the Supplier will be exempt from the relevant Scheme for the relevant year. Theft Targets of 1 and over will be rounded to the nearest whole number. Currently a Supplier with a Theft Target of less than 1 can opt into the Scheme on an annual basis but will not have a target. The group suggested for the Clause 5.5 to be update stating that:

'Any Supplier Party who does not qualify but elects to join the scheme will be allocated a default target of 1'.

Communicating the Incentive Scheme Pot Prior to the Scheme Year

- 3.5 The TIG considered how the scheme pot value should be communicated to Suppliers noting that the Consumer Price Index (CPI) is a monthly index providing a rolling 12-month figure. It was agreed that the CPI change and the overall theft pot figure should be communicated at the start of the scheme year and for the following change is to be made to Clause 5.1:

'The Scheme Administrator will communicate the scheme pot values for each Scheme Year prior to the beginning of that Scheme Year'.

Issue of Incentive Scheme Reports

- 3.6 Currently the Code does not clarify whether the Authority (Ofgem) should be provided with anonymised copy of the monthly/annual reports or be given visibility of Supplier names. It was noted that the intent of providing the report to the Authority is to give visibility of Supplier performance therefore a report showing Supplier names should be issued to Ofgem. The undermentioned change should be made to Clause 6.7:

'The Scheme Administrator shall advise each participating Supplier of their individual identifier within the anonymous Indicative Scheme Summary Report. The Scheme Administrator shall also provide the Authority with the identity of the Supplier to which each identifier relates.'

Clarify Scheme Point of Contact

- 3.7 The TIG recommended for the Schedule to be updated to clarify that the Scheme information is to be issued to the Supplier Contract Manager and TRAS Single Point of Contact (SPOC). Clause 5.5 will be updated as follows:

At least 10 Working Days before the commencement of each Scheme Year, the Secretariat will establish and confirm to each individual Supplier (*via its Contract Manager and TRAS Single Point of Contact*), and the Authority upon request, the Supplier's calculated Domestic Supply and I&C Supply Theft Targets.

Issuing of Amended Scheme Reports

- 3.8 Currently the Scheme Administrator issues an anonymous overall Indicative Summary Report and Suppliers can raise any issues with the accuracy of data within 20 working days of the report being sent. The TRAS Service Provider then include any revision in the following month's report, rather than issuing a revised report as required under DCUSA Clause 6.5.
- 3.9 The TIG considered whether a separate revised report is required and recommended for the clause to be updated clarifying that any revisions will be made in the following month's reports. The below update will be made to the Clause:

Should any data within the Indicative Scheme Summary Report change as a result of an issue being raised within that period (but not later), revised data shall be included in the following month's report.

Data set Used to Calculate the Theft Targets

- 3.10 Currently the schedule states that:

The Supplier's individual Theft Target will be based on its market share figures for each Scheme Year, using the latest Supply Point portfolio data information held by the Secretariat under the most recent report received under Clause 21.2 of the main body of this Agreement at the time of the calculation under paragraph 4.5.

- 3.11 As drafted the May supply points data should be used to determine Suppliers individual Theft Target however, this will not allow adequate time for the Secretariat's administration activities. The code should stipulate which data set is used. The TIG agreed for the Schedule to be updated to clarify that the data set being used is no more than two months prior to the beginning of the Scheme Year. The amendment below will be made to Clause 5.4:

*The Supplier's individual Theft Target will be based on its market share figures for each Scheme Year, using the latest Supply Point portfolio data information held by the Secretariat **no earlier than two months prior to the beginning of the Scheme year.***

Market share data to be used

- 3.12 Currently the Code states that the market share figure is based on information held by the TRAS service provider based on consumption files, and if not, available data held by the Secretariat under the most recent report received under the MRA.
- 3.13 During the electricity Scheme Year 1 the Secretariat encountered issues when reconciling data for Suppliers not yet participating in the TRAS. The use of TRAS data is dependent on the number of Suppliers submitting monthly consumption files. Although Suppliers not submitting TRAS data represents a small market share, the Secretariat had to contact non- participating Suppliers to provide Metering Point information split by Residential and Commercial. The Secretariat has access to the Metering Points data received under the MRA, however the data is not broken down into Residential and Commercial sectors. Reconciling the Metering point data was time consuming and its reliant on Suppliers to provide the correct information.
- 3.14 It was suggested for the Data Transfer Service data to be used. The data can be provided by ElectraLink's Energy Market Insight (EMI). Using the DTS data will eradicate any risk of incomplete data and can be split into these segments. As a result, paragraph 5.4 is to be updated as follows:

*5.4 The Supplier Party's individual Theft Target will (subject to Paragraph 5.6) be based on its market share figures for each Scheme Year, using the latest Metering Point portfolio data information **provided by Suppliers through the Data Transfer Service.***

Calculation of end of year credits and debits

- 3.16 During the calculation of Gas Theft Detection Incentive Scheme (GTDIS) Year 1 Debits and Credits ,the Secretariat identified that the methodology does not exclude Suppliers which are deemed out of scope under the rules of the scheme. The formula used to in DCUSA Schedule 30, paragraph 6 is as below:

$$(X*(STD / TTD)) - (X*SMS)$$

except where SMS equals zero when calculated to four decimal places, in which case no credit or debit will be applied.

Where:

X is the total value of the scheme amended in line with the percentage change in CPIs between the index published for the start and the end of the Scheme Year.

STD is the number of Confirmed Theft detections recorded by the Supplier.

TTD is the total number of Confirmed Theft detections recorded in The Scheme Year.

SMS is the Supply Point market share (excluding any sites which may be deemed out of scope under the rules of the scheme) of the Supplier expressed to four decimal places.

- 3.17 According to the above, the Metering Point Market share to be used is based on the figures utilised at the commencement of the scheme year, as per section 5.4, to establish each Supplier's theft target (section 5.5). Debits and Credits can only be notified to a 'Qualifying Supplier' as per section 6.4. If only Qualifying Suppliers supply point market share figures are used, 'DCUSA Ltd is never faced with a financial deficit associated with The Scheme' cannot be achieved.
- 3.18 Not excluding the supply point market share of non-participating Suppliers from the calculation of the Debits and Credits will result in a debit deficit to DCUSA.
- 3.19 The methodology should calculate the market share only based on 'Qualifying Suppliers' as defined within section 7.4 of schedule 30. This excludes Suppliers who did not participate in the scheme.
- 3.20 The DCUSA Schedule 30 should be amended to clarify that the Credits and Debits are to be calculated based on the revised final supply point market share of Qualifying Suppliers in the scheme. This calculation method will ensure that DCUSA is not faced with a deficit as a result of the ETDIS.
- 3.21 The formula for calculating the Theft Incentive Scheme credits and debits should be updated as below:

Schedule 30, paragraph 7.2

$$(X \times (\text{STD} / \text{TTD})) - (X \times \text{FSMS})$$

except where FSMS equals zero when calculated to five decimal places, in which case no credit or debit will be applied.

Where:

X is the total value of the scheme amended in line with the percentage change in CPI8 between the index published for the start and the end of the Scheme Year.

STD is the number of Confirmed Theft detections recorded by the Supplier.

TTD is the total number of Confirmed Theft detections recorded in The Scheme Year.

FSMS is the final Metering Point market share of the Qualifying Supplier Parties in the scheme in The Scheme expressed to five decimal places.

Similar changes will also be progressed on the SPAA to ensure consistency in the electricity and gas scheme processes.

Part B: Code Specific Details

4 Solution and Legal Text

- 4.1 The proposed legal text is provided as Attachment 1.

5 Code Specific Matters

- 5.1 None

6 Relevant Objectives

DCUSA General Objectives	Identified impact
<input type="checkbox"/> 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks	None
<input type="checkbox"/> 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	None
<input type="checkbox"/> 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences	None
<input checked="" type="checkbox"/> 4 The promotion of efficiency in the implementation and administration of the DCUSA	Positive impact
<input type="checkbox"/> 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.	None
The proposal better facilitates the DCUSA General Objective 4 as this change will help to ensure effective administration of the TRAS service and help Suppliers meet their licence conditions.	

7 Impacts & Other Considerations

Does this Change Proposal impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

7.1 No

Does this Change Proposal Impact Other Codes?

Consideration of Wider Industry Impacts

- BSC ☐
- CUSC ☐
- Grid Code ☐
- MRA ☐
- SEC ☐
- Other ☐
- SPAA ☒
- None ☐

Consideration of Wider Industry Impacts

- 7.2 A similar change is being progressed to update Schedule 39 of the SPAA (Gas Theft Detection Incentive Scheme).

Confidentiality

N/A

8 Implementation

Proposed Implementation Date

- 8.1 The proposed Implementation date is 01 April 2019.

9 Recommendations

10 Attachments

- Attachment 1 - DCP 338 - Schedule 30 - Redline Against Current DCUSA Text