





DCUSA Change Declaration		At what stage is this document in the process?
<div>DCP 338</div> <div>Update to the ETDIS Schedule to Address Process Issues Encountered During the First Scheme Year</div> <div>Raised in February 2019 as an Urgent Change</div>	01 – Change Proposal	
	02 – Consultation	
	03 – Change Report	
	04 – Change Declaration	
<div>Purpose of Change Proposal</div> <div>The intent of DCP 338 is 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.</div>		
<div></div>	<div>DCUSA Parties have voted on DCUSA Change Proposal (DCP) 338 with the outcome being a decision on whether or not the Change Proposal (CP) is to be accepted and the proposed variation to the DCUSA made accordingly.</div> <div>This document provides the DCUSA Change Declaration for DCP 338.</div> <div>The DCUSA Parties consolidated votes are provided as Attachment 1.</div>	
<div></div>	<div>For DCP 338, DCUSA Parties have voted to:</div> <div><ul style="list-style-type: none">Accept the proposed variation (solution); andAccept the implementation date.</div>	
<div></div>	<div>Impacted Parties: Suppliers</div>	
<div></div>	<div>Impacted Clauses: DCUSA Schedule 30 (Electricity Theft Detection Incentive Scheme).</div>	

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Any questions?

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N/A

Timeline

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

Change Proposal timetable

Activity	Date
Initial Assessment Report Approved by Panel	12 February 2019
Change Report Approved by Panel	06 March 2019
Change Report issued for Voting	07 March 2019
Party Voting Closes	22 March 2019
Change Declaration Issued to Parties	25 March 2019
Implementation	01 April 2019

1 Summary

What?

- 1.1 In June 2018 the Electricity Theft Detection Incentive Scheme (ETDIS) 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 Gas 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 GTDIS Year 1. The Secretariat prepared 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 any process flaws could potentially put SPAA Ltd and DCUSA Ltd at risk. It is noted that where possible, changes proposed should be aligned across both agreements, even though there will be slight differences between the SPAA and the DCUSA text. The TIG reviewed the below items which are applicable to both Schemes:
 - 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 both the GTDIS and ETDIS schedules are 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 schedules. 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 amendments to Schedule 30 of the DCUSA are contained within Attachment 2.

2 Governance

Justification for Part 1 Or Part 2 Matter

- 2.1 The Panel reviewed DCP 338 and noted that the Proposer's opinion was that the change should be treated as an Urgent Part 2 matter.
- 2.2 The Panel agreed that Authority consent would not be necessary as the change seeks to purely clarify the ETDIS processes and the calculation of the credits and debits at the end of the Scheme year.

Next Steps

- 2.3 DCUSA Parties voted that DCP 338 be accepted and as such, it will be implemented in line with Section 8 below.

3 Why Change?

Background of DCP 338

- 3.1 Several process issues were identified during the first year of the GTDIS and following a review of the issues, the TIG recommended that both the GTDIS and the ETDIS schedules be updated to clarify the Scheme processes. This Change Proposal was raised ensure effective administration of the ETDIS.

4 Solution

DCP 338 Assessment

- 4.1 As was noted in section 1 above, the TIG reviewed a number of key areas following identification of issues by the Scheme Administrator and the outcome of the review is set out below.

Rounding of Theft Targets and Market Share

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

- 4.3 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 that paragraph 5.5 be updated to include wording to state 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

- 4.4 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 wording to be included in paragraph 5.1 to state that 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

- 4.5 Currently the ETDIS 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 TIG agreed that paragraph 6.7 should be amended to include wording to state that the Scheme Administrator shall also provide the Authority with the identity of the Supplier to which each identifier relates.

Clarify Scheme Point of Contact

- 4.6 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. The TIG agreed to include a new paragraph 8.1 to reflect their recommendation. During a review of the draft legal text, the DCUSA legal advisor noted that some related text in paragraph 5.5 could now be removed as it is superfluous given the addition of paragraph 8.1.

Issuing of Amended Scheme Reports

- 4.7 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 paragraph 6.5 of the ETDIS.
- 4.8 The TIG considered whether a separate revised report is required and recommended for paragraph 6.5 to be updated clarifying that any revisions will be made in the following month's reports.

Data set Used to Calculate the Theft Targets

4.9 Currently paragraph 5.4 of schedule 30 states that:

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 held by the TRAS Service Provider based on consumption files submitted (or, if not available, data held by the Secretariat under the most recent report received under clause 27.6 of the MRA), at the time of the calculation under Paragraph 5.5.

4.10 The current drafting means that the Metering Point portfolio data from the month of May should be used to determine Suppliers individual Theft Target, however, this does not allow adequate time for the Secretariat's administration activities where the consumption files held by the TRAS Service Provider are not sufficient to set the Theft Targets. The TIG agreed that paragraph 5.4 should be updated to clarify that the data to be used is from a point in time that is no more than two months prior to the beginning of the Scheme Year.

Market share data to be used

4.11 Currently the ETDIS schedule 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.

4.12 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 reliant on Suppliers providing the correct information.

4.13 It was suggested that Metering Point data available via the Data Transfer Service (DTS) could be used in place of the data received by the Secretariat under the MRA. It was noted that this data can be provided by ElectraLink's Energy Market Insight (EMI) business unit which has the capability to ensure that a complete set of data is available and is appropriately segmented into Residential and Commercial sectors. As a result, the TIG agreed that paragraph 5.4 is to be updated to reflect the above.

Calculation of end of year credits and debits

4.14 During the calculation of the 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 under paragraph 7.2 sets out that Metering Point Market share data is to be used to calculate debits and credits and is to be based on the figures utilised at the commencement of the scheme year, as set out in paragraph 5.4.

- 4.15 The methodology should calculate the market share only based on 'Qualifying Suppliers' as defined within section 6.1 of schedule 30. This excludes Suppliers who did not participate in the scheme.
- 4.16 The TIG agreed that a number of amendments should be made to Schedule 30 to reflect that the credits and debits are to be calculated based on the revised final Metering Point market share of Qualifying Suppliers in the scheme. This calculation method will ensure that DCUSA Ltd. is not faced with a deficit as a result of the ETDIS.
- 4.17 During the development of the CP, a number of minor housekeeping amendments were also picked up and these have been included in the legal text, including the moving of a paragraph 3.11 to paragraph 3.9.

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

5 Code Specific Matters

Modelling Specification Documents

- 5.1 Not applicable.

Reference Documents

- 5.2 Not applicable.

6 Relevant Objectives

Assessment Against the DCUSA Objectives

- 6.1 For a DCUSA Change Proposal to be approved it must be demonstrated that it better meets the DCUSA Objectives. There are five General DCUSA Objectives and five Charging Objectives. The full list of objectives is documented in the CP form provided as Attachment 3, which also details which of the DCUSA Objectives the Proposer considers DCP 338 better facilitates.

Impact of the Change Proposal on the Relevant Objectives:	
Relevant Objective	Identified impact
General Objective Four – The promotion of efficiency in the implementation and administration of the DCUSA	Positive impact

- 6.2 DCUSA General Objective Four will be better facilitated by the implementation of this change as it 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 Not applicable.

Consumer Impacts

7.2 No consumer impacts have been identified.

Environmental Impacts

7.3 In accordance with DCUSA Clause 11.20.5A, the Proposer assessed whether there would be a material impact on greenhouse gas emissions if DCP 338 were implemented. The Proposer did not identify any material impact on greenhouse gas emissions from the implementation of this CP.

8 Implementation

- 8.1 It should be noted that this CP needs to progress urgently due to the ETDIS Year 2 Theft Target Methodology needing to be approved prior to the ETDIS Year 2 targets being set. The theft targets will need to be set no later than April 2019. In addition, the incentive scheme pot is to be communicated to Suppliers prior to 01 June 2019.
- 8.2 Given the extent of the planning and administration activities involved, it is proposed that this CP be implemented in the planned DCUSA release on 01 April 2019. A later implementation date adds considerable risk to the accuracy of the outputs that need to be calculated and circulated.

9 Legal Text

- 9.1 The legal text for DCP 338 has been recommended by the TIG, which has been supported by the Proposer and reviewed by the DCUSA legal advisor. Attachment 2 contains a redline version of Schedule 30 showing changes proposed by DCP 338.
- 9.2 The Proposer is satisfied that the legal text meets the intent of the change.

10 Voting

10.1 The 338 Change Report was issued to DCUSA Parties for Voting on 07 March 2019.

Part 2 Matter: Authority Decision is not required

DCP 338 Proposed Variation (Solution) Decision

10.2 For the majority of the Party Categories that were eligible to vote:

- the number of groups in each Party Category which voted to accept the proposed variation was more than 65% of the total number of Groups in that Party Category which voted; and
- the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the proposed variation was more than 65%

10.3 DCUSA Parties have voted to **accept** the proposed variation (solution) of DCP 338.

DCP 338 Implementation Date Decision

10.4 For the majority of the Party Categories that were eligible to vote:

- the number of groups in each Party Category which voted to accept the implementation date was more than 65% of the total number of groups in that Party Category which voted; and
- the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the implementation date was more than 65%.

10.5 DCUSA Parties have voted to **accept** the implementation date of DCP 338

The table below sets out the outcome of the votes that were received in respect of the DCP 338 Change Report that was issued on 07 March 2019 for a period of 11 working days.

DCP 338	WEIGHTED VOTING				
	DNO	IDNO	SUPPLIER	DISTRIBUTED GENERATOR	GAS SUPPLIER
CHANGE SOLUTION	n/a	n/a	Accept	n/a	n/a
IMPLEMENTATION DATE	n/a	n/a	Accept	n/a	n/a

11 Recommendations

DCUSA Parties

11.1 DCUSA Parties have voted on DCP 338, with the outcome being a decision to accept the Change Proposal and thus the proposed variation to the DCUSA will be made accordingly.

12 Attachments

- Attachment 1 – Consolidated Party Votes
 - Attachment 2 – DCP 338 Legal Text
 - Attachment 3 – DCP 338 Change Proposal Form
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