

**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 Electricity Supplier Parties and all Metering Points.
- 1.3 The Scheme applies by reference to successive periods of 12 months beginning on [date TBC] (with each 12-month period forming a “Scheme Year”). The first Scheme Year will commence on [date TBC].
- 1.4 The Scheme is concerned with the completion of investigations of leads provided by the TRAS Service Provider or an electricity Distribution Network Operator within a three-month 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 the DCUSA document) being detected as a result of a completed investigation, appropriate remedial steps shall be undertaken to stop the Theft of Electricity from continuing.

2. INVESTIGATION COMPLETION VALUE

- 2.1 The Scheme will be established and operated on the premise that each investigation completed within a three-month timeframe following the provision of a lead to a supplier party by the TRAS Service Provider or an electricity Distribution Network Operator 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.
- 2.2 There will be a requirement on the Secretariat to establish the precise split between the domestic and non-domestic supply sectors but an assumed split will be made of £12.4 million for Investigation Completion Value payments for the domestic sector and £1.6 million for Investigation Completion Value payments for the non-domestic sector.
- 2.3 For future Scheme Years (after SY2), monies in the pot not paid out to supplier parties can be rolled into the following Scheme Year. There will be a requirement for the Secretariat to adjust the Investigation Completion Value by a methodology agreed by the DCUSA Panel after considering any amount rolled over from any previous Scheme Year. The Investigation Completion Value shall be published within 28 days of the commencement of each Scheme Year.

3. INCENTIVE SCHEME POTS

- 3.1 The Scheme will provide the domestic and non-domestic supply sectors with individual incentive scheme pots.

- 3.2 The size of the individual pots for the domestic and non-domestic supply sectors of The Scheme will be set for SY1 as described in section 2.2. of this legal text above unless this is revised by the Secretariat prior to the commencement of SY1. In subsequent Scheme Years, the domestic and non-domestic pots will be calculated individually within 28 days of the commencement of each Scheme Year, based upon the following methodology:

$$(X*Y) - Z$$

Where:

X = The number of Confirmed Thefts detected in the relevant domestic or non-domestic sector during the previous Scheme Year

Y = The Investigation Completion Value relevant to that Scheme Year

Z = Any monies rolled over to the relevant domestic or non-domestic sector pot from any previous Scheme Year

4. REPORTING COMPLETED INVESTIGATIONS

- 4.1 From the start of the Scheme Year, Supplier Parties may report (and subsequently withdraw if necessary) details of investigations completed within three-month timeframe following provision of a lead by the TRAS Service Provider or an electricity Distribution Network Operator and of Confirmed Thefts detected as a result of these.
- 4.2 The DCUSA Panel shall ensure that the TRAS Service Provider provides the Secretariat with details of the number of both investigations completed within the three-month timeframe following provision of these to any supplier by the TRAS Service Provider or an electricity Distribution Network Operator and Confirmed Theft detections reported in a month by each Supplier Party within 10 Working Days of the following month as well as the total number of leads provided to all Supplier Parties by the TRAS Service Provider or an electricity Distribution Network Operator over the same time period.
- 4.3 The Secretariat will produce and send to each participating Supplier Party, the DCUSA Panel and the Authority an anonymised overall Indicative Scheme Summary Report (for each of The Scheme months 1 to 11), within 10 Working Days of the report being sent. 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 participating Supplier Party, the DCUSA Panel and the Authority.
- 4.4 The Indicative Scheme Summary Report will be developed by the Secretariat, but should detail the aggregate number of reported completed investigations for the relevant Scheme month for each Supplier Party against the number of leads provided by the TRAS Service Provider or an electricity

Distribution Network Operator, as well as the aggregate number of Confirmed Theft detections recorded for that Supplier Party, within each market sector and the cumulative number of reported completed investigations and of Confirmed Theft detections recorded by all Supplier Parties for each market sector for the Scheme Year to date.

- 4.5 The Secretariat shall advise each participating Supplier Party of their individual identifier within the anonymised Indicative Scheme Summary Report. The Supplier Party identifiers will also be provided to the Authority.
- 4.6 To be eligible for inclusion within The Scheme, any investigations completed within the three-month timeframe and any Confirmed Theft detections resulting from these confirmed within a calendar month must be provided to the TRAS Service Provider by the 5th Working Day after the 5th calendar day of the second month after the date when the investigation was completed. This will ensure that Supplier Parties report completed investigations and resulting theft detections in a consistent and timely manner.
- 4.7 Any completed investigation reports not issued in accordance with section 4.6 of this legal text above will be excluded from The Scheme. It will not be possible for late investigation reports to be presented in any following Scheme Year as only investigations completed within the specified start and end dates of the Scheme Year will be eligible.
- 4.8 The DCUSA Panel shall ensure that the TRAS Service Provider provides the Secretariat with an annual report, detailing the number of completed investigations and Confirmed Thefts reported by each participating Supplier Party in accordance with section 4.6 of this legal text above for each Scheme Year as well as the number of leads provided to that Supplier Party by the TRAS Service Provider or an electricity DNO, within 60 calendar days of the end of a Scheme Year.
- 4.9 The Secretariat will issue an anonymous overall final report (the “Scheme Year Summary Report”, within 80 calendar days after end of each Scheme Year, to each participating Supplier Party, the DCUSA Panel and The Authority, detailing the total number of investigations completed within the three-month timeframe against the total number of leads provided by the TRAS Service Provider or an electricity DNO along with the number of Confirmed Theft Detections resulting from these leads for each Supplier Party within each market sector and the cumulative number of completed investigations against the cumulative number of leads provided by the TRAS Service Provider or an electricity DNO to all Supplier Parties for each market sector, for the whole Scheme Year.

5. DEBITS AND CREDITS

- 5.1 The Secretariat will be responsible for the calculation of final payments resulting from The Scheme, using the information provided within the Scheme Year Summary Report.
- 5.2 All debits and credits associated with the relevant Scheme Year will be calculated by the Secretariat based on the total number of investigations completed within the three-month timeframe for each Supplier Party resulting from leads provided by the TRAS Service Provider or an electricity DNO against the total number of leads provided by the TRAS Service Provider or an electricity DNO to each Supplier Party.
- 5.3 This will be done for each supplier using the following formula for both the domestic and non-domestic incentive pots:

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

Where:

X is the total value of the incentive pot for the relevant domestic or non-domestic sector for the relevant scheme year;

SIC is the total number of investigations completed within the three-month timeframe and reported in accordance with Section 4 of this legal text by that Supplier Party in relation to the relevant domestic or non-domestic sector during the relevant Scheme Year;

TIC is the total number of investigations completed within the three-month timeframe and reported in accordance with Section 4 above of this legal text by all Supplier Parties in relation to the relevant domestic or non-domestic sector during the Relevant Scheme Year;

SLP is the total number of leads provided to that Supplier Party by the TRAS Service Provider or an electricity Distribution Network Operator in relation to the relevant domestic or non-domestic sector during the relevant Scheme Year;

TLP is the total number of leads provided to all Supplier Parties by the TRAS Service Provider or an electricity Distribution Network Operator in relation to the relevant domestic or non-domestic sector during the relevant Scheme Year.

Example: Supplier A, a supplier active in the domestic sector, completes 500 investigations within the relevant three-month time-period out of a total of 15000 investigations completed within the relevant three-month time period by all suppliers within that sector over the duration of the Scheme Year. It received 600 leads and 20000 leads were received by all Supplier Parties in that sector.

(11200000(500/15000)) - (11200000*(600/20000)) = 37333.33. Therefore, Supplier A received 3% of all leads issued for that sector but completed 3.33%*

of all investigations within the three-month timeframe for that sector and thus receives a credit payment of £37333.33.

Supplier B, a supplier active in the non-domestic sector, completes 20 investigations within the relevant three-month time-period out of a total of 450 investigations completed within the relevant three-month time period by all suppliers within that sector over the duration of the Scheme Year. It received 60 leads and 500 leads were received by all Supplier Parties in that sector.

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

- 5.4 Once calculated, notification of the relevant debit and credit values will be communicated to each individual Qualifying Supplier Party by the Secretariat, within 80 calendar days following the end of each Scheme Year.
- 5.5 A “Qualifying Supplier Party” is a Supplier Party who has been active in the market throughout the whole Scheme Year, i.e. 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.
- 5.6 Payments will be made by the Secretariat via existing Supplier Party invoicing arrangements. All debit invoices issued under The Scheme will be subject to the normal DCUSA payment terms as set out in Clause 8 of the DCUSA Agreement. Credits to eligible Supplier Parties will be issued as soon as reasonably practicable, following the receipt of payment of Scheme debits.
- 5.7 Non-payment of Scheme debit invoices will be treated in the same manner as the non-payment of DCUSA invoices with the same sanctions being applicable. Notification of non-payment will also be reported to the Authority for information.
- 5.8 Arrangements should be such that DCUSA Ltd is never faced with a financial deficit associated with The Scheme but credits can start to be issued prior to collection of 100% of all Scheme debits.
- 5.9 The issuing of credits from the Scheme should be done in such a way as to not discriminate between Supplier Parties. This should be achieved by paying out the proportion of The Scheme credits to all eligible Supplier Parties commensurate to the proportion of Scheme debits received at that time.

6. GENERAL

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

