



DCUSA Consultation

DCP 267 – Introduction of a New Definition for 'Confirmed Theft'

DCP 267 seeks to introduce a definition for Confirmed Theft under DCUSA to ensure consistency across Suppliers in submitting confirmed theft detections under the Theft Risk Assessment Service (TRAS). This document presents a consultation for DCP 267 and invites all parties to respond on the proposed change by the **08 July 2016**.

PURPOSE

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors, electricity Suppliers and large Generators. Parties to the DCUSA can raise Change Proposals (CPs) to amend the Agreement with the consent of other Parties and (where applicable) the Authority.
- 1.2 This document is a consultation issued to all DCUSA Parties, interested third parties, and the Authority in accordance with Clause 11.14 of the DCUSA seeking industry views on DCP 267 'Introduction of a new definition for 'Confirmed Theft'.
- 1.3 Parties are invited to consider the proposed legal drafting set out in Attachment 2 to this document and submit comments using the response form provided as Attachment 1 to DCUSA@electralink.co.uk by **08 July 2016**.

2 BACKGROUND

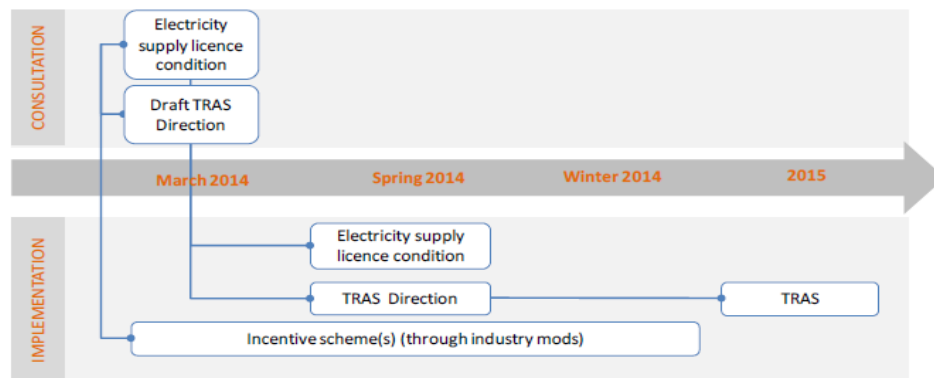
Theft Detection Incentive Scheme Discussions

- 2.1 The principles for a gas theft detection incentive scheme were set out by Ofgem within their decision document titled '*Tackling gas theft: the way forward*' published on 26th March 2012¹. On page 29 of this decision document Ofgem suggests applying the same principles to the electricity industry to address "*the differing incentives between gas and electricity network operators to reduce losses*".
- 2.2 In March 2014 an Ofgem consultation titled '*Tackling Electricity Theft – the Way Forward*'² suggested that it expected electricity industry parties to raise a mod to introduce an incentive scheme (please see the Ofgem '*Summary of the Proposed Implementation Timeline*' diagram below). This paper also sets out the principles for an electricity theft Detection incentive scheme.

¹ https://www.ofgem.gov.uk/sites/default/files/docs/2012/03/tackling-gas-theft-decision%281%29_1.pdf

² <https://www.ofgem.gov.uk/publications-and-updates/tackling-electricity-theft-%E2%80%93-way-forward>

Figure 2 - Summary of the proposed implementation timeline



2.3 In the May 2014 decision letter Ofgem states *“In our March 2014 Decision document.....we set out principles for an incentive scheme for electricity suppliers and support for other complementary measures to improve the arrangements for tackling electricity theft. We urge parties to implement these measures as early as possible to deliver benefits for consumers”*. Ofgem has since advised they would like to see an electricity incentive scheme in place but want the position in gas to be clarified first.

2.4 Supply Point Administration Agreement (SPAA) CP14/268 ‘Introduction of the gas theft detection incentive scheme’ was approved by Ofgem on 26 October 2015³. The gas theft incentive applies to all licenced Gas Suppliers. For the first two years of the scheme, the theft target is 6,000 theft detections per year. It is proposed that in future years, the TRAS provider will be responsible for establishing the theft targets. For the theft detection incentive scheme to be implemented a definition of what constitutes ‘Confirmed Theft’ needs to be agreed and incorporated in to the SPAA code.

DCUSA Schedule 25 Theft Risk Assessment Service

2.5 A Theft Risk Assessment Service provider was procured by the electricity and gas industry to analyse Supplier data to assess the risk of electricity theft at consumer premises. In DCUSA Schedule 25 ‘Theft Risk Assessment Service’ appendices, Suppliers provide specified data in the template spreadsheets to the TRAS provider. This includes monthly consumption data and historic data for the suspected theft cases. The outcome of

³ https://www.ofgem.gov.uk/sites/default/files/docs/2015/10/cp14-268d_0.pdf

investigation code field in these template spreadsheets contains the term 'Confirmed Theft'.

- 2.6 This change has been raised to ensure that the evidence that 'Confirmed Theft' is based on is the same for Parties to the DCUSA and SPAA codes. Furthermore, it will put in place a definition that would be compliant with an electricity theft detection incentive scheme being proposed.

3 DCP 267 INTRODUCTION OF A NEW DEFINITION FOR 'CONFIRMED THEFT'

- 3.1 DCP 267 has been raised by British Gas and seeks to introduce a definition for Confirmed Theft under DCUSA to ensure consistency across Suppliers in submitting confirmed theft detections under TRAS.

4 WORKING GROUP

- 4.1 The DCUSA Panel established a DCP 267 Working Group which consists of DNO, Supplier and Ofgem representatives.

5 ASSESSMENT AGAINST THE DCUSA OBJECTIVES

- 5.1 The Working Group reviewed the CP against the DCUSA Objectives and agree that DCP 267 better facilitates DCUSA General Objective 4⁴.
- 5.2 DCUSA General Objective 4 is better facilitated as this change will help to ensure the effective operation of TRAS arrangements by providing Suppliers with a consistent definition of what constitutes a confirmed theft detection.

6 LEGAL DRAFTING

- 6.1 DCP 267 introduces a new definition for Confirmed Theft in to Section 1A:

Confirmed Theft	means that a Supplier, Distributor or Revenue Protection Agent (as applicable) reasonably determines that, on the balance of probabilities and
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⁴ 4 The promotion of efficiency in the implementation and administration of this Agreement

	<p>taking into account all of the evidence then available, one or more instances of Theft of Electricity has occurred. A Party may not make such a determination unless it has sufficient evidence to substantiate the occurrence of Theft of Electricity. Such evidence must include (as a minimum): (a) (where applicable) an indication of theft via a desktop review of consumption levels; and (b) a report of a site visit where access was successful; and (c) photographic evidence (or sketch) of the theft including an illegal connection/bypass or meter tamper; and (d) a determination of the value of electricity stolen; and (e) (where available) a police report or crime reference number.</p>
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- 6.2 The Working Group is interested in Parties views on the proposed legal drafting included as Attachment 2.

7 IMPLEMENTATION

- 7.1 The proposed implementation date for DCP 267 is the 03 November 2016 on the same implementation date as the equivalent Supply Point Administration Agreement (SPAA) Change Proposal (CP).

8 CONSULTATION

- 8.1 The Working Group is seeking views on the below questions:
1. Do you understand the intent of DCP 267?
 2. Are you supportive of the principles of DCP 267?
 3. Do you have any comments on the proposed legal text?
 4. Do you have any comments on the five guidelines set out in options (a) to (e) in the 'Confirmed Theft' definition?
 5. Which DCUSA General Objectives does the CP better facilitate? Please provide supporting comments.

1. The development, maintenance and operation by each of the DNO Parties and IDNO Parties of an efficient, co-ordinated, and economical Distribution System.
 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.
 3. The efficient discharge by each of the DNO Parties and IDNO Parties of the obligations imposed upon them by their Distribution Licences.
 4. The promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it.
 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.
 6. It is proposed that DCP 267 be implemented on the 03 November to align with the equivalent SPAA CPs implementation date. Do you have a preference on the date that DCP 267 is implemented into the DCUSA?
 7. Are you aware of any wider industry developments that may impact upon or be impacted by this CP?
 8. Are there any alternative solutions or unintended consequences that should be considered by the Working Group?
- 8.2 Responses should be submitted using Attachment 1 to DCUSA@electralink.co.uk no later than **08 July 2016**.
- 8.3 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.

9 NEXT STEPS

- 9.1 Responses to the Consultation will be reviewed by the DCP 267 Working Group. The Working Group will then determine the progression route for the CP.
- 9.2 If you have any questions about this paper or the DCUSA Change Process please contact the DCUSA Help Desk by email to DCUSA@electralink.co.uk or telephone 020 7432 3017.

10 ATTACHMENTS

Attachment 1 – DCP 267 Consultation Response Form

Attachment 2 – DCP 267 Draft Legal Text

Attachment 3 – DCP 267 Change Proposal