



## **DCUSA CHANGE REPORT**

### **DCP 225 - Theft Risk Assessment Service – Party Obligations**

## 1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA, and details DCP 225 – Theft Risk Assessment Service - Party Obligations. The voting process for the proposed variation and the timetable for the progression of the Change Proposal (CP) through the DCUSA Change Control Process is set out in this document.
- 1.2 Parties are invited to consider the proposed amendment (Attachment 2) and submit their votes using the Voting form (Attachment 3) to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) by **13 May 2015**.

## 2 BACKGROUND AND SUMMARY OF DCP 225

- 2.1 In January 2013 the Authority directed Gas Suppliers to implement a central Theft Risk Assessment Service (TRAS) to assess the risk of gas theft at consumer premises to help target theft investigations. In July 2014 the Authority extended the TRAS requirements to electricity and placed the same Licence Condition on Electricity Suppliers. Both Electricity and Gas Suppliers therefore need to have an operational TRAS in place by 26 February 2016.
- 2.2 The specific wording added to the Supply Licences was included in Licence Condition 12.A.7 – 12.A.10 which states that licensee's must:

*be a party to, comply with, and maintain such arrangement to give effect to the Objective, as the Authority may direct (the "Theft Arrangement").*  
*The licensee:*

*(a) must take such steps as are necessary and within its reasonable control; and*

*(b) must not take any unreasonable steps to prevent or delay, to ensure that the Theft Arrangement is implemented by such a date as the Authority may direct.*

*The licensee must take all reasonable steps to secure and implement changes required by the Theft Arrangement and its systems, procedures and processes which are necessary to give full, timely and practical effect to the Theft Arrangement.*

*The licensee must take all reasonable steps to cooperate with other license holders where necessary, to facilitate the achievement of the Theft Arrangement.*

- 2.3 The TRAS requires a governance structure to allow it to be amended, and for compliance to be assured. The DCUSA and SPAA have been identified as appropriate homes for the

electricity and gas obligations respectively. This CP (and the associated SPAA CP 15/292) will therefore facilitate the introduction of the TRAS and allow parties to meet their Licence obligations.

- 2.4 A dual fuel TRAS Working Group has been established to procure a TRAS Provider and oversee the implementation of the TRAS. The TRAS procurement plan anticipates that the contract with the appointed TRAS Provider will be signed in May 2015. In line with this procurement plan, a preferred bidder was selected by the SPAA Executive Committee (EC) and the DCUSA Panel in February 2015. Negotiations with the preferred bidder are ongoing and the expectation is that the SPAA EC and DCUSA Panel will be in a position to sign the TRAS Contract in May 2015.
- 2.5 DCP 225 and SPAA CP15/292 have been raised by British Gas to incorporate the TRAS requirements into the DCUSA and SPAA. The DCUSA CP introduces a new DCUSA Schedule which will include details of the service to be provided by the TRAS Provider; and the rights and obligations of DCUSA Parties in relation to the TRAS. Within SPAA, a skeleton Schedule 34 Theft Risk Assessment arrangements has already been created and implemented under SPAA CP12/226, therefore the intention of the SPAA CP is to populate this Schedule with details of the agreed TRAS solution.
- 2.6 At their January 2015 meetings, the DCUSA Panel and SPAA EC both noted that the timescales for progressing the TRAS CPs are tight as the CPs must be implemented prior to the TRAS Contract being signed by DCUSA Ltd and SPAA Ltd, currently scheduled for May 2015. Failure to meet this implementation date would lead to a delay in signing the TRAS Contract, which may impact the ability of the TRAS Provider to implement the TRAS by February 2016 as set out in the Ofgem Direction. However, the full content of the CPs was not known until the TRAS preferred bidder was identified at the end of February 2015. The DCUSA Panel and SPAA EC therefore agreed that the TRAS CPs should be progressed as urgent changes.

### **3 WORKING GROUP**

- 3.1 The DCUSA Panel and SPAA EC directed that the dual fuel TRAS Working Group assess and develop the DCUSA and SPAA CPs. Meetings were held in open session and other interested DCUSA and SPAA Parties were able to participate in the assessment of the CPs.
- 3.2 The Working Group developed a consultation document (Attachment 4) to gather information and feedback from market participants.

### **4 DCP 225 CONSULTATION**

- 4.1 The DCP 225 consultation was issued on 2 March 2015 for a period of two weeks and there were 16 responses received.
- 4.2 A summary of the responses received, and the Working Group's conclusions, are set out below. The full set of non confidential responses and the Working Group's comments are provided in Attachment 5. All responses, including those marked as confidential, will be provided to Ofgem as part of the final Change Declaration.

#### **Question 1 - Do you understand the intent of the CP?**

- 4.3 The majority of respondents agreed that they understood the content of the CP.
- 4.4 One respondent proposed that Appendix 2 containing the Supplier Data should be removed from the CP and progressed as a separate change. This had been discussed at the meeting on 19 March and the group agreed that the data items would need to be included in the CPs as Parties would not support the CP without having visibility of the required data items.
- 4.5 One respondent raised concerns regarding the scale of the proposed solution and suggested that a phased implementation approach should be adopted. The group discussed the concept of a phased implementation further - see section 5 below.

#### **Question 2 - Do you agree that the TRAS Provider responsibilities as set out in the legal drafting allow you to meet your TRAS related Licence obligations. If no, please provide your detailed rationale?**

- 4.6 The majority of respondents agreed that the TRAS Provider responsibilities as set out in the legal drafting allows them to meet their TRAS related Licence obligations, although

some respondents referred to later questions where they raised comments in relation to the data items or the legal drafting.

- 4.7 One respondent raised a number of concerns regarding data security and the data protection provisions. It was noted that visibility of the TRAS Contract provisions should provide comfort to Suppliers that appropriate provisions are in place.

**Question 3 - Do you have any concerns regarding the 30 June 2015 deadline for the initial submission of historic Supplier Data and/or theft investigation data?**

- 4.8 The majority of respondents expressed concerns regarding the 30 June 2015 deadline.
- 4.9 It was noted that there was not sufficient lead time to enable the data to be extracted from Supplier systems and sent to the TRAS Provider. In addition June 2015 is a busy time for gas Suppliers preparing for the implementation of Project Nexus.
- 4.10 Concerns with the June 2015 deadline were raised with the preferred bidder who confirmed that delaying date for the initial data feed would have a consequential impact on the TRAS implementation date. Data is required by June 2015 so that the TRAS solution can be developed and implemented in February 2016. The initial feed of consumption data will be used to create estimated consumption data. This will then be compared against the monthly consumption data fed into the system from November to determine outliers for further investigations. The other data included in the initial feed will be used to develop a risk scorecard. Historic theft information will be used to validate the methodology.
- 4.11 The group had further discussions regarding the timescales for provision of the initial data set - see section 5 below.

**Question 4 – Do you have any comments regarding the specific data items that Suppliers are required to provide as set out in Appendix 2 of the legal drafting?**

- 4.12 A number of consultation respondents highlighted concerns regarding the data items included in Appendix 2 of the legal drafting. Two workshops were arranged with the preferred bidder on the 26 March and the 1 April 2015. All SPAA and DCUSA Parties were invited to participate, plus I&C Suppliers who are not currently SPAA Parties. During the workshops the preferred bidder explained the justification for the each of the data items

and the group categorised data items as mandatory or preferred. A revised set of data items have been included in Appendix 2 of the legal drafting. The group had further discussions regarding the required data items - see section 5 below.

- 4.13 The group noted that a few responses would not be covered at the data workshop and therefore agreed a response to these as follows:
- 4.14 One respondent suggested adding Unique Property Reference Number (UPRN) to the list of data items. The group concluded that this was not appropriate as UPRN was not used consistently throughout the industry. It was noted that this could potentially be added at a later stage if it was deemed to be useful.
- 4.15 One respondent suggested that any data stored in free formatted character fields should be exempt, as although the data is collected, the data could not be automatically harvested and sent to data protection standards in terms of accuracy etc. The group agreed that paragraph 8 of the legal drafting should be amended to clarify that Suppliers should use reasonable endeavours to provide the data listed in Appendix 2, where this is not stored in an appropriate format it does not need to be submitted.
- 4.16 One respondent proposed that a data group be established to agree, with the TRAS Service Provider, a reduced sample data subset which can be used to prove the value of the data to the TRAS solution. The group acknowledged that there will be discussion with the TRAS Provider regarding the data items at the data workshop. There will also need to be a process for ongoing assessment of data items and this could fall under the governance of a TRAS data sub-group. However, the establishment of a data sub group should not be specified within the CP.
- 4.17 One respondent stated that Suppliers need to be satisfied that the transfer and storage of their data is totally secure and cannot be lost or appropriated for uses other than for provision of the TRAS service. The group agreed that concerns regarding data security and retention should be addressed with visibility of the TRAS Contract provisions.
- 4.18 A number of respondents queried the requirement to provide stolen meter data, specifically questioning the relevance of stolen meter information in the detection of

energy theft. The group noted that historically information on stolen meters was beneficial, however, this is no longer the case. The information could potentially highlight instances of persistent stealing of meters to hide energy theft, however, the group felt that this was an infrequent event. The group agreed that the requirement on Suppliers to submit the Stolen Meter File should be removed from the legal drafting.

**Question 5 - Do you have any comments regarding the proposed approach to agreeing file formats for the submission of the data that Suppliers are required to provide?**

- 4.19 A number of respondents noted that the legal drafting provides Suppliers with some flexibility to agree the specification with the TRAS Provider. Questions were raised regarding the process and timescales for agreeing the formats. The group noted that the preferred bidder is planning to produce a programming manual which will sit outside the Codes. This will specify the preferred formats for the submission of data. The preferred bidder will work with any Supplier unable to meet the preferred requirements.

**Question 6 - Do you have any comments regarding the monthly/quarterly requirements to provide data to the TRAS Providers?**

- 4.20 Those respondents who commented on this question generally requested clarity over whether a full refresh of data is required on a monthly basis or whether Suppliers can provide deltas. Those respondents who expressed a preference generally requested that a full refresh should not be required each month.
- 4.21 Following the data workshops, the preferred bidder has explained that a full refresh of data is required on a monthly basis. Whilst Suppliers have raised concerns regarding the volume of data required, it was acknowledged that provision of a full refresh would be a more robust solution as it would be clear whether any fields had been intentionally left blank, and errors one month would be picked up in the full refresh in subsequent months. The group agreed that the requirement on Suppliers to provide a full refresh of data each month should be clarified within the legal drafting.
- 4.22 One respondent requested that the date for submission of data be moved to mid month as Suppliers already have intensive data processing requirements at month start and month end. The preferred bidder confirmed that this was possible. The group agreed

that the legal drafting should be amended to clarify that data should be based on the position at the end of the 5th **calendar** electricity/gas day each month. Suppliers should have 5 **working** days to provide this data to the preferred bidder.

**Question 7 - Do you have any comments regarding the requirements relating to the submission of theft information?**

- 4.23 A number of consultation respondents highlighted concerns regarding the lack of clarity around the data that should be submitted in relation to theft investigations. The requirements were discussed at the data workshops and Appendix 2 of the legal drafting has been updated to include the required data items.
- 4.24 One respondent stated that it is unclear how information that may assist the Distributor meeting its Licence Obligations will be provided from the Supplier to the Distributor. The group noted that the provision of information regarding suspected theft from the Supplier to the Distributor will continue as per the current business as usual process. The wording within the Ofgem TRAS Direction envisages a direct relationship between the TRAS Provider and Distributors. However, this was not included in the initial list of requirements for the TRAS, and is therefore not in the scope of the service being delivered in February 2016. The only communication between the TRAS Provider and Distributors will be in relation to a Category A tip off where safety issues have been highlighted. Other communication with Distributors could be added to the scope of the TRAS as an 'additional service' at a later stage.

**Question 8/9 - Do you have any comments on the proposed DCUSA/SPAA legal text in attachment 2?**

- 4.25 Comments relating to the legal text were discussed at the meeting on the 19 March 2015 and the group provided responses to each on the points raised at that time. These responses are included in Appendix 4.
- 4.26 A number of changes to paragraphs 1 - 7 of the legal drafting were agreed:
- Minor changes to the definitions;
  - Changes to the obligations on Supplier regarding their terms and conditions with customers; and



- Changes relating to the data sharing provisions to ensure that the TRAS Provider cannot use data for purposes other than TRAS.

4.27 In addition a number of changes were agreed in relation to the Supplier responsibilities in paragraph 8 to reflect the group's discussion on the provision of data as set out in section 5 below.

4.28 The group noted that concerns relating to the flow down provisions would be addressed if Suppliers had visibility of the TRAS Contract provisions. The group had further discussions regarding the TRAS Contract provisions - see section 5 below.

**Question 10 - Do you consider that the proposal better facilitates the DCUSA objectives? Please provide your rationale?**

4.29 The group noted that within the consultation document they highlighted DCUSA Objectives 1 and 2 as being impacted by the CP. Consultation respondents were broadly in agreement that Objectives 1 and 2 were the relevant Objectives. However, views differed on whether these Objectives were better facilitated due to concerns regarding the data items and the cost of implementing the solution which could outweigh the cost savings associated with a greater level of theft detection.

**Question 11 - Do you consider that the proposal better facilitates the SPAA objectives? Please provide your rationale?**

4.30 The group noted that within the consultation document they highlighted SPAA Objective d as being impacted by the CP. Consultation respondents were broadly in agreement that Objective d was relevant Objective. However, views differed on whether Objective d was better facilitated due to concerns regarding the data items and the cost of implementing the solution which could outweigh the cost savings associated with a greater level of theft detection.

4.31 As suggested by two consultation respondents, the group agreed that SPAA Objective f 'Securing compliance with standard condition 12A of the Gas Suppliers Licence [Matters relating to Theft of Gas]' was also relevant for CP15/292 and would be better facilitated by the proposed solution.

**Question 12 - Do you agree with the proposed implementation date of 18 May 2015?**

4.32 Respondents generally agreed with the proposed implementation date, although a

number took the opportunity to re-iterate concerns regarding the clarity of data items and the 30 June 2015 deadline for submitting historic data.

- 4.33 In addition, one respondent stated that considering the magnitude of undertaking that will be required by Suppliers, they do not feel that they have had appropriate time to fully consider the implications. The group noted that the consultation period had been increased by a week to address concerns with the initial timetable agreed by the SPAA EC and DCUSA Panel. However, they agreed that this comment was reasonable given the Code Administrator Code of Practice recommends a 3 week consultation period. The group noted that Suppliers have a Licence requirement to implement the TRAS by February 2016 and the timetable for assessing the CPs had been created to enable the TRAS solution to be implemented by this date. Additional time has also been included after the consultation period to engage with the preferred bidder and further assess the data requirements.
- 4.34 The group concluded that the CPs should be implemented as soon as possible after the Authority decision is received to enable the SPAA EC and DCUSA Panel to sign the TRAS Contract.

**Question 13 - Do you have any other comments?**

- 4.35 A number of comments were raised relating to the data items and visibility of the contract which have been covered elsewhere. In addition the following specific points were discussed:
- 4.36 One respondent noted that the solution was too elaborate and therefore costly. In response the group noted that the solution had been developed and proposed by the preferred bidder. This had been evaluated by the Evaluation Panel and a decision regarding preferred bidder had been taken based on the proposed solution and the associated costs. It was noted that the costs had not been shared with industry, although a budget amendment was expected to be issued to SPAA and DCUSA Parties shortly.
- 4.37 Two respondents noted that the current funding principle does not cover situations where parties accede to the Codes after the TRAS Contract start date, particularly I&C Gas Suppliers who are not currently SPAA Parties. It was noted that a separate CP (CP15/295)

has been raised to address this concern. CP 15/295 was voted on at the 16 April 2015 Change Board meeting. The solution was accepted and the SPAA Change Declaration has been issued to the Authority for consent.

- 4.38 One respondent noted that there isn't a process to escalate issues where a Supplier fails to provide historic data to the detriment of the overall system. The group agreed that the overall impact on the TRAS solution would need to be taken into account if a party applies for a derogation, and any breaches to the Codes will be escalated through the standard breach and default procedures.
- 4.39 One respondent stated that they require more detail about the data sharing agreements / licence arrangements. Whilst it was noted that visibility of the contract principles may address some concerns, there would need to be interaction between Suppliers and the preferred bidder with regards to data protection.
- 4.40 One respondent stated that they will not be able to provide the historic data until the data sharing agreement is in place. The preferred bidder has clarified that a data sharing agreement is not required as Suppliers will not have visibility of data relating to other Suppliers' customers.
- 4.41 One respondent raised concerns that the volume of qualified outliers produced could be unmanageable. The group noted that the solution allows each Supplier to limit the number of qualified outliers for investigations e.g. a Supplier could only take the top 10% of qualified outliers based on risk scores. This would also enable the most economic approach to developing the value and accuracy of the risk scores in accurately identifying theft.
- 4.42 One respondent raised concerns that the provisions laid out in the SPAA CP have made an assumption that the I & C parties, who are not currently subject to SPAA, will be subject to the same schedules as existing SPAA parties. The group noted that a SPAA Working Group has been established to consider the requirements for accession of I&C TRAS Only Suppliers. This working group has produced a CP which should be issued in the April Change Pack.

- 4.43 One respondent stated that they would like to see more clarity as to how the Joint sub-committee will be constituted and its Terms of Reference and authority in relation to managing the TRAS Provider. The group noted that the legal drafting includes a high level reference to joint working arrangements with sub-committees established in SPAA and DCUSA. As the TRAS Contract is a tripartite agreement between the TRAS Provider, SPAA Ltd and DCUSA Ltd then the SPAA EC and DCUSA Panel will be responsible for decisions made in relation to the contract. The Terms of Reference for the sub committees will be developed during the TRAS implementation phase.

## **5 Key Issues Raised Discussed by the Working Group**

- 5.1 A significant number of issues and observations were raised by industry members during the consultation and these focused on three areas:

- The data items Suppliers will be required to provide as set out in Appendix 2 of the legal drafting;
- The requirement to provide the initial data feed by the end of June 2015; and
- The need for Suppliers to have visibility of the TRAS Service Provider Contract provisions.

### **Data Items**

- 5.2 A number of consultation respondents raised concerns regarding the clarity of certain data items, the operational justification for certain data items and the potential size of the files to be submitted. Two data workshops were arranged with the preferred bidder on the 26 March and the 1 April 2015. All SPAA and DCUSA Parties were invited to participate, along with I&C Suppliers who are not currently SPAA Parties. During the workshops the preferred bidder explained the justification for each of the data items and the group categorised data items as mandatory or preferred.
- 5.3 Following the data workshops, further TRAS CP Working Group meetings were held to agree the final set of data items. It was noted that a reduced set of 'mandatory' data items had been agreed through the data workshop, together with a further set of

'preferred' data items.

- 5.4 The group proposed that only the mandatory data items should be provided within the initial data set (the provision of preferred data items would be optional at this stage). For the ongoing monthly data feeds, both the preferred and mandatory data items would be required.
- 5.5 The preferred bidder was asked to explain the impact of this approach and confirmed that removing the preferred data items from the initial data feed would not stop development of the theft ranking scorecard. However, it is likely to dilute the quality of the outliers being produced in February 2016. In addition, delivery of a redeveloped scorecard will be required in 2016 which will incur additional costs.
- 5.6 Whilst noting the impact on the quality of the outliers and the potential costs incurred in redeveloping the scorecard, the group agreed that delaying the submission of preferred data items would be preferable.
- 5.7 However, even with a reduced set of mandatory data items, some Suppliers still had concerns regarding their ability to meet the requirements. To address concerns that Suppliers had regarding specific mandatory data items, the group agreed that the legal text should clarify the requirement for Suppliers to use all reasonable endeavours to provide data. If they are unable to provide a specific data item then an alternative should be provided following discussion with the TRAS Service Provider. For example some Suppliers were unable to provide the required consumption data. Instead, they proposed to submit Estimated Annual Consumption/ Annual Quantity data as an alternative. The group also agreed that if data is not stored in an easily accessible format, then the Supplier will not be required to submit it. For the avoidance of doubt, it was agreed that where mandatory or preferred data items are not stored by the Supplier, there is currently no requirement for Suppliers to start storing these.
- 5.8 **The Working Group concluded that only the mandatory data items in Appendix 2 should be provided in the initial data set. Provision of the preferred data items would be optional at this time.**

- 5.9 **In addition, the Working Group agreed that both the mandatory and preferred data items would be required for the ongoing monthly data feeds.**

**June 2015 Initial Data Feed**

- 5.10 The view from consultation respondents was that based on the current data items it would be very challenging to provide the data by this deadline.
- 5.11 As highlighted above two data workshops were arranged with the preferred bidder on the 26 March and the 1 April 2015. The outcome of these workshops and the subsequent Working Group discussions was a reduced list of mandatory data items which should be submitted within the initial data set and a list of preferred data items which could be submitted in the initial data set, but would not be mandated until the ongoing monthly feeds.
- 5.12 It was also clarified that rather than submitting 12 months historic data, Suppliers would only be required to provide, for a Supplier's current live portfolio, all the data items on the Supplier data items spreadsheet but containing only the most recently produced annual consumption data and any data items that relate to that annual consumption. (e.g. meter serial number, customer account number etc.)
- 5.13 Based on this position, Suppliers who attended the workshops were asked to confirm whether they would be able to provide the mandatory data items by 30 June 2015. Suppliers confirmed that the June date would be challenging. However, there were some Suppliers who believed they could meet this deadline for most of the mandatory data items, with alternatives provided where the actual data item was not available. Some Suppliers specified a preference for provision of data by 31 July 2015 or 31 August 2015 to ensure a full set of data is provided.
- 5.14 The group discussed what would be the most appropriate date for inclusion in the CP. It was noted that including a date that was not feasible for a number of Suppliers could result in the CP being rejected. However, delaying the initial submission of data would delay the implementation of the overall TRAS solution, with associated cost implications.

The group did not believe this was necessary, given that some Suppliers are able to meet the June 2015 deadline. As a compromise the group agreed that the initial submission of data should be required between 30 June 2015 and 31 July 2015. Where Suppliers can provide the data early then this should be provided early in July 2015 to allow the TRAS Service Provider to start its development activities.

- 5.15 Whilst the group agreed that it was important to receive as much data as possible within this initial data set, it was acknowledged that some Suppliers would may be able to meet the required deadline and may need to apply to the SPAA EC and/or the DCUSA Panel for a derogation.
- 5.16 The Working Group also discussed the requirement to provide ongoing monthly data feeds from November 2015. It was suggested that this date could also be delayed to ensure that all the required data is provided and prevent potential clashes with other industry developments such as Project Nexus. The group noted that a number of Suppliers had stated that they required 6 month lead time for the system changes required to deliver this ongoing data feed which was consistent with standard system development timescales. Based on the urgent timescale for progressing the TRAS CPs, the Authority decision is anticipated to be in May 2015. Therefore provision of the ongoing monthly data feeds from November 2015 was acceptable.
- 5.17 **The Working Group concluded that the initial data feed should be provided by Suppliers between 30 June 2015 and 31 July 2015. In addition, the monthly ongoing data feeds should be provided from November 2015.**
- 5.18 **It was noted that this would impact the delivery timescales, therefore a fully functioning TRAS would not be available until March 2016. However, the Working Group believe that the solution in place by February 2016 will allow Suppliers to meet their TRAS Licence Condition.**

#### Supplier Review of the TRAS Service Provider Contract Provisions

- 5.19 Consultation respondents identified that a number of TRAS Contract provisions had been referenced in the SPAA and DCUSA drafting, for example data security, IPR arrangements,

liabilities and indemnities, and that Suppliers would be liable to ensure that SPAA and DCUSA were held harmless in respect of those provisions. The Working Group believed that the concerns raised by Suppliers in relation to these aspects of the legal drafting would be reduced if parties were given visibility of the provisions contained within the TRAS Contract itself.

5.20 The TRAS Contract was still being negotiated with the preferred bidder when the Working Group assessed the CPs. Also the TRAS Contract contains commercially confidential information and therefore the DCUSA Panel and SPAA EC would need to decide whether the TRAS Contract itself could be circulated to SPAA and DCUSA Parties.

5.21 A summary of key commercial principles of material areas such as liabilities, indemnities, licences, IPR arrangements, TUPE etc. was therefore circulated to the Working Group for information. In addition, a meeting with the preferred bidder will be scheduled prior to the initial submission of data to discuss data protection and security concerns.

5.22 **The Working Group concluded that the legal drafting within the TRAS CPs contains sufficient detail, with the TRAS Service Provider's detailed contractual provisions contained in the TRAS Contract.**

5.23 **The Working Group requested that the SPAA EC and DCUSA Panel consider whether certain key provisions from the TRAS Contract should be provided to SPAA and DCUSA Parties.**

## **6 ASSESSMENT AGAINST THE DCUSA OBJECTIVES**

6.1 The Working Group considers that the following DCUSA Objectives are better facilitated by DCP 225:

### **General Objective One – ‘The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks’**

6.2 General Objective One is better facilitated by DCP 225 as reduced theft enables more accurate data about consumption to be utilised by DNOs. More accurate data gives DNOs more opportunity to manage their network in an efficient and economic manner.



**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’**

- 6.3 General Objective Two is better facilitated as the establishment of a TRAS service enables a more efficient and targeted approach to tackling theft of electricity. This more efficient action in tackling theft should reduce costs and therefore help facilitate competition in the supply of electricity.

## **7 DCP 225 - LEGAL DRAFTING**

- 7.1 The proposed legal drafting of DCP 225 has been considered by the Working Group, and reviewed by Wragge, Lawrence, Graham & Co, and is provided as Attachment 2.
- 7.2 The main elements of the legal text can be separated into 3 distinct parts:
- TRAS Service Provider Responsibilities;
  - TRAS Recipient (Supplier) Responsibilities; and
  - Other Provisions e.g. funding, data protection.

### TRAS Provider Responsibilities

- 7.3 The legal text includes high level details of the TRAS Service Provider responsibilities. These have been included in Appendix 1 in sufficient detail to allow DCUSA and SPAA Parties to be able to confirm for themselves that they are meeting their Licence obligations. The legal text in Appendix 1 includes details of the service as set out within the relevant Schedule of the TRAS Contract.
- 7.4 In particular Appendix 1 of the legal text clarifies the process that the TRAS Service Provider will follow to determine qualified outliers and provide these to Suppliers. The Working Group agreed that only a limited number of Suppliers would receive qualified outliers via the TRAS Service Provider's system (the Hunter System). Due to the cost and timescales required to configure each instance of the Hunter System, it was agreed that some Suppliers would not be provided with access to the Hunter System. Instead, these Suppliers will be provided with qualified outliers via the Secure Transfer Service interface.
- 7.5 The Working Group agreed that this was an acceptable alternative for Suppliers who are

expected to receive a low number of qualified outliers. A de-minimus level will be agreed with the TRAS Service Provider, based on the number of registered supply points, to determine which Suppliers are provided with an instance of the Hunter System. This will be based on each Supplier Group receiving a single instance of the Hunter System. Confirmation was received from the TRAS Service Provider that Suppliers who are not provided with access to the Hunter System will not receive a lesser service.

- 7.6 For the avoidance of doubt, the process for determining qualified outliers will be the same for all Suppliers, regardless of whether qualified outliers are provided to Suppliers via the Hunter System or the Secure Transfer Service interface.
- 7.7 Within the legal text there are a number of references to the TRAS Service Provider agreeing the detailed requirements with Suppliers. For example, paragraph 8.1 of the legal text states that 'each Supplier shall take all reasonable steps to agree with the TRAS Service Provider a specification and computer readable format for data files containing the data fields described in Appendix 2'. The TRAS Service Provider has already started to engage with Suppliers and is creating a Programming Manual setting out the preferred data formats. During the implementation phase the TRAS Service Provider is contractually obliged to engage with individual Suppliers to agree the detailed data submission arrangements. In parallel, the TRAS governance body will work to develop and agree change and dispute procedures to ensure there is a link between the relevant Code and the TRAS Contract. The TRAS Contract includes a governance schedule which defines the obligation on the TRAS service provider to work with industry.

#### TRAS Recipient Responsibilities

- 7.8 The obligations on Suppliers relating to the TRAS are based on the submission of data. There are two types of data that Suppliers will be required to provide to the TRAS Provider:
- Data relating to electricity/gas supply customers and supply points; and
  - Data relating to theft investigations.
- 7.9 The legal text includes details of the required data items in Appendix 2 and the submission frequency and format in paragraph 8.

### Other Provisions

7.10 The overall TRAS Contract will be a tripartite contract between the TRAS Provider, SPAA Ltd and DCUSA Ltd. Suppliers, as Service Recipients will not be parties to the TRAS Contract. Therefore the legal text incorporates provisions within the SPAA and DCUSA Codes to ensure that the contractual obligations on SPAA Ltd and DCUSA Ltd flow down via the Codes on to Suppliers. These cover:

- Governance - the legal text includes a high level reference to 'joint working arrangements'. Further detail regarding the governance arrangements has been included within the governance schedule in the TRAS Contract.
- Data Sharing - the legal text includes the principles of data sharing i.e. that each Supplier will be required to feed data into the TRAS and this data will then be used to determine potential qualified outliers in relation to its own customers and in relation to customers that are not within the Suppliers' own portfolio. Also that data provided by one Supplier in relation to a specific property will be used on an ongoing basis, even after the customer has changed Supplier i.e. the TRAS Provider will not have to start collecting data from scratch each time there is a change of Supplier.
- Data Protection - Appendix 1 of the legal text sets out the required data items and provides justification for the use of these data items to cover data protection requirements. In addition, the legal text includes provisions to ensure that DCUSA Ltd and SPAA Ltd as Data Controllers are held harmless for any breaches in data protection; and Suppliers as Data Controllers are protected from breaches by other Suppliers or the TRAS Provider.
- Funding and Re Distribution of Funds - the legal text clarifies that the costs of TRAS will be shared on a 59/41 percent basis between SPAA and DCUSA. Within each Code the TRAS implementation and operational costs will form part of the annual budgeted costs and will be ring fenced so that the costs are recovered from Suppliers only, based on market share of the number of Supply Points.

- Change Process - the standard change processes within both DCUSA and SPAA will apply to TRAS related changes and there will not be a separate process where only Suppliers can raise, assess and vote on TRAS related changes. Therefore the legal text does not include changes to the change process.
- Indemnities and Liabilities - the legal text includes provisions to ensure there is a flow down of liabilities and indemnities from the TRAS Contract into the Codes. For example, there needs to be clarity that where a Supplier breaches a TRAS related obligation and DCUSA Ltd and/or SPAA Ltd is sued for damages, there is a process to allow DCUSA Ltd and/or SPAA Ltd to recover those damages from the breaching party. In addition, provisions are included to ensure DCUSA Ltd and SPAA Ltd are held harmless where a Supplier fails to pay damages as a result of a breach to the TRAS arrangements.
- Performance Assurance - the Ofgem Direction includes an obligation on Suppliers to ensure that a performance assurance report is produced by a person who is fully independent of the interests of the TRAS. This has been included in the legal text as a requirement on the DCUSA Panel and SPAA EC to procure an independent report on the performance of the TRAS.

## 8 ENVIRONMENTAL IMPACT

- 8.1 In accordance with DCUSA clause 11.14.6, the Working Group assessed whether there would be a material impact on greenhouse gas emissions if DCP 225 were implemented. The Working Group did not identify any material impact on greenhouse gas emissions from the implementation of this Change Proposal.

## 9 WORKING GROUP CONCLUSIONS

- 9.1 The DCP 225 Working Group has discussed the proposed amendment to DCUSA. The group **unanimously** agreed that the legal text developed does better facilitate the DCUSA Objectives. The Working Group agreed that the CP should be issued for industry voting.

## 10 ENGAGEMENT WITH THE AUTHORITY

10.1 Ofgem has been fully engaged throughout the development of DCP 225.

## 11 IMPLEMENTATION

11.1 The dual fuel TRAS procurement plan anticipates that the contract with the appointed TRAS Provider will be signed in May 2015. DCUSA Ltd and SPAA Ltd require all TRAS related obligations to be implemented within the Codes before signing the TRAS Contract. Based on the proposed timescales for progressing the TRAS Implementation CPs, the Authority decision is currently expected in May/June 2015. Therefore the proposed implementation date for DCP 225 and SPAA CP 15/292 is 1WD after the Authority decision. Failure to implement the CPs in May 2015 will lead to a delay in signing the TRAS Contract, which may impact the ability of the TRAS Provider to implement the TRAS by February 2016 as required by the Licence obligations.

11.2 It should be noted that Suppliers will not be required to start providing data from the implementation date. The initial submission of data will be required during the implementation phase (30 June - 31 July 2015) and the monthly data feeds will be required from November 2015.

## 12 PANEL RECOMMENDATION

12.1 The Panel approved this Change Report at its meeting on **30 April 2015**. The Panel considered that the Working Group had carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 225.

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

Activity	Date
Change Report issued for voting	01/05/2015
Voting closes	13/05/2015
Change Declaration	14/05/2015
Authority Determination	After 21/05/2015
DCP 225 Implemented	1 WD after the Authority decision

### 13 NEXT STEPS

- 13.1 Parties are invited to consider the proposed amendment (Attachment 1 and 2) and submit their votes using the Voting form (Attachment 3) to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) by **13 May 2015**.
- 13.2 If you have any questions about this paper or the DCUSA Change Process please contact the DCUSA by email to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk).

### ATTACHMENTS

- Attachment 1 – DCP 225 CP Form
- Attachment 2 - DCP 225 Legal Text
- Attachment 2a - DCP 225 Legal Text Appendix 1
- Attachment 2b - DCP 225 Legal Text Appendix 2 Commercial
- Attachment 2c - DCP 225 Legal Text Appendix 2 Residential
- Attachment 3 – Voting Form
- Attachment 4 – DCP 225 Industry Consultation Document
- Attachment 5 - DCP 225 Industry Consultation Responses