

DCUSA CHANGE DECLARATION

DCP 215 'The Inclusion of a Theft Assessment Calculator within DCUSA'

VOTING END DATE: 08 September 2014

DCP 215	WEIGHTED VOTING				
	DNO	IDNO	SUPPLIER	DISTRIBUTED GENERATOR	GAS SUPPLIER
CHANGE SOLUTION	Accept	Accept	Accept	n/a	n/a
IMPLEMENTATION DATE	Accept	Accept	Accept	n/a	n/a
RECOMMENDATION	<p>Change Solution – ACCEPT. In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the change solution was more than 50% in all Categories.</p> <p>Implementation Date – ACCEPT. In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the implementation date was more than 50% in all Categories.</p>				
PART ONE	Part One – Authority Determination Required				

PARTY	DCP 215 SOLUTION	DCP 215 IMPLEMENTATION DATE	WHICH DCUSA OBJECTIVE(S) IS BETTER FACILITATED?	COMMENTS
DNO PARTIES				
Electricity North West Ltd	Reject	Reject	<p>General objective 1 is neutral. We cannot understand how the Proposer believes the “it will help to adjust the reduction in losses caused by unrecorded units as a result make the distribution networks more efficient”. Any such reduction in losses will only occur if such unrecorded units enter settlements. This is the case now and as such this calculator does not change the status quo associated with any such reduction in losses. There is also no evidence to suggest that where such calculator is used it is any better than the existing calculators being used.</p> <p>Also since Appendix 7 of the Revenue Protection Code of Practice (RPCoP contained under Schedule 23 of DCUSA) allows for other options to be used in assessing the unrecorded units so it may never be used and as such cannot better facilitate this objective.</p> <p>General Objective 2 is neutral – there is no impact on competition here.</p> <p>General objective 3 is neutral – we do not believe that the introduction of a calculator will make it more efficient for a distributor to discharge its obligations under the RIIO ED1 Licence, specifically SLC49.</p> <p>It must be remembered that there is no obligation to use the calculator apart from where a decision is made to use a calculation tool. Such a decision also needs the</p>	<p>There may well be merit in having a common assessment calculator, although there are other ways to achieve this and these may vary dependent upon whether they are related to distribution owned theft or supplier owned theft scenarios. The industry may well consider using best practice on existing calculators and sharing information to achieve this rather than go down a separate procurement route.</p> <p>We do not want to develop and maintain another model spreadsheet that builds in administrative costs and prospective change proposals to the model when parties start to use it. This will introduce further administrative costs to parties that would have to be managed by the DCUSA Panel whereas the existing arrangements allow for improvements to be made by individual parties on an as and when basis.</p> <p>An alternative approach may be to consider the use of a calculator within the Theft Risk Assessment Service as a service or an optional service rather than directly within DCUSA.</p>

		<p>customer consent. Consent not easily obtained where theft of electricity is concerned.</p> <p>The existing five options available within the code of practice are there because each theft instance is different, and as such the choice of method will vary. There is no one right way to do this so we cannot accept that this objective is better facilitated by the introduction of such a calculator.</p> <p>General objective 4 is negatively facilitated. The Proposer states that this objective is better facilitated as it helps parties meet their obligations to implement the DCUSA arrangements under DCUSA Schedule 23. We already have an obligation to comply. There are five ways that can be used to calculate unrecorded units now, and still five ways if this is approved. This reasoning therefore is not valid.</p> <p>However, when you consider that this objective is about “the efficiency in the implementation and administration of this agreement and the arrangements under it” we believe that there are a number of administrative activities and associated costs introduced by this change proposal that will have a negative impact on this objective.</p> <p>Appendix 7 provides a list of options available to parties with ‘best practice’ providing guidance on the order they should be used. This best practice has been amended away from “parties follow the order set out in Appendix 7” to “parties follow the method set out in Appendix 7”. In the current wording the use of a calculator is placed as the second choice. This would therefore suggest that it if</p>	
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		<p>'best practice' is followed the calculator may have limited use if at all, especially considering that customer consent is also required for this option. By changing the wording this 'best practice' is watered down to any choice so as a 'best practice' section it becomes meaningless.</p> <p>When you consider the calculator and compare to the legal text, it seems that the existing calculator caters for consumption history and appliances. Appendix 7 covers consumption history under para 1.1 and appliances under para 1.2. The calculator we are mandated to procure can only be for appliances and as such a further change proposal would be required if the calculator needs to also consider para 1.1. An area of uncertainty that may delay development and indeed increase the administration of DCUSA is if a further change proposal is required to include such a requirement.</p> <p>The legal text places an obligation on the DCUSA Panel to procure and maintain a calculator which will be at the expense of parties. This will increase the administration of DCUSA and increases the costs to parties.</p> <p>It caters for either a joint venture with the gas industry or a single electricity calculator. However the Change Report states that the change places an obligation to procure a dual fuel calculator (Change Report para 4.5) yet the legal text says 'may be procured jointly'. The decision is with the DCUSA Panel to make but does create further uncertainty.</p> <p>The DCUSA parties and the DCUSA Panel have not been provided with any detail apart from indicative costs of</p>	
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			<p>£40k for the initial development and £4k maintenance costs occurring every three years which we assume are just for the gas calculator but may be for both. No further information is available to parties associated with the electricity element.</p> <p>If approved it will leave the DCUSA Panel picking this up obligation with little if any understanding of what is required, not only from a calculator specification perspective but also from a procurement perspective and potentially the added complexity of dual ownership with the gas industry in developing and maintaining such an obligation placed upon them. All this additional administration costs for something that may not be used.</p> <p>At the meeting of the SIG (when DIF040 was raised on the 19th June 2014 covering this calculator) one member noted that electricity distributors had developed techniques to calculate stolen energy which takes into account regional variations and as a result this calculator may not be more accurate but nonetheless required to be used if a calculator approach is the chosen option.</p> <p>In summary it increases the administrative burden in managing the agreement and the arrangements under it thereby making this objective negatively impacted.</p> <p>General Objective 5 is neutral – there is no impact on this objective.</p> <p>Implementation</p> <p>The way the legal text is written means that on implementation the current assessment calculators</p>	
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			<p>cannot be used in preference to the one provided by the Panel. Dependent upon the date of the Ofgem decision it is unlikely that it will be procured and issued in time of the next release should the DCUSA Panel choose a separate calculator to that of the one developed, or indeed if the one developed does not meet the criteria deemed appropriate by the DCUSA Panel. We therefore reject the implementation date to avoid parties not having any calculator available to them between the proposed implementation date and the date one is issued to them.</p> <p>We also cannot suggest an appropriate implementation date since there are too many unknowns to make an educated guess.</p>	
Northern Powergrid - Northern Electric Distribution Ltd	Accept	Accept	<p>DCUSA General objectives 1 – this CP will help to reduce losses caused by unrecorded units and improve efficiency of the distribution network.</p> <p>DCUSA General objectives 3 – this CP will help DNO comply with their standard licence conditions under RIIO ED1.</p> <p>DCUSA General objectives 4 – this CP helps parties to meet their obligations to implement the DCUSA arrangement under DCUSA Schedule 23.</p>	None
Northern Powergrid - Yorkshire Electricity Distribution plc	Accept	Accept		
Scottish Power - Manweb	Accept	Accept	We consider that DCUSA General Objectives 1, 3 and 4 are better facilitated.	N/A
Scottish Power - Distribution	Accept	Accept		
SSE - Scottish Hydro-Electric	Accept	Accept	N/A	N/A

Power Distribution plc				
SSE - Southern Electric Power Distribution plc	Accept	Accept		
UKPN - Eastern Power Networks	Accept	Accept	We believe that General Objectives 3 and 4 are better facilitated by this change by consistently quantifying the assessment of units used when assessing the appliances on site and estimating their usage.	N/A
UKPN - London Power Networks	Accept	Accept		
UKPN - South Eastern Power Networks	Accept	Accept		
Western Power Distribution - East Midlands plc	Accept	Accept	N/A	N/A
Western Power Distribution - South Wales plc	Accept	Accept		
Western Power Distribution - South West plc	Accept	Accept		
Western Power Distribution - West Midlands plc	Accept	Accept		
IDNO PARTIES				

GTC	Accept	Accept	N/A	N/A
SUPPLIER PARTIES				
Npower	Accept	Accept	<p>General Objective 1 will be better facilitated as this CP will help to adjust the reduction of losses caused by unrecorded units and as a result make Distribution networks more efficient.</p> <p>General Objective 3 will be better facilitated as this CP would help DNOs meet their Standard Licence Conditions (SLC) under RIIO ED1 in particular SLC 49 on 'Losses and Theft of Electricity'.</p> <p>General Objective 4 will be better facilitated as this CP helps Parties to meet their obligations to implement the DCUSA arrangements under DCUSA Schedule 23.</p>	No comments provided
SSE Energy Supply Ltd	Accept	Accept	DCUSA General Objective 4: This change should increase Parties ability to meet existing Schedule 23 requirements.	The development of an agreed industry wide gas / electricity theft assessment calculator would seem like a sensible proposal. Ultimately, this will ensure consistency across the industry.
DISTRIBUTED GENERATOR PARTIES				
N/A				
GAS SUPPLIER PARTIES				
N/A				