



DCUSA Change Report

DCP 209 – Resolving Unregistered Customers

Executive Summary

The DCP 209 change seeks to improve communications with unregistered customers, sets out processes for managing unregistered customers and proposes new obligations on parties in order to get unregistered customers registered by a Supplier.

Getting unregistered customers registered by a Supplier will reduce overall system losses and thereby reduce costs for customers in the round. This Change Proposal supports Ofgem's policy intent as set out in its decisions on Tackling Theft of Electricity in relation to reducing losses.

This change proposes to introduce a new code of practice into DCUSA that sets obligations on Distributors and Suppliers, it also provides best practice guidance and makes available optional template letters. The distributor obligations support licence obligation Standard Licence Condition (SLC) 49. New obligations on parties, include:

- Distributors shall take steps to identify and investigate unregistered customers;
- Distributors shall communicate with unregistered customers in order to capture customer details, retain those details and share them with the customers chosen Supplier;
- The customer's chosen Supplier shall communicate with the customer in order to capture the customer details (the details the Supplier needs from the customer for a supply contract and to register the customer);
- The Supplier shall, upon receipt of customer details retain such details and proactively contact the customer and offer contractual terms to the customer, to the extent it is required to do so under the Electricity Act; and
- Where a Supplier agrees a contract with a customer, this Supplier will check that the necessary registrations have been completed.
- Where a customer does not agree a contract with a Supplier the process set out in this Change Proposal may lead the Distributor to pursue disconnection.

TABLE OF CONTENTS

1	PURPOSE.....	3
2	BACKGROUND	3
3	EXPLAINING THE PROBLEM	4
4	INTENT OF DCP 209 – RESOLVING UNREGISTERED CUSTOMERS	5
5	SUMMARY OF NEW OBLIGATIONS PROPOSED BY DCP 209.....	5
6	SUMMARY OF THE FEATURES OF DCP 209	6
7	BACKGROUND TO THE DEVELOPMENT OF THE DCP 209 CHANGE PROPOSAL.....	7
8	DCP 209 SUPPORTS CURRENT INDUSTRY POLICY	8
9	DCP 209 – WORKING GROUP CONSIDERATIONS	9
10	DCP 209 REQUEST FOR INFORMATION (RFI).....	11
11	DCP 209 LEGAL ADVICE ON DRAFTING THE BEST PRACTICE TEMPLATE LETTERS.....	21
12	CONSULTATION	22
13	PROPOSED LEGAL TEXT	37
14	EVALUATION AGAINST THE DCUSA OBJECTIVES	37
15	IMPACT ON GREENHOUSE GAS EMISSIONS	38
16	IMPLEMENTATION.....	38
17	PANEL RECOMMENDATION.....	39
18	ATTACHMENTS	39

1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA and details DCP 209 Resolving Unregistered Customers (Attachment 6).
- 1.2 The voting process for the proposed variation and the timetable of the progression of the Change Proposal (CP) through the DCUSA Change Control Process is set out in this document.
- 1.3 Parties are invited to consider the proposed amendments (Attachment 2) and submit their votes using the form attached as Attachment 1 to dcusa@electralink.co.uk no later than **08 April 2016**.

2 BACKGROUND

- 2.1 DCP 209 was raised by Northern Powergrid on the 08 May 2014 to establish arrangements to get unregistered customers registered by a Supplier. Some customers are using electricity without paying for it because their supply has never been registered by a Supplier. Getting 'unregistered customers' into a contract with a Supplier and subsequently registered in industry registration systems will reduce overall distribution system losses, improve efficiency and thereby reduce overall costs for customers.
- 2.2 DCP 209 proposes a new code of practice for resolving unregistered customers. The 'Resolving Unregistered Customers Code of Practice' follows the same approach to the inclusion in DCUSA of the Revenue Protection Code of Practice in Schedule 23.
- 2.3 This CP supports Ofgem's policy intent as set out in its decisions on Tackling Theft of Electricity in relation to reducing losses which should result in a reduction in the cost of electricity across the consumer base.
- 2.4 Revised distribution licence conditions for the RIIO ED1 price control period from 1 April 2015 include Standard Licence Condition (SLC) 49. SLC 49 requires Distributors to work to reduce electrical losses, including from 'Relevant Theft' and 'Relevant Theft' includes customers that have never been registered by an electricity Supplier (unregistered customers). Distributors are unable to register such customers and registration can only be achieved through a Supplier first agreeing a supply contract with the customer.
- 2.5 Distributors, therefore need the assistance of Suppliers to meet their obligations under SLC

49 and DCP 209 was raised to create appropriate obligations on Distributors and Supplier's to achieve this, including communicating with unregistered customers. The changes proposed by DCP 209 also create areas of best practice for Parties, provide additional guidance and provide reference material including access to standard letter templates.

- 2.6 It should be noted that DCP 209 mainly focusses on communications with customers who are the occupiers of unregistered premises in the lead up to a contract with a Supplier. The actual registration of such customers is outside the scope of DCP 209.

3 EXPLAINING THE PROBLEM

- 3.1 Party responses to the Working Group's Request for Information (RfI) indicate there are over 30,000 unregistered customers. While the Working Group was unable to clearly identify a predominant single cause, a range of scenarios were identified, including:

- An unregistered supply with a proper MPAN and a proper meter, apparently created by a failure in a Supplier's registration process;
- A premise whereby the MPAN has been wrongly logically disconnected and the occupier has not queried the absence of an electricity bill or sought to resolve, but has simply continued to take a 'free' electricity supply;
- A legitimate new connection but self-energised either direct to distribution assets (no meter) or via a 'rogue' non-settlements meter, with the MPAN remaining unregistered to a Supplier;
- A premise converted to flats or otherwise subdivided and whereby unauthorised additional connections or 'spurred' supplies has been taken from the existing distribution assets and connected either direct to distribution assets (no meter) or via a rogue meter;
- A premise converted to flats or otherwise subdivided whereby a multi-way connection unit has been installed above the existing distributors supply fuses with individual premises connected either direct to distribution assets (no meter) or via rogue meters; and
- A premise, perhaps newly-built or refurbished, which is supplied via an illegal connection (i.e. jointed onto the Distributor's LV main by an unknown party) and also energised by parties unknown either direct to distribution assets (no-meter) or via a rogue meter.

- 3.2 Irrespective of the root cause industry parties need to engage with customers in such unregistered premises with the aim of normalising a supply contract and registration in

industry systems.

4 INTENT OF DCP 209 – RESOLVING UNREGISTERED CUSTOMERS

- 4.1 DCP 209 was raised by Northern Powergrid on the 08 May 2014 with the intent of improving communications with unregistered customers, set out processes for managing unregistered customers (up to, but excluding the registration process itself) and set out, where necessary, new obligations on parties. Getting unregistered customers registered by a Supplier will reduce overall system losses and thereby reduce costs for customers in the round.
- 4.2 The key objective of this CP is to set out an industry wide communication process to engage with customers who are unregistered due to a variety of scenarios. This CP supports Ofgem's policy intent as set out in its decisions on Tackling Theft of Electricity in relation to reducing losses.

5 SUMMARY OF NEW OBLIGATIONS PROPOSED BY DCP 209

- 5.1 DCP 209 proposes new obligations for Distributors and Suppliers in relation to identifying and communicating with unregistered customers. The new obligations are captured in full in the legal text that accompanies this change report and some of the new obligations are highlighted here at a high level.
- Distributors shall take steps to identify unregistered customers, investigate and try to resolve such identified cases;
 - Distributors shall communicate with unregistered customers in order to capture customer details
 - Distributors will need to retain customer details and share them with the customers chosen Supplier.
 - The customer's chosen Supplier shall communicate with the customer in order to capture the customer details (the details the Supplier need for a supply contract and to register the customer).
 - The Supplier shall, upon receipt of Customer Details from the Distributor, retain such details and proactively contact the Customer and offer contractual terms to the Customer, to the extent it is required to do so under the Electricity Act; and

- Where an unregistered customer contacts a Supplier that Supplier must obtain and retain customer details and offer contractual terms to the Customer (to the extent it is required to do so under the Electricity Act);
- Where a Supplier agrees a contract with a Customer, this Supplier will check that the necessary registrations have been completed.
- Where a Customer does not agree a contract with a Supplier the process set out in this Change Proposal may lead the Distributor to pursue disconnection.

6 SUMMARY OF THE FEATURES OF DCP 209

- 6.1 **A new code of practice** - The proposed code of practice introduces a consumer engagement and a communication process which seeks to identify and resolve unregistered customers. Such customers may have simply fallen outside of normal industry registration processes, they may have found themselves connected via non-standard connection arrangements or may have even been connected illegally by persons unknown.
- 6.2 **Unregistered customers on Non-standard connections** - Those customers connected via non-standard connection arrangements or by persons unknown will first need to have their connection arrangements normalised by the Distributor and an MPAN created. Once normalised such unregistered customers should be able to be resolved through the arrangements proposed by DCP 209.
- 6.3 **A high level process** - The Working Group has developed a high level outline process tailored to support consumer engagement and communication at Appendix 1 of the code of practice.
- 6.4 **Discontinuation of supply** - DCP 209 introduces the prospect of discontinuation of supply to unregistered customers, including for example those unregistered customers who do not respond appropriately to communications from Distributors or Suppliers or who refuse to seek a supply contract (subject to appropriate considerations for vulnerable customers). It is expected that the prospect of disconnection may drive more concerted effort by an unregistered customer to contact their chosen Supplier. Appendix 2 of the code of practice provides guidance on discontinuation of supply from a legal perspective and the relevant legal advice provided to the Working Group is attached at Attachment 5 to this change report.
- 6.5 **Optional letter templates** - The Working Group has also developed a suite of optional letter

templates for Distributors that can be used or modified for communication with unregistered customers. DCP 209 proposes that these letter templates be placed on the DCUSA website for reference by parties. The Working Group agreed it was best that these were optional given feedback from the parties in respect of different preferences on the letter templates and so as not to be overly prescriptive on how parties should communicate with their customers. The outline process makes reference to 'soft' and 'hard' letters to highlight that the Distributor may wish to use communications that are softer in tone for its initial communications and move to a firmer tone if a customer does not respond. Distributors are not obliged to use the optional letter templates (they are provided as a resource) and may communicate with its unregistered customers in a manner which they see fit.

- 6.6 **Information Exchange between Distributors and Suppliers** – The code of practice places an obligation on Distributors and Suppliers to have appropriate and coordinated reporting in place. For low volumes of unregistered customers this may be simply volume counts and lists of customers. In order to support best practice, DCP 209 proposes a customer tracking template spreadsheet be placed on the DCUSA website for use by parties as this will help Parties keep track of higher volumes of unregistered customers. This spreadsheet will not be added to the formal DCUSA legal text and it is provided with this change report for information purposes at Attachment 4.

7 BACKGROUND TO THE DEVELOPMENT OF THE DCP 209 CHANGE PROPOSAL

- 7.1 DCP 054 'Revenue Protection / Unrecorded Units Into Settlements Change Proposal (CP) was raised by ENWL on 13 October 2009 to ensure that revenue protection procedures are undertaken; that all reported energy illegally extracted reaches and is processed through the settlement process; and that the revenue Protection Code of Practice is incorporated into an appropriate governance framework to ensure it is maintained to reflect best practice.
- 7.2 The DCP 054 CP sought to address the issue of illegal extraction by providing an all-encompassing set of arrangements for detecting theft in the Revenue Protection Code of Practice. However, unregistered consumers were placed out of scope of DCP 054. On the 07 November 2013 the Revenue Protection Code of Practice was implemented in to the DCUSA.
- 7.3 On the 23 March 2012, Northern Powergrid raised DCUSA Issue Form (DIF) 028 'Getting Unregistered Consumers Registered by a Supplier' for discussion under the DCUSA Standing Issues Group. It identified the issue of the minority of customers who find themselves

consuming electricity outside of normal arrangements and highlighted that the range of circumstances leading to this situation could be many and varied, including failings in the change of Supplier or DNO/registrations processes, failings in re-energisation processes or illegal connections/ re-connections and that electricity may be being consumed via a meter or not. The proposer wished to identify potential options to address the swift movement of such untraded customers into normal arrangements. During its lifetime there were 12 meetings on DIF 028 and a Request for Information with an unregistered consumers scenario matrix was issued to DCUSA parties. The DIF 028 documentation acts as an attachment to the DCP 209 Change Proposal documentation under Attachment 6.

- 7.4 The intent of DCUSA Change Proposal (DCP) 209 was refined and developed through discussion under the DCUSA Standing Issues Group (SIG) and the DCP 209 Change Proposal (CP) was formally submitted to the DCUSA secretariat on 08 May 2014.

8 DCP 209 SUPPORTS CURRENT INDUSTRY POLICY

- 8.1 In May 2013 Ofgem undertook an electricity theft consultation to gauge industry party's opinions on new licence conditions for Suppliers and DNOs, to investigate, detect and prevent theft, incentive measures and the Theft Risk Assessment Service (TRAS).
- 8.2 Unregistered customers were highlighted as contributing to overall network electrical losses as part of Ofgem's work on Tackling Theft of Electricity¹. Ofgem highlighted its work with industry parties to address theft from distribution networks and unregistered customers in its document 'Tackling Electricity Theft – The way forward' dated 4 March 2014, including in its final proposals section 4.12 *'Continue to work with stakeholders to find solutions to theft related issues, such as the process for getting unregistered customers registered by a supplier.'*
- 8.3 Further detail on changes to Standard Licence Condition (SLC) 49 was consulted on under the RII0-ED1 electricity distribution price control. A revised SLC 49 came in to effect on the 01 April 2015 obligating Distributors to reduce electrical losses, including from 'Relevant Theft'. 'Relevant Theft' includes customers that have never been registered by an electricity Supplier (unregistered customers). However, as highlighted earlier, Distributors are unable

¹ <https://www.ofgem.gov.uk/publications-and-updates/tackling-electricity-theft-%E2%80%93-way-forward-0>

to register such customers and registration can only be achieved through a Supplier first agreeing a supply contract with the customer.

- 8.4 The Working Group noted that DCP 209 supports EU Third Package legislation. Directive [2009/72/EC](#) of the European Parliament is aimed at introducing common rules for the generation, transmission, distribution and supply of electricity. It also lays down universal service obligations and consumer rights, and clarifies competition requirements.
- 8.5 Customers who do not pay for the electricity they consume may not use energy efficiently; the presence of unregistered customers on networks does not optimise the use of electricity and contributes to overall losses. Registering electricity customers with a Supplier sends the appropriate cost signals for efficient use of electricity and should contribute to the overall optimisation of the use of electricity. In particular, the group believe that the proposal supports Directive 2009/72/EC by reference to a particular clause within the legislation as follows:

Article 3 (Public service obligations and customer protection)

- 11. In order to promote energy efficiency, Member States or, where a Member State has so provided, the regulatory authority shall strongly recommend that electricity undertakings optimise the use of electricity, for example by providing energy management services, developing innovative pricing formulas, or introducing intelligent metering systems or smart grids, where appropriate.***

9 DCP 209 – WORKING GROUP CONSIDERATIONS

- 9.1 The DCUSA Panel established the DCP 209 Working Group to formulate an industry approach to the problem of unregistered customers. An open invitation was issued to a wide audience including the DCUSA Contract Managers, the Distribution Charging Methodology Forum and the National Terms of Connection distribution lists. The Working Group consists of representatives from DNOs, IDNOs, Suppliers, Ofgem, Gemserv and other (non-DCUSA) parties.
- 9.2 The Working Group actively sought to engage with Parties who would be impacted by this change. At DCUSA training sessions since May 2015 (approximately 80 attendees), small Supplier Parties were provided with an overview of the DCP 209 changes development and

encouraged to get involved with this change based on the new obligations that it will introduce.

- 9.3 Meetings were held in open session. The minutes and papers of each meeting are available on the DCUSA website – www.dcusa.co.uk.
- 9.4 All Working Group members were supportive of the general principle of DCP 209.
- 9.5 Over a period of two years the DCP 209 Working Group met fourteen times and issued one Request for Information (RFI) and one consultation. All of the Working Group agreed with the concept of getting the unregistered consumer registered with a Supplier.
- 9.6 The Working Group discussed the option of using 'hard' letters that stressed the prospect of disconnection, de-energisation or discontinuation of supply as a means of incentivising unregistered customers to proactively contact a Supplier to agree a supply contract. The prospect of de-energisation forms part of the arrangements proposed by DCP 209, however, it should be noted that the intent of DCP 209 is to get such customers registered rather than de-energised and some unregistered customers are in an unregistered/untraded status as innocent 'victims' of failed Party registration processes.
- 9.7 The DCP 209 RFI asked Parties to consider a series of scenarios that may cause a consumer to be unregistered. Following consideration of the RFI responses, the Working Group determined that insufficient information was available to clearly identify all the causes of unregistered customers and agreed to concentrate on resolving cases that arose; hence the focus on identification and communication rather than addressing root causes at this time.
- 9.8 The Working Group considered that following the introduction of the DCP 209 communication process, more information on the number of unregistered customers and the type of scenarios which led to unregistered customers could be recorded by industry parties. Thus, allowing for a potential consequential change on the causation of this issue to be addressed at a future date.
- 9.9 The DCP 209 Working Group agreed to seek legal advice on whether a distributor could threaten to de-energise an unregistered premises even if the connection was safe. The Working Group received legal advice on the drafting of the best practice letter templates that advice included that such letters could include the prospect of discontinuation of supply i.e. in order for a 'hard' letter to customers to be effective.

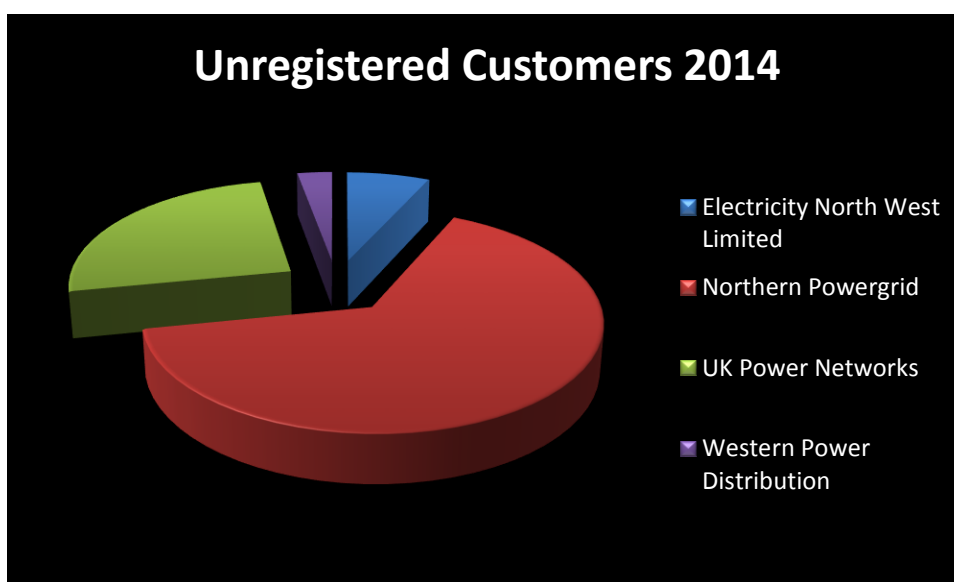
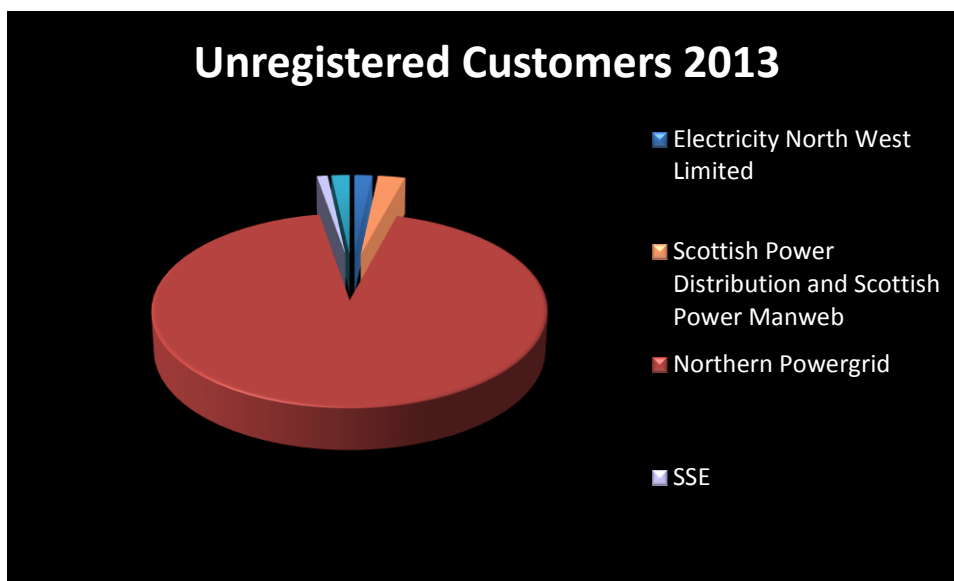
- 9.10 The DCP 209 Working Group issued a consultation to seek industry party's views on the new proposed DCUSA Schedule and proposed template letters on the 06 May 2015.

10 DCP 209 REQUEST FOR INFORMATION (RFI)

- 3.1 The Working Group carried out a Request for Information (Rfi) to inform this change. The Rfi was issued to Parties to the Distribution Connection and Use of System Agreement (DCUSA). There were five DNOs, one IDNO and three Supplier responses received to this RFI. A summary of the responses received, and the Working Group's conclusions are set out below:

Question 1: Distributors: How many unregistered sites are you aware of, that are connected to your network(s) where the customer is presently consuming energy?

- 10.1 Six Distributor parties responded to this question. Whilst some respondents provided an exact number of unregistered customers, others provided an interpretation of the data available to them.
- 10.2 One DNO advised of 150 unregistered sites, another of 1,424, another DNO of 552, and another DNO of 62 for the last 6 months broken down in to categories. One Distributor and one IDNO were unable to identify the unregistered sites from their data.
- 10.3 The Working Group noted that the data of unregistered customers was difficult to obtain and that there was no common process for recording unregistered customer's data for reporting purposes.
- 10.4 The Working Group reviewed the DIF 028 '*Getting Unregistered Consumers Registered By A Supplier*' RFI responses to question 2 on the number of unregistered customers known to be using electricity but are untraded on the DNOs network for 2013 and compared it with the results for 2014 to see if there were any changes in the number of unregistered customers being reported across the network. The Working Group considered that the numbers being reported may not be accurate due to the lack of commonality in the recording of unregistered customers by each DNO but noted that although one DNO had predominantly reported unregistered customers in 2013, other network areas were now reporting a greater percentage of the total number of cases.

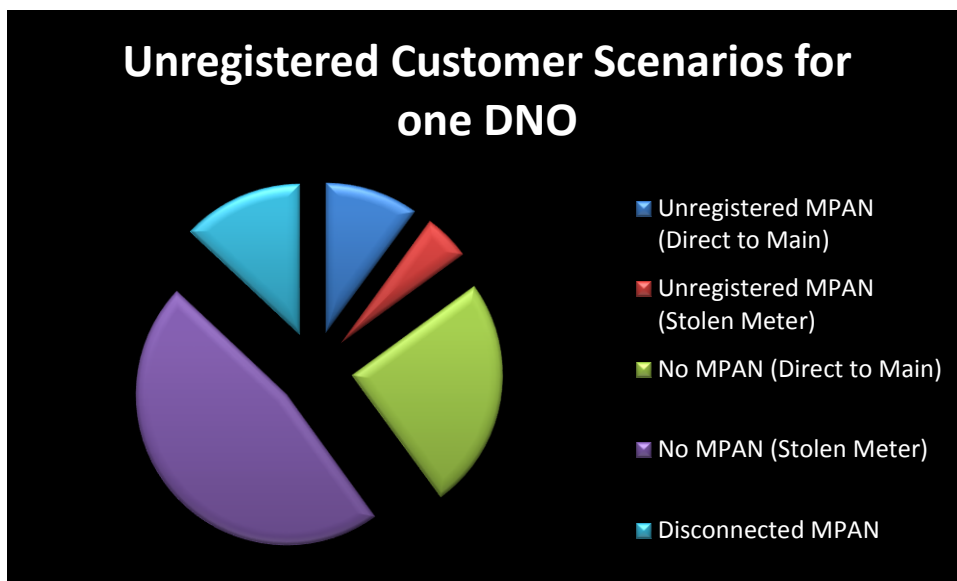


Question 1 Part 2: Are you able to split the volumes of such unregistered sites by the different scenarios in the table at Attachment 1 to this RFI?

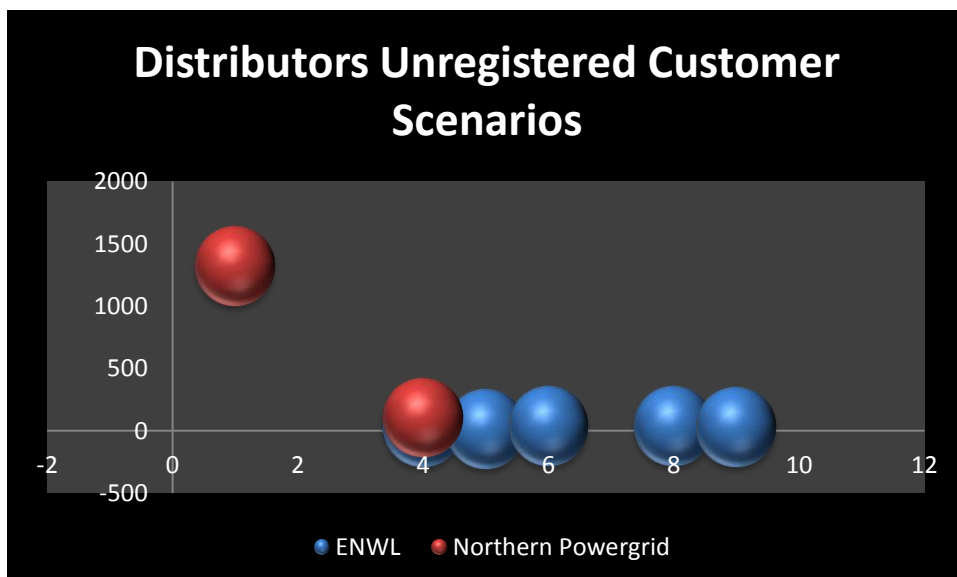
10.5 The Working Group discussed the difficulty of identifying an unregistered consumer and the scenarios which caused their existence. Due to DNOs internally reporting under different categories the majority of respondents were unable to provide numbers for the ten scenario's set out as per Attachment 7. The Working Group considered the number of MPANs identified by DNOs against the scenarios set out by the Working Group and those DNOs who reported under their own categories in the charts below.

10.6 The Working Group agreed that the root cause of sites becoming unregistered did not become apparent from the responses to this RFI.

10.7 One DNO responded based on its categorised data rather than those set out in the scenario matrix.



10.8 Two DNO respondents provided their answer in reference to the number of unregistered MPANs per scenario as set out in the scenarios matrix. One DNO predominantly reported unregistered customers under scenario 1 and some under scenario 4. Another DNO reported a greater range of unregistered customers across scenarios 4, 5, 6, 8 and 9.



Question 2: All Parties: Please briefly set out your current process for managing unregistered customers in each of the scenarios?

10.9 Each respondent provided a company specific process for managing unregistered customers. The majority of respondents focused on determining the responsible Party for the unregistered consumer i.e. whether it is the Supplier rather than the DNO and to refer the

consumer to complete a conventional registration process. The approach was then broken down in to scenarios such as:

- whether it is a failure in a new connection process or not,
- whether the MPAN was logically disconnected in error,
- an MPAN is in place but no meter;
- it has determined to be a safe or unsafe illegal abstraction; or
- another Party has requested the respondent's business to investigate the issue.

10.10 An IDNO respondent advised that they had no formalised process for handling unregistered customers.

10.11 The Working Group noted a Supplier's response which advised that they utilise the Master Registration Agreement (MRA) Agreed Process (MAP) 04 Disconnected in Error message to solve some issues with unregistered legacy meters and another Supplier who requests for MPANs to be registered via the D0168 dataflow.

10.12 The Working Group reviewed the dataflows involved in the registration process and discussed the proposal of whether Suppliers should put in place a list of contacts so that DNOs could refer unregistered customers to a Supplier contact that could easily process uncommon registrations. The Working Group determined that an obligation of this type would be unfair for small Suppliers and agreed that the Suppliers should determine how to process more unusual registrations internally.

10.13 The Working Group concluded that different parties used different processes and approaches for managing and resolving unregistered customers.

Question 3: DNO's: (a) Do you send letters to unregistered customers to request them to register with a Supplier and do customers reply to such letters? Do you have processes for follow-up?

10.14 Four out of the five DNO's who responded to this question send out letters to customers. The letters are issued for a range of scenarios, including for where an unauthorised connection has been identified, for unmetered supplies, where an MPAN is not registered with a Supplier or for where a Revenue Protection officer issues a letter. One DNO

respondent advised that Suppliers often refused to register MPANs when there was a small EAC for the MPAN. One DNO did not usually send letters but instead contacted the customers identified by phone or by e-mail.

10.15 An IDNO respondent advised that they did not currently have a process for electricity customers but had a very effective 4 stage letter process for their gas customers. The letters explain the issue and the next steps for the customer to take to rectify the situation.

10.16 The Working Group discussed the fact that Suppliers were obligated to provide a supply to domestic premises but not to non-domestic premises. The Working Group agreed to mainly focus on domestic customers as the most prevalent volume of unregistered customers.

10.17 The Working Group concluded that as letters were already used by some Parties to communicate with unregistered customers it would be useful to make available standard optional letter templates to assist with such communications.

Question 3 DNOs: (b) Please briefly set out your current process for follow-up with such customers.

10.18 Four DNOs responded to this question whilst one DNO referred to their response to a previous question.

10.19 One DNO advised that once the customer had identified their Supplier of choice the onus rested on the customer to register with their preferred Supplier. This DNO expressed a wish to not be '*piggy in the middle*' between the customer and the Supplier. Another DNO responded with a process close to the one being proposed by this CP, where once the customer has identified a Supplier then a proforma is completed by the customer and these are issued to their preferred Supplier on a monthly basis. Where the Supplier advises that the consumer has sought to register with them then the Distributor re-requests the consumer to register with the Supplier as the Distributor is unable to progress their registration for them.

10.20 Another DNO approached their response to this question from a Revenue Protection standpoint whereby once the premises has been monitored for registered MPANs and for a legitimate electricity supply, if a consumer takes no action to register their premise then a further Revenue Protection visit may be required.

10.21 Another DNO respondent advised that individual members of registration/MPAS staff are responsible for resolving unregistered customers and for following up with the customer and the Supplier.

10.22 The Working Group noted that each DNO approached the resolving of unregistered customers in a slightly different way and considered that this CP would provide a consistent approach across the industry, whilst not preventing individual companies from communicating with their customers in a manner of their choosing.

Question 3 DNO's: (c) How successful/efficient is the issuing of these letters in terms of receiving responses from customers?

10.23 One DNO who already communicates the prospect of disconnection in its letters, if the customer does not register with an electricity Supplier, achieves a 100% response rate when they requested unregistered customers to appoint a Supplier.

10.24 Another DNO who did not threaten disconnection of the supply received a 27% response rate to their recorded delivery letters. This DNO advised that some customers responded with a preferred Supplier but others did not. Those customers who did not appoint a Supplier were advised that the DNO cannot assist with their registration during the follow-up. Another DNO did not provide a percentage but advised that the response rate was disappointingly low and another DNO that did not usually issue letters advised that they could not comment.

10.25 The Working Group noted that the difference between the low and high response rates to the DNO's letters appeared to be relative to the ability to threaten de-energisation which encouraged customers to pro-actively seek to register their supply. The Working Group also noted that DNOs engaging customers to resolve the issue are unable to assist the consumer with any non-standard registrations with a Supplier. As a result, the Working Group believes the Distributors cannot help to fully 'close the loop' for unregistered customers unless an industry wide process is put in place.

10.26 The Working Group concluded that having letters that included the prospect of de-energisation would be a key facility to support a new process.

Question 4: In terms of communicating with unregistered customers do you have any suggestions for best practice for the DCP 209 Working Group?

10.27 The respondents provided the following suggestions for best practice:

- Introduction of letters with increasing strength of wording to encourage the consumer to take action.
- Establish an industry process, but do not preclude the DNOs from contacting the customer by whichever method they chose.
- Do not dictate the narrative of any letters as they may not be appropriate in all cases.
- Standard format of letters to be agreed by all parties.
- Agreed industry timescales for resolution i.e. how long between letters / Supplier resolution.
- Clarify what escalation options are available to DNO's to resolve the issue if no response is received from customers and it believed that there is energy being used at the site.
- Establish whether DNO's can de-energise or disconnect an unregistered customer where no response is received, e.g. following multiple communications.
- Clarify situations where we would not de-energise or disconnect a customer, e.g. Vulnerable customers.
- Address some of the barriers faced by those who wish to arrange a traded MPAN for their premise.
- Take a steer from the ongoing work in the Gas Industry with regards to unregistered customers.
- Introduce a 'what to do' section on the Supplier/DNO's website to help customers who find themselves in this situation.
- In the scenario's identified in this RFI, "Scenario's 1,2,3,8,9 the DNO will notify the customer of the MPAN and details of how to choose a Supplier of their choice. It is for the customer to contact the Supplier directly to arrange this. In Scenario's 1, 4, 5, 6 and 7 where a Supplier is identified as being involved in the process then that Supplier must register against the MPAN. Once this has been completed discussions with the customer may be required to cover any Theft in Conveyance periods".

10.28 The Working Group agreed that the letters proposed with this change would be best practice and optional. This was due to feedback from the Parties in respect of different preferences on the letter templates and for arrangements to not be overly prescriptive on how parties should communicate with their customers. So while there would be a common process across the industry, the letters themselves could be used or modified as the Parties saw fit to suit the particular circumstances they face.

10.29 The Working Group agreed to seek legal advice to determine whether the DNO has the right to disconnect an unregistered premise under the Electricity Act Section 17 and any other relevant legislation.

Question 5: Suppliers: (a) Where a distributor notifies you of an unregistered customer who has indicated willingness to form a supply contract with you, do you have processes for follow-up?

10.30 There were three Supplier respondents to this question who provided an overview of their processes as set out below.

- Where the customer has contacted the Supplier, there are industry processes in place to arrange for the customer's registration.
- Customers who have indicated a willingness to be registered by a specific Supplier may be referred by the Revenue Protection unit to the Suppliers registrations team. The Supplier would contact the customer to confirm details and register the MPAN once a contract (or deemed contract) has been agreed.
- Two respondents mentioned that they had a specialist team who deal with unregistered customers.
- Another Supplier noted that they had lettering and phone call processes in place to follow up and work with DNOs who have processes to identify these unregistered customers. However, they had, had minimal success with these processes.

10.31 The Working Group noted the responses.

Question 5 Suppliers: (b) Please briefly set out your current process for follow-up with such customers; and

10.32 The Suppliers provided the following methods by which they followed up with unregistered customers:

- Phone calls.
- Sending multiple letters/literature to the premises.
- A visit from the Revenue Protection Unit to the premises.
- Adopting industry processes available to register a contract.
- Backdating of billing.
- Contractual negotiations.
- Installing of a meter at the premises.

- Where a meter is present at a non-domestic premise a full investigation is carried out and the customer is informed that the premise will be disconnected if they do not register their supply within 7 days.
- Providing feedback to the DNO.

10.33 The Working Group noted the responses.

Question 5 Suppliers: (c) How successful/efficient is this in terms receiving responses from customers?

10.34 One Supplier respondent advised that their registration processes worked in isolated instances and that their team is not sufficiently resourced to cope with large volumes of unregistered customers. Another respondent advised that they had a low success rate. A further respondent who also operates in the gas market advised that it was not an issue for I&C Suppliers due to the increased likelihood of disconnection and debt collection but that their processes have been less successful for domestic premises.

10.35 The Working Group agreed that Suppliers should use their own internal processes to register these non-standard registrations. A common reporting structure could be put in place and overtime the Suppliers with the most successful registration processes could be identified. An option to adopt these successful registration processes could be provided to Suppliers whose processes have been less effective.

Question 6: Suppliers: (a) In what scenarios, if any, would you request an MPAN, and then not register the customer?

10.36 All respondents advised that on rare occasions an MPAN could be requested which was not registered. This usually occurred where a commercial building contractor requests a number of MPANs for a property that is either:

- Not built;
- The premise is later split in to two without a second MPAN being requested e.g. house turned in to two flats;
- An MPAN is requested but another Supplier provides a better quote for the work and they choose the other Supplier; and
- Interpretation issues with G87/2.

10.37 The Working Group noted the responses.

Question 6 - Suppliers: (b) In what scenarios, if any, would you request an MPAN, fit a meter and then not register the customer?

10.38 All Supplier respondents advised that fitting a meter without registering the customer should not be possible. Two Supplier respondents advised that the Meter Operator (MoP)/ Agent could not be appointed until the customer has registered with the Supplier.

10.39 The Working Group noted the responses and that it was still unclear what the root causes of unregistered customers with proper MPANs and proper meters actually were.

Question 6 DNOs: (c) In what scenarios, if any, would you fit a meter for an MPAN without a registered Supplier?

10.40 All DNO respondents advised that they did not fit meters. One DNO respondent advised that their rapid response staff carry a small number of meters to manage urgent situations under limited circumstances e.g. for vulnerable customers with faulty meters outside normal working hours. This respondent considered it to be very unlikely that they would fit a meter for a vulnerable customer that also happened to be unregistered.

10.41 The Working Group noted the responses.

Question 7: The Working Group would welcome suggestions from DCUSA Parties on best practice to prevent unregistered sites being created and any suggestions for resolving unregistered customers that might be used to develop best practice. Your response can relate to the scenarios in the attached table or on the management of unregistered customers in general.

Respondents provided the following suggestions:

- Focus on the causes of unregistered customers and make efforts to reduce numbers by prevention.
- Preventive measures could be taken such as:
 - Tight control of D0168 MPAN generation processes; and
 - Tight control of logical D0132 requests.
- Close tracking of the site requirements with robust controls in place to monitor supply number linked to the site.
- Controls in place to minimise instances of unregistered customers and identifies areas within the businesses where instances may occur.
- Introduce a Phased MPANs Project to prevent unregistered sites being created, where the release of MPANs is controlled and restricted until builds are completed.
- Ensure Suppliers only request the creation of a new MPAN once a contract is in place, not on initial contact with the customer.

- Capture the end customers contact details when requesting for MPANs for non-postal addresses which will assist with follow up.
- Refine the New Connections MPAN request form (Make some fields mandatory) to ensure all relevant information is captured prior to the MPAN being raised.
- Manage Supplier requests for MPANs from DNOs and follow-up on a regular basis to ensure that the Supplier registers against the MPAN requested and does not just bill the customer separately.
- Take a steer from the ongoing work within the gas industry where customers are notified of their unregistered status and given time and guidance to arrange a supply contract.
- Identify obligations that can be placed on the Supplier or DNO to progress the registration of an MPAN.
- Provide a list of Supplier contacts which DNO's can provide to the customer to contact or for the DNO to contact on behalf of the customer.
- An alternative solution is to mirror the effective solution adopted in parts of Ireland whereby a DNO installs a pre-payment meter with a limited amount of credit thereby leading to 'self-disconnection' if they do not register with a Supplier within a specified time.

10.42 One Supplier noted that DNOs are in the best position to resolve unregistered sites as Suppliers hands are tied once the consumer refuses to sign a contract with the Supplier.

10.43 The Working Group noted that the root causes for why unregistered customers were being created were still unclear, but considered the responses to question 7 in its further work where appropriate in the context of the Change Proposal intent.

10.44 The Working Group noted that both the DNO and the Supplier are in difficult positions without the introduction of common and consistent reporting for the purposes of cross industry co-operation in resolving the issue of unregistered customers. Note the proposed spreadsheet to assist with the management of higher volumes of unregistered customers.

11 DCP 209 LEGAL ADVICE ON DRAFTING THE BEST PRACTICE TEMPLATE LETTERS

11.1 Following further discussions on the DCP 209 RFI responses it became clear that DNOs interpreted whether they had the power to disconnect/de-energise an unregistered supply differently. Some DNOs interpreted Section 17 of the Electricity Act where it obligates the Distributor to maintain the connection at the premise where it is reasonable to do so as a

requirement to maintain the connection. Whilst other Distributors deemed that it was unreasonable to maintain an unauthorised connection and considered that they had the power to disconnect the premise. The Working Group agreed that legal clarification would benefit Distributors and significantly aid the Working Groups consideration of effective communications and processes and decided to seek legal advice on:

- what powers the DNO holds to disconnect, de-energise or discontinue the electricity at a premise where there is an unauthorised supply in primary legislation; and
- the main features and content of the DCP 209 best practice template letters to the customer requesting them to register with a Supplier or the electricity supply will be disconnected.

11.2 The DCP 209 Working Group legal advice request letter and the Wragge Lawrence Graham & Co and Gowlings legal advice letter acts as Attachment 5.

12 CONSULTATION

12.1 Following consideration of the RFI responses, the Working Group determined that insufficient information was available to clearly identify all the root causes of unregistered customers and agreed to concentrate on resolving cases that arose; hence the focus of the Working Group on identification of and communication with such customers rather than addressing the fundamental causes at this time. This would not prevent a Party bringing forward a new CP to address any clearly identified causes of unregistered customers should they emerge from the proposed new arrangements.

12.2 As the Working Group had agreed to focus on resolving such cases going forward efforts were concentrated on developing a standard best practice communication process to get customers registered and to obligate Parties to work together to resolve this issue. Respondents were requested to provide their views on the:

- DCUSA Best Practice (optional) Template Letters;
- Draft Schedule setting out proposed obligations and best practice for Suppliers and Distributors;
- DCUSA Process diagram; and
- Unregistered Customer Tracking Schedule.

- 12.3 The Working Group issued a consultation to gather industry views on the proposed process of this change. The consultation was issued to Parties to DCUSA. Six DNOs, one IDNO and four Supplier consultation responses were received. These responses are summarised below.

Question 1: Do you understand the intent of DCP 209?

- 12.4 All respondents understood the intent of the DCP 209 change. One DNO respondent advised that this change supports Ofgem's policy intent as set out in its decisions on Tackling Theft of Electricity in relation to reducing losses.
- 12.5 Another respondent highlighted a concern that the intent had been watered down in regards to sections "3.4 (focused on one scenario), 3.5 (honest customers) and 3.6 (illegal abstraction) of the consultation document". It should be noted that the intent of the change proposal is to improve communications with unregistered customers, set out processes for managing unregistered customers (up to, but excluding the registration process itself) and set out, where necessary, new obligations on parties. The intent of DCP 209 does not include the end-to-end management of Theft in Conveyance cases. However, the Working Group recognised that there are more tricky cases of unregistered customers, including ones involving unauthorised connections and that such cases would require the DNO to investigate and work to put the connection on a safe and normalised basis, including to provide an MPAN, before a registration would be possible.
- 12.6 It should also be noted that Clause 3.3 of the proposed legal text legal recognises that some cases of unregistered customers may involve more complex issues including ones involving un-authorised connections i.e. 'Where an instance of an Unregistered Customer also involves a connection that has been improperly modified, for example by an unauthorised contractor or unknown third party, Distributors or Suppliers (as applicable) may deem it appropriate to apply the provisions of Schedule 23 Revenue Protection Code of Practice rather than this Schedule...'
- 12.7 The Working Group noted that although the intent of this change is to set out a process for managing unregistered customers, the draft legal text, template letters and tracking schedule are written at a high level and do not cover every scenario. This is to provide flexibility for Parties to fulfill the proposed new obligations. The Working Group agreed to draft additional template letters for communicating with unregistered customers in different scenarios. The proposed template letters are best practice and are not intended to cover an

exhaustive list of scenarios that Parties may encounter. It is expected that DNOs will modify the template letters for their own use and on a case by case basis.

Question 2: Are you supportive of the principles of the DCP 209?

12.8 The Working Group noted that all respondents were supportive of the principles of the change.

12.9 The respondents provided the following comments as rationale for supporting the principles of the change:

- *“correctly registered customers are picking up the costs of customers who are receiving a supply but are not registered to a Supplier”.*
- *“The change should ensure that all DCUSA Parties are aware of what is required of them and ensure a consistent approach throughout the industry via clear obligations, supporting processes and efficient communications to assist unregistered customers to get them a supply contract (and subsequent registration)”.*
- *“Unregistered customers do not contribute any payments towards the cost of energy or associated costs, such as maintaining a network. These costs are generally passed onto other customers and suppliers, which is unfair and impacts competition”.*
- *“this Change Proposal provides a model to comply with Standard Licence Condition 49 and DCUSA Schedule 23”.*

12.10 One respondent suggested that the change should tackle the issue of where unregistered customers were willing and also unwilling to engage with the industry in resolving the registration of their supply. The Working Group agreed to add a Distributor decision process step to the high level process diagram for the Distributor to decide on appropriate action (which may include de-energisation) where a Supplier is unable to progress a customer through to a supply contract and registration, perhaps due to lack of cooperation.

Question 3: Do you prefer the approach of best practice Stage 1 Template Letter A or Stage 1 Template Letter B? Please provide your rationale.

Party Type	Template Letter A	Template Letter B	Both Letters	No preference
Suppliers	1	2	1	0
DNOs	2	1	2	1
IDNO	0	1	0	0

- 12.11 The Working Group noted each respondent's preference for either template letter A, B or both letters and those respondents who chose to provide feedback on the letters rather than provide their preference.
- 12.12 Respondents who preferred Template Letter A considered that this letter collected more useful information than the alternative letter and gives the customer the opportunity to provide information back to the distributor in a structured format. However, one respondent commented that the letter had no response deadline. A respondent welcomed the simple layout as the language used was straight forward for those unregistered customers who do not have English as a first language. The Working Group agreed to draft a short form straight forward template letter which may better suit the purpose of Parties contacting customers whose first language was not English.
- 12.13 Respondents who preferred Template Letter B commented that it provided clearer instructions for the customer to respond including timescales. One respondent advised that its experience showed that it was useful to provide text in the letter window to encourage the end user to respond such as "Important Information - Please Read". The Working Group agreed to include some proposed wording in the window of the letter templates.
- 12.14 One respondent advised that the template letters had been drafted with the requirement to populate an MPAN field. In many unregistered customer scenarios there are no MPANs. The Working Group agreed to develop a template letter for those customers who do not have an MPAN.
- 12.15 A respondent advised that the link provided on the letter to help customers register with a Supplier 'called get financially fit' may be considered condescending and urged the Working Group to direct the customer to a more helpful link. The Working Group asked Ofgem to provide its preferred link which has been added to the template letters.
- 12.16 The Working Group proposes that the template letters are not mandatory and will be made available on the DCUSA website as a resource. The letters do not capture every scenario and it is anticipated that the letters will be customised by each Distributor taking into consideration the relevant scenario and any discussions with the customer.

Question 4: Do you prefer the option of having both best practice Stage 1 Template Letter A or Stage 1 Template Letter B available for use?

Party Type	Template Letter A	Template Letter B	Both Letters	No preference
Suppliers	0	0	3	1
DNOs	0	0	5	1
IDNO	0	1	0	0

12.17 The Working Group noted that the majority of respondents preferred that both best practice Stage 1 Template Letter A and Stage 1 Template Letter B be made available to Parties.

12.18 Respondents informed the Working Group that a suite of letters would need to be tailored for the different unregistered customer scenarios by each DNO. The Working Group point out that the template letters provided are not intended to cover all scenarios and can be customised by Distributors.

Question 5: What do you think the timescales should be between best practice Stage 1 and Stage 2 letters? Please provide your rationale.

Party Type	6 – 8 Weeks	1 Month	30 Days	28 Days	2-4 Weeks	2 weeks	10 Days	No preference
Suppliers	0	0	0	1	1	1	1	0
DNOs	1	3	1	1	0	0	0	0
IDNO	0	0	0	0	0	1	0	0

12.19 The Working Group noted that the majority of the respondents proposed approximately one month between the issuing of the Stage 1 and Stage 2 letters as best practice. The Working Group agreed to include wording on the cooling off period in the customer's registration process in the Stage 1 Letter B and Stage 2 Letter. The wording to be inserted in to the letters and reflected in the legal text is "If you have already entered in to a contract with your Supplier then please ignore this letter".

Question 6: Do you have any comments on any of the detail of the proposed best practice letters?

- 12.20 Respondents commented on the three proposed best practice template letters (Stage 1 Letter A, Stage 1 Letter B and Stage 2 Letter) proposed. The Working Group agreed to re-draft the template letters based on the feedback provided by the respondents to question 6.
- 12.21 One respondent had concerns with stipulating the 2 digit MPAN prefix on a DNO specific basis as the connection to a customer's premises be to a different network and could be part of the issue being investigated. The respondent asked the Working Group to debate the issue and it was happy to do so. DNOs will obviously need to check that the premises of the occupier/unregistered customer that it is writing to is connected to its network and not to, for example, an IDNO network. The Working Group noted that once the DNO has properly determined that the customer is connected to its network then there should be no concerns with a correct MPAN being issued. With the Working Group having reached the decision that the letter templates will be optional it will be for Distributor Parties to manage the detail of their communications. Another respondent advised that its experience showed that it was useful to provide text such as "Urgent action required" either within the window of the letter or on the envelope. The Working Group agreed to include some proposed wording in the window of the letter templates.
- 12.22 Another respondent noted that both template letter A and B had separate advantages as letter A provided a response form and letter B set out a clear step by step process for the customer to follow. The Working Group agreed to draft a third letter which will be a hybrid of Letter A and Letter B.
- 12.23 Another respondent noted that customers should be advised that they would face the costs for reconnecting supplies following disconnection. This would hopefully encourage customers to seek a contract with their chosen supplier.
- 12.24 A respondent also highlighted that safeguards would be required for vulnerable individuals who cannot read or understand the proposed optional letters. This is acknowledged and Clause 10 of the proposed new Schedule provides for vulnerable customers including... *'The Parties shall take reasonable steps to ascertain who in the household might be a Vulnerable Customer, and make a judgement regarding the action that needs to be taken in the light of this information.'*

Question 7: Do you support the proposed high level outline process?

12.25 The Working Group noted that all respondents supported the high level outline process.

Question 8: Do you have any comments on the DCP 209 draft outline process diagram?

12.26 Respondents advised that the diagram could be more clearly set out to show the actions that are and are not mandatory. The process diagram's actions should match with the obligations set out in the proposed legal text.

12.27 Respondents asked the Working Group to consider adding further description to the process diagram on:

- how the Distributor notifies the Suppliers that they are the customers preferred Supplier;
- the process for the Supplier to contact this customer to agree a contract;
- Provide guidelines on contacting the customer and timescales involved;
- What happens if the customer's registration is placed on-hold;
- What happens if information is not received or if the customer refuses to sign a supply contract.;
- How does the Supplier inform the Distributor if the customer refuses to sign a contract; and
- What is the process for properties that are empty such as holiday homes as the owners will not receive the communication.

12.28 Research by Working Group members suggested that the most effective method of communicating with the customer is via mobile phone. The Working Group agreed to include the capturing of mobile phone numbers in best practice. It may also be beneficial for parties to keep a log of the attempts that Parties have made to contact the customer to register their supply.

12.29 If the customer refuses to register their supply, there are may be three alternatives for the distributor to consider:

- The distributor starts to bill for energy (if permissible and possible) which creates a subset of customers being managed by the DNO and is not an appropriate substitute for getting the customer registered by a Supplier;
- The distributor gives the customer notice of a planned de-energisation date, in the hope that the customer makes renewed efforts to seek a supply contract.
- The distributor gives the customer notice of a planned de-energisation date and actually goes ahead with de-energisation.

12.30 The Distributor must make the decision whether disconnect, modify or accept connection with no MPAN, including for unauthorised new connections. Once satisfied with the connection the Distributor can allocate an MPAN. This has been added as action 2 on the process diagram.

12.31 If the Registration is put on hold by the Supplier as they are currently in dialogue with the customer, they must ensure contact is made with the DNO to confirm that no further follow up is required at that stage. If the Supplier is unable to complete the Registration with the customer, they must notify the DNO to ensure follow up is resumed.

12.32 The Working Group agreed to redraft the diagram based on the feedback provided from respondents and re-examine the diagram's arrows to ensure that they link with the appropriate process action boxes. It is not possible to capture all events in the high-level process diagram, for example parties will need to make their own judgements on communications regarding empty or seasonally occupied properties. The DCP 209 draft process diagram acts as Attachment 4.

Question 9: Do you have any suggestions to help ensure the efficient implementation of the outline process, including if there are any missing elements or potential further refinements?

12.33 Five respondents were happy that the outline process covered the main points required. The remaining respondents suggested that the Working Group should investigate:

- which Party is responsible for collecting the meter technical details and smart meter reading and consider adding these items to the template letters;
 - The Working Group considered the feedback received and pointed out that to register the customer the Supplier would have to trust any meter details and readings provided by the Distributor or customer, collect meter data themselves or swap the meter.
- a process to ensure that the appropriate actions are taken by Distributors in regards to Vulnerable customers;
 - A section of the draft Code of Practice is dedicated to the treatment of Vulnerable Customers.
- setting up a direct Point of Contact within each company for resolving unregistered customers;
 - The Working Group agreed that Parties should be obligated to exchange contact details in order to resolve these unregistered customers without prescribing the type of contact itself.
- the visit procedure in more detail; and
 - The Working Group reviewed the visit procedure and noted that a cold call to the premises may be required to engage with the customer, but that an appointment would be needed for a meter exchange to take place. The Working Group reviewed Schedule 23 to see what elements may be applicable to the DCP 209 change and could be incorporated. The investigation will need to guide which type of call is made. Cold calls could be accommodated under infill work.
- refining a process for obtaining, maintaining and sharing customer contact details.

- The Working Group noted that there is an obligation on Parties to obtain and share information as part of this change and that if the customer provided a preference to register with Supplier A then those contact details can be shared with Supplier A.

Question 10: Do you have any comments on the proposed obligations and best practice as set out in the draft legal text?

12.34 Five respondents had no further comments. One respondent provided feedback on the formatting of the legal text and asked the Working Group to review the reference to the Public Service Register (PSR) at Clause 10.2.

12.35 Another respondent queried why a separate Schedule to Schedule 23 had been drafted for unregistered customers. The Working Group advised that unregistered customers are not necessarily electricity thieves so a separate schedule was devised to deal with this difference in categorisation. Where customers have refused to register their supply through the outlined process and are deemed to be stealing electricity then these theft cases are referred to Schedule 23 in Clause 3.2 of the proposed new Schedule. Members considered that a subsequent change could be made to more clearly link Schedule 23 to the new schedule.

12.36 Members considered the feedback that the Vulnerable Customer definition should be amended to the Ofgem definition of vulnerability in this change. The Working Group agreed to use the Vulnerable Customer definition as currently set out in Schedule 23. Members considered that the amendment of the Vulnerable Customer definition is out of scope for this change.

12.37 The Working Group agreed to review the draft legal text taking in to consideration the comments provided by respondents.

Question 11: We would like to draw Parties attention to Clause 8.4 of the legal drafting and request that Parties suggest the timescales for the process steps outlined within that Clause?

12.38 Respondents provided the timescales between the process steps in the outline diagram.

12.39 The following responses indicated the number of working days before a Party should issue a Stage 1 Template letter to newly identified unregistered customers.

Party Type	5 Days	7 Days	10 Days	28 Days	1 Month	No preference Provided
Suppliers	0	0	0	1	1	2
DNOs	0	2	3	0	0	1
IDNO	1	0	0	0	0	0

12.40 Respondents provided the number of working days after the Stage 1 Template is issued that the Party should notify the customer that a site visit is required.

Party Type	10 Days	2 Weeks	14 Days	20 -25 Days	No preference provided
Suppliers	0	1	1	0	2
DNOs	0	0	1	1	4
IDNO	1	0	0	0	0

12.41 Respondents provided the number of working days after a site visit that the Stage 2 Template Letter should be issued.

Party Type	5 Days	7 Days	2 Weeks	14 Days	1 Month	No preference
Suppliers	0	1	1	0	0	2
DNOs	1	0	0	1	1	3
IDNO	1	0	0	0	0	0

12.42 The Working Group considered the responses and decided to remove the reference to a timescale as the timescales for the issue of these template letters should be at the DNOs discretion.

Question 12: Do you have any other general comments on the proposed legal text?

12.43 Seven respondents had no further comments. One Supplier respondent advised that the installation of smart meters will be more tightly controlled and as a result the potential for customers to becoming connected without being registered should be more limited. This respondent suggested that the Working Group consider whether to make references to smart metering as part of this change. Whilst the Working Group agreed that the installation of smart meters may lead to better industry data there was no need to make specific reference to smart in the text for the proposed new arrangements.

12.44 One respondent highlighted that the creation of the proposed new schedule in addition to Schedule 23 created potential issues on the interaction of the 2 schedules, the potential for a clash of obligations and the risk of further interpretational issues. The Working Group maintained that having a separate schedule to address unregistered customers was still appropriate and that a review of Schedule 23 was outside the scope of DCP 209.

12.45 The Working Group agreed with the suggestion to use the term ‘the occupier’ as proposed by one respondent rather than ‘unregistered customer’ in instances where it has not yet been determined whether the customer is unregistered.

12.46 One DNO respondent provided a separate attachment with its proposed changes to the draft legal text. The Working Group reviewed the proposed changes.

Question 13: DCUSA Schedule 23 Revenue Protection Code of Practice (CoP) is considered to contain sensitive information and as a result is not published on the external section of the DCUSA website. Do Parties consider that a similar requirement should be applied to the new Schedule proposed by this CP?

Party Type	Yes	No
Suppliers	3	1
DNOs	3	3
IDNO	0	1

12.47 The Working Group noted that respondent’s opinions differed on this question, with respondents being almost equally split between those who saw risks from openly publishing the new schedule and those who did not. Respondents were only slightly in favour of maintaining some confidentiality.

12.48 Of the respondents in favour of not publishing one respondent considered that Customers could use knowledge of the registration process steps to frustrate parts of the process and communication between Distributors and Supplier; while other respondents considered that not publishing it would ensure consistent treatment with Schedule 23.

12.49 Of the respondents that considered it unnecessary to withhold publishing the new schedule three respondents stated that the information in the proposed new schedule was not sensitive or not as sensitive as the information in Schedule 23. On balance the Working Group considered that some of the steps in the process and visit procedure

elements should be placed in an appendix to the proposed new schedule and that this appendix would not be published on the DCUSA website.

Question 14: 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.

Respondent Party Type	Objective 1	Objective 1	Objective 2	Objective 3	Objective 3	Objective 4	Objective 4	Objective 5
Supplier	0	2	2	4	0	2	0	0
DNOs	1	4	1	4	1	3	1	0
IDNO	0	1	0	1	0	1	0	0
Total	1	7	3	10		6		0

12.50 The Working Group noted that the majority of respondents considered that Objectives one, three and four were better facilitated by this change. Please see the objectives that the Working Group considers are best facilitated by this change at Section 14. A summary of respondent's views on the objectives in the table above is set out below.

Objective 1

12.51 The majority of respondents considered that the reduction in unaccounted for electricity by unregistered customers would be reduced by this change making the Distribution

network more efficient. One respondent noted that the change would enhance the theft code of practice covering theft in conveyance situations.

- 12.52 One DNO respondent advised that it was difficult to assess the scale of the impact on Objective 1 as the details around the consumption of these sites is unknown.

Objective 2

- 12.53 The majority of respondents considered that this change will facilitate effective competition by introducing a co-ordinated approach that would ensure accurate cost allocation attributed to the relevant Supplier.

Objective 3

- 12.54 The majority of respondents considered that this change will support DNO Parties in the fulfilment of their licence obligation SLC 49 that was placed on DNO Parties in the RIIO – EDI price control. As DNO Parties are unable to register sites, it introduces a process which helps to facilitate the support of Suppliers in getting these customers registered.

- 12.55 One DNO respondent quoted SLC 49.6 as being better facilitated: *“in respect of Relevant Theft (the definition of Relevant Theft includes circumstances where (c) any person takes a supply of electricity at premises which have never been registered with an Electricity Supplier i.e. Unregistered Customers”*.

- 12.56 One DNO respondent did not consider that Objective three was better facilitated as DNOs are required to meet their licence obligations whether this change is implemented in DCUSA or not.

Objective 4

- 12.57 The majority of respondents considered that the change provides the structure for a co-ordinated approach to Parties detecting theft and registering customers. The proposed tracking Schedule between Distributors and Suppliers clearly sets out the responsibilities of Parties. This change aids the administration and implementation of the agreement in detecting theft and registering unregistered customers.

- 12.58 One DNO respondent did not consider that Objective 4 was better facilitated as they considered that this change would only cover specific unregistered customer scenarios. The Working Group noted that the concerns of this respondent had been addressed in their response to a previous question.

Question 15: Are you aware of any wider industry developments that may impact upon or be impacted by this CP?

- 12.59 All respondents were unaware of any wider industry development that may impact or be impacted upon by this CP.
- 12.60 The Working Group recalled a comment passed in discussion at a Working Group meeting that the introduction of a Unique Property Reference Number (UPRNs) may assist in preventing new unregistered premises.
- 12.61 A UPRN will be assigned to the life cycle of a premise as part of a new electricity industry process on addresses. The data of the location of a premise to match with the UPRN would be confirmed by the ordnance survey. The UPRN may be utilised in preventing the creation of unregistered sites in particular new build developments. It was noted that this proposed new electricity industry process is in its early stages.

Question 16: Do you have a preference on the implementation date for the DCP 209 change? Please provide supporting commentary.

Party Type	Next DCUSA Release Following Authority Consent	Three Months After Consent	Six Months After Consent	Post November 2015	No preference
Suppliers	0	1	1	0	2
DNOs	3	1	0	0	1
IDNO	0	0	0	1	1

- 12.62 The Working Group noted the feedback received and discussed potential implementation dates which would provide sufficient lead time for Parties to implement the change. Members considered that a 6 months' grace period should apply i.e. 6 months after the implementation date to allow parties to understand and accommodate the change.
- 12.63 A Supplier respondent advised against a big bang approach to implementation and suggested that Parties agree timescales with customers to remove the initial backlog of unregistered customers before adhering to prescriptive Service Level Agreements (SLAs). The Working Group agreed to be less prescriptive and look at inserting legal text around Parties endeavouring within 28 days as a proposed SLA.

Question 17: Are there any alternative solutions or matters that should be considered by the Working Group? Please note the specific intent of the Change Proposal.

- 12.64 Eight respondents were unaware of any alternative solutions or matters to be considered by the Working Group.
- 12.65 One DNO respondent considered that the knowledge that DNOs have the powers to disconnect unregistered customers is a tool that can be used to encourage unregistered customers to seek a Supplier. This respondent advised that this change should be viewed as an improvement in the communication and management of unregistered customers and not the introduction of disconnection powers.
- 12.66 One Supplier respondent requested that the Working Group review the Code of Practice fully including the visit procedure. The Working Group addresses this respondent's concerns in their answer to previous questions such as question 9.
- 12.67 One DNO respondent pointed out that there is a significant cross-over between unregistered customers and those actively engaged in Theft-in-Conveyance in this change. The Working Group agreed to amend the process to more clearly delineate the difference.

13 PROPOSED LEGAL TEXT

- 13.1 The draft legal text of DCP 209 has been reviewed by the DCUSA Legal Advisor and acts as Attachment 2. DCP 209 introduces a new Schedule which contains new obligations on Parties as highlighted in paragraph 5 of this change report.

14 EVALUATION AGAINST THE DCUSA OBJECTIVES

- 14.1 The Working Group considers that DCUSA General Objective 1, 3 and 4 are better facilitated by DCP 209. The reasoning against each objective is detailed below:

General Objectives

Objective 1 – *The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks.*

- **Working Group view on DCP 209:** The Working Group agreed that a reduction in non-technical losses from resolving unregistered customers and reducing the potentially inefficient usage of electricity by unregistered customers should make distribution networks more efficient.

Objective 3 - *The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences*

- **Working Group view on DCP 209:** The Working Group agreed that this change helps DNO Parties to fulfil the obligations placed on them under RIIO ED1 (SLC 49 on Losses and theft of electricity). The Working Group agreed that this change provided clarity on DNO Party responsibilities in relation to addressing 'Relevant Theft' in SLC 49 which include unregistered customers.

Objective 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.*

- **Working Group view on DCP 209:** The Working Group agreed that this change supported European directives in the area of optimization of the use of energy by reducing the number of unregistered customers (who do not pay for the electricity they use) and through getting them registered by a Supplier so that they receive appropriate cost signals. Including supporting European Directive 2009/72/EC.

15 IMPACT ON GREENHOUSE GAS EMISSIONS

- 15.1 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 209 were implemented. The Working Group did not identify any material impact on greenhouse gas emissions from the implementation of this CP.

16 IMPLEMENTATION

- 16.1 Subject to Party approval and Authority consent, the DCP 209 CP will be implemented on the 30 June 2016. The Working Group considered the feedback that the implementation date would provide Parties with insufficient lead time to be compliant with the change. The Working Group agreed to a 4-month lead time after the implementation date to allow

parties to understand and accommodate the change prior to being obliged to comply with the new arrangements. The lead time following the implementation date is set out in Clause 32A 'Resolving Unregistered Customers' in the draft legal text.

17 PANEL RECOMMENDATION

17.1 The DCUSA Panel approved the DCP 209 Change Report on 16 March 2016. The timetable for the progression of the CP is set out below:

Activity	Target Date
Change Report Agreed	16 March 2016
Change Report Issued For Voting	18 March 2016
Party Voting Ends	08 April 2016
Change Declaration Issued	12 April 2016
Authority Decision ^[1]	17 May 2016
Implementation	30 June 2016

18 ATTACHMENTS

- Attachment 1 – DCP 209 Voting Form
- Attachment 2 – DCP 209 Proposed Legal Text (including High Level Process Diagram)
- Attachment 3 – Best Practice Template Letters
- Attachment 4 –Unregistered Customers Tracking Schedule
- Attachment 5 - DCP 209 Working Group Legal Advice Letter and Wragge Lawrence Graham & Co and Gowlings Legal Advice
- Attachment 6 - DCP 209 Change Proposal (Containing DIF 028 Documents)
- Attachment 7 – DCP 209 Request for Information
- Attachment 8 – DCP 209 Consultation

^[1] Indicative decision date based on the 25 Working Day KPI