








DCUSA Change Report		At what stage is this document in the process?
<h1>DCP 368:</h1> <h2>Amendment to the Electricity Theft Detection Incentive Scheme (ETDIS) Timing</h2> <p><i>Raised on 20 February 2020 as an urgent change with a special release date</i></p>		01 – Change Proposal
		02 – Consultation
		03 – Change Report
		04 – Change Declaration
<b>Purpose of Change Proposal:</b> <p>This change proposal seeks to update and align the theft incentive scheme schedules and timetable to effectively migrate the ETDIS into the Retail Energy Code, ensuring there is minimal impact on the scheme activities and no gap in service.</p>		
	<p>This document is issued in accordance with Clause 11.20 of the DCUSA, and details DCP 368 – Amendment to the Electricity Theft Detection Incentive Scheme (ETDIS) Timing</p>	
	<p>DCP 368 is considered a Part 1 matter and Parties are invited to consider the proposed amendment (Attachment 1) and submit their votes using the Voting form (Attachment 2) to <a href="mailto:dcusa@electralink.co.uk">dcusa@electralink.co.uk</a> by <b>22 April 2020</b></p>	
	<p>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.</p>	
	<p>If you have any questions about this paper or the DCUSA Change Process, please contact the DCUSA by email to <a href="mailto:dcusa@electralink.co.uk">dcusa@electralink.co.uk</a> or telephone 020 7432 3011.</p>	
	<p>Parties Impacted: <b>Suppliers</b></p>	
	<p>Impacted Clauses:</p> <p><b>Schedule 30 – Electricity Theft Detection Incentive Scheme, Schedule 25 - TRAS</b></p>	

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Timetable		 020 7432 3011
The timetable for the progression of the CP is as follows:		Proposer: Kevin Woollard
Change Proposal timetable		 Kevin.Woollard@centrica.com
		 07979 563580

Activity	Date
Initial Assessment Report by Theft Issues Group	18 February 2020
Initial Assessment Report by Panel	18 March 2020
Change Report Approved by ex-committee Panel	31 March 2020
Change Report issued for Voting	01 April 2020
Party Voting Closes	22 April 2020
Change Declaration Issued to Parties	23 April 2020
Change Declaration Issued to Authority	23 April 2020
Authority Decision	01 May 2020
Expected Implementation Date 5 working days following Authority Consent	08 May 2020

## 1 Executive Summary

### What?

- 1.1 Ofgem has the authority to undertake Significant Code Reviews (SCRs) from time to time. An SCR provides a role for Ofgem to holistically review a code-based issue (for the main commercial industry codes) and speed up industry reform. For the Faster Switching Programme, there are two SCRs: The Switching SCR and the Retail Code Consolidation (RCC) SCR.
- 1.2 On 29 November 2019, Ofgem launched the Retail Code Consolidation Significant Code Review. The Launch Statement contains Policy Objectives, context and scope of the SCR. For information, the intended scope for the RCC SCR includes 'The necessary changes to implement the learnings from the Theft Steering Group and rationalise the existing theft provisions currently in SPAA and DCUSA into the REC'.
- 1.3 Under the current incentive scheme arrangements, the scheme covers successive periods of 12 months beginning on 01 June (with each 12-month period forming a Scheme Year) and ending on 31 May.
- 1.4 With the theft arrangements being migrated into the Retail Energy Code (REC) on 01 April 2021 and the winding down of theft provisions within DCUSA, the Electricity Theft Detection Incentive Scheme year cannot be completed under the existing code governance arrangements, and in order to mitigate against the risk of 12-month Scheme that straddles DCUSA and the REC with unintended consequences, it is recommended that the Electricity Theft Detection Incentive Scheme timings for Year 3 are amended.
- 1.5 At the Regulation Design User Group, it was suggested to proceed with a 10-month scheme running from June 2020 to March 2021. Ofgem are consulting on the timing issue as part of their Autumn Consultation, however, have also advised that a Change Proposal should be progressed as a parallel activity. With a 10-month scheme, this would cover the period between June 2020 and March 2021, however in this scenario the submission window for Suppliers to submit Outcome files would be between April and May 2021. As the existing TRAS contract expires 31 March 2021, a service would be required for full processing of these files (effectively from a previous period), requiring a contract between RECCo and a TRAS Provider. As there may be gap in full TRAS service provision, a short-term processing contract would be required under a 10-month scheme.
- 1.6 The issue was discussed by TIG members in the February 2020 meeting, and an alternative solution was proposed which would comprise of an 8-month scheme, allowing for confirmed thefts from June 20 to Jan 21 to be processed by the existing TRAS provider within the current contract

period, with the same provider processing the last set of Outcome Files in March 2021. A short-term simple contract could be affected for April 2021 whereby RECCo would contract with Experian to provide a service to:

- Action any Incentive Scheme queries raised by Suppliers
  - Provide the final Monthly Scheme and Annual Scheme Reports
- 1.7 A further change would be needed to ensure that the Submission Window for Feb 21 Outcome files is amended to coincide with the introduction of the REC by amending the current window of 12 March 21 - 11 April 21 to 01 April 21 – 12 May 21. This prevents the Submission Window straddling the DCUSA and the REC.
- 1.8 It should be noted that RECCo have been made aware of the change to the DCUSA Code, however, and are considering all of the suggested elements in this change proposal that affect the period 01 April 2021 onwards. For clarity this Change Proposal only seeks to amend DCUSA activities to 31 March 2021.
- 1.9 Theft targets and associated incentive pot values will be amended to reflect an 8-month scheme for year 3 and a 14-month scheme for year 4.
- 1.10 For Scheme Year 4, the outline of the Theft Detection Incentive Scheme would be contained within a new GTDIS RECCo Schedule, referencing a 14 month-scheme for months Feb 21 to March 22 and revised Submission Window timings. The existing and proposed alternative timetable has been attached as 'Attachment 2'
- 1.11 A list of the activities associated with the 8-month scheme are below:
- Suppliers submit January 2020 confirmed theft data to TRAS Provider (Experian) in submission window Feb/March 2021
  - TRAS Provider [Experian] sends to DCUSA Code Administrator provisional confirmed thefts report (March 2021); DCUSA Code Administrator sends to Suppliers Monthly Scheme Report in March 21 (any revisions would be included in a revised report sent by RECCo Code Manager.
  - TRAS Provider [Experian] deals with any Supplier queries from January Scheme Report (Supplier must raise within 20WD of receipt of report) in March/April 2021
  - Final January 2021 Confirmed Theft position issued by Experian in April 2021. January Scheme Report issued in April 2021
  - Between 119 and 124 calendar days following end scheme year (31/01/21), TRAS Provider sends Annual Scheme Report in June 2021; The Annual Scheme Report will be issued to Suppliers in June 2021.
  - Calculate credits and debits (no timeframe in Code currently)
  - Optional audit ahead of the issue of credit/debit values to Suppliers. Optional audit of actual Suppliers Confirmed Thefts.
  - Debit invoices issued with 30-day payment terms
  - Credit invoices issued based on value of debits paid, and associated credit payments then made to Suppliers.
  - Ongoing cash collection of debits and issue of credit payments commensurate with value of debits paid.

## Why?

1.12 This change proposal seeks to update and align the theft incentive scheme schedules and timetable to effectively migrate the schemes over into the Retail Energy Code, ensuring there is no gap in scheme activities or Supplier incentive scheme reporting obligations.

## How?

1.13 The proposed changes to DCUSA Schedules are provided as Attachment 1.

1.14 Bullet point changes to Code schedules

- Schedule 25, Section 8.5 has been amended to reflect the February 2021 confirmed theft reporting window for scheme year 4 (month 1)
- Schedule 30, Section 1.3 has been amended to reflect an 8-month scheme for Scheme Year 3, and a 14-month scheme for year 4.
- Schedule 30, Section 3.7a and 3.7b has been added to incorporate the incentive scheme targets for the Electricity Scheme year 3 and 4.
- Schedule 30, Section 5.3 has been amended to incorporate the incentive scheme pot values for the Electricity Scheme year 3 and 4.
- Schedule 30, Section 6.12 and 6.13 has been added to add clarity around Scheme reporting for Electricity scheme year 3 and 4.
- Schedule 30, Appendix 1 has been added to add clarity around Scheme reporting for Electricity scheme year 3 and 4

## 2 Governance

### Justification for Part 1 Matter

- 2.1 The Authority have advised that this change has no obvious impact upon the Switching SCR. Whilst this change is directly relevant to the Retail Code Consolidation SCR, the Authority are comfortable that DCP 368 is complementary to, and could be implemented ahead of, the RCC SCR and it would not be expected to have an adverse impact upon the progression of the RCC SCR.
- 2.2 The transfer of these schemes will be covered in the Authority's forthcoming consultation on REC v1.1. Responses to the consultation will be expected around mid-April and will likely have a direct bearing on the Authority's view of the merit of this change. Subject to which option for transferring the scheme is determined to be appropriate; an extraordinary release of the DCUSA may be necessary in order that this change can be given effect ahead of the 2020/21 scheme year.
- 2.3 Considering this change has an impact on the timetable and delivery of the Electricity Theft Incentive Scheme, it was agreed at the March DCUSA Panel DCP 368 should therefore be treated as an Urgent change and as a Part 1 matter to allow the Authority to make the final determination

## Requested Next Steps

- 2.4 This Change Proposal should:
- 2.5 Be treated as an Urgent Change with a special release date 5 working days following authority consent. It should be noted that the rationale behind the request for this CP to be treated as an urgent change, relates to the timeline associated with DCUSA Theft provisions migrating into the REC and the current TRAS Service Provider's Contract expiring, which has an impact on the delivery of the Electricity Theft Incentive Schemes.
- 2.6 Proceed to Change Report phase

## 3 Why Change?

- 3.1 Several process issues were identified when proceeding with an 8-month scheme at the February TIG. The TIG recommend that the DCUSA Schedule 30 be updated to clarify the Scheme processes for the Electricity Theft Detection Incentive Scheme Year 3, running from June 2020 to March 2021. This change is being raised to ensure effective administration of the Theft Detection Incentive scheme.
- 3.2 The undermentioned key areas were discussed by the TIG:

### **Scheme Timing for ETDIS Year 3**

- 3.3 Due to Theft being migrated into the REC, it was agreed to amend the year 3 ETDIS to reflect an 8-month scheme due to TRAS contract expiry date minimising TRAS processing activities and any impacts on the scheme.

### **Experian Closing Activities**

- 3.4 Attached is an excel spreadsheet of the activities to be completed by the TRAS Service Provider for ETDIS year 3 which was approved by the TIG in February 2020.

### **Scheme Secretariat Activities**

- 3.5 Attached is an excel spreadsheet of the activities to be completed by the TRAS Service Provider for ETDIS year 3 which was approved by the TIG in February 2020.

## 4 Solution

### DCP 368 Assessment

- 4.1 To update and align the theft incentive scheme schedules and timetable to effectively migrate the schemes over into the Retail Energy Code, ensuring there is no gap in scheme activities or Supplier incentive scheme reporting obligations. The Theft targets and associated incentive pot

values will be amended to reflect an 8-month scheme for year 3 and a 14-month scheme for year 4.

## 5 Relevant Objectives

### Assessment against the DCUSA Objectives

- 5.1 For a DCUSA Change Proposal to be approved it must be demonstrated that it better meets the DCUSA Objectives.
- 5.2 The Proposer of DCP 368 believes that the proposed solution will better facilitate DCUSA General Objective four as the change will update and align the theft incentive scheme schedules and timetable to effectively migrate the schemes over into the Retail Energy Code, ensuring there is no gap in scheme activities or Supplier incentive scheme reporting obligations
- 5.3 The Theft Issues Group (TIG) agrees with the Proposer of the Change Proposal that DCUSA General Objective four would be better facilitated by the implementation of the DCP 368 solution.

DCUSA General Objectives	Identified impact
<input type="checkbox"/> 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks	None
<input type="checkbox"/> 2 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	None
<input type="checkbox"/> 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences	None
<input checked="" type="checkbox"/> 4 The promotion of efficiency in the implementation and administration of the DCUSA	Positive
<input type="checkbox"/> 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.	None

## 6 Impacts & Other Considerations

## Does this Change Proposal impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

- 6.1 The Retail Code Consolidation Significant Code Review does not apply to DCUSA, but as a theft matter constraint in SPAA may have to be considered.
- 6.2 This Change Proposal does not have any impact on customers.

## Environmental Impacts

- 6.3 In accordance with DCUSA Clause 11.14.6, the Proposer assessed whether there would be a material impact on greenhouse gas emissions if DCP 368 were implemented. The Proposer did not identify any material impact on greenhouse gas emissions from the implementation of this Change Proposal.

## 7 Implementation

- 7.1 It is suggested that this CP should be implemented on the 01 May 2020 as an urgent change.

## 8 Legal Text

- 8.1 The proposed amendments to the legal text in Schedule 25 and 30 of DCUSA are set out within Attachment 1. The legal text has been reviewed by the TIG and the Proposer, who all agree that the amendments meet the intent of the CP.

## 9 Code Specific Matters

### Modelling Specification Documents

- 9.1 Not applicable.

### Reference Documents

- 9.2 Not applicable.

## 10 Recommendations

### Panel's Recommendation

- 10.1 The Panel approved this Change Report on 30 March 2020. The Panel considered that the Working Group has carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 368.



10.2 The Panel have recommended this report be issued for voting and DCUSA Parties should consider whether they wish to submit views regarding this CP. The Voting Form can be found in Attachment 2.

## Attachments

- Attachment 1 – DCP 368 Legal Text
- Attachment 2 – DCP 368 Voting Form
- Attachment 3 – DCP 368 Change Proposal
- Attachment 4 – ETDIS Year 3&4 Timetable