




DCUSA Change Report		At what stage is this document in the process?
<h1>DCP 367</h1> <h2>TDIS - Clarification to the Final Supply Point Market Share (FSMS)</h2> <p>Date raised: 18 February 2020</p> <p>Status of Change: Standard</p>		01 – Change Proposal
		02 – Consultation
		03 – Change Report
		04 – Change Declaration
Purpose of Change Proposal: <p>This change seeks to improve the methodology used for rounding the Individual targets issued to Suppliers as ahead of the scheme year and correction of Supplier market share to consider only participating Suppliers as the total population. So, the overall aim of the scheme to remain cost neutral can be achieved.</p>		
	<p>This document is issued in accordance with Clause 11.20 of the DCUSA, and details DCP 367 'TDIS - Clarification to the Final Supply Point Market Share (FSMS)'.</p> <p>Parties are invited to consider the proposed amendment (Attachment 1) and submit their votes using the Voting form (Attachment 2) to dcusa@electralink.co.uk by 11 May 2020.</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 dcusa@electralink.co.uk or telephone 020 7432 3008.</p>	
	 <p>Parties Impacted: Suppliers</p>	
	 <p>Impacted Clauses: Schedule 30 – Electricity Theft Detection Incentive Scheme</p>	

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Any questions?

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Timetable

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

Change Proposal timetable

Activity	Date
Initial Assessment Report Approved by Panel	18 March 2020
Change Report Approved by Panel	15 April 2020
Change Report issued for Voting	17 April 2020
Party Voting Closes	11 May 2020
Change Declaration Issued to Parties	13 May 2020
Implementation	25 June 2020

1 Executive Summary

What?

- 1.1 Under Electricity Theft Detection Incentive Scheme (ETDIS) rules, Suppliers who are not mandated to participate in the Scheme can opt-in after the date the Supplier targets are calculated and issued. Supplier targets are relative to the size of the overall Scheme. Theft targets will be rounded to the nearest whole number. For a Supplier with a calculated Theft Target of less than 1 which opts into the Scheme, its Theft Target will be deemed to be 1.
- 1.2 Late entries to the Scheme added to the original market share figures will add up to more than 100%, creating incompatible Scheme values. There is no clear solution to this rounding error in the existing regulatory codes.
- 1.3 Each Scheme Year the Supplier receives an individual Theft Target from the Code Administrator based on its market share figures, using the latest Supply Point portfolio data information held by the scheme Secretariat no earlier than two months prior to the beginning of the Scheme year. This will be communicated to individual SPOCS (with Contract Managers also included) no later than 10 Working Days before the start of the Scheme Year.
- 1.4 This issue also has an impact on the calculations of the debits and credits completed by the scheme secretariat. In the codes, all debits and credits associated with the Scheme Year will be calculated by the Scheme Administrator based on the total number of Confirmed Thefts shown within the final Scheme Year Summary Report, covering the full twelve-month period of the Scheme Year and utilising Supplier Party market share figures based on the figures utilised at the commencement of that Scheme Year, as per Paragraph 5.4.
- 1.5 Currently, the Scheme Administrator identifies the 'Qualifying Suppliers' for use in calculating the Debits and Credits, which means that where a party has become insolvent (and thus is no longer a Qualifying Supplier) midway through the scheme they will need to be removed per scheme rules. This has an impact on the market share figures originally circulated to all participating Suppliers prior to commencement of the Scheme.
- 1.6 The independent audit report for the 2018/19 Theft Detection Incentive Schemes also identified this issue and in order for the incentive pots to be charge neutral, the market share percentage needs to be adjusted to consider only the participating suppliers as the total population. It was therefore recommended that the Scheme Administrator adopts a single methodology for recalculating market share percentages and is applied consistently for every scheme year in this instance.
- 1.7 At the February TIG, it was agreed for the Scheme Administrator to amend section 7.2 of the DCUSA schedule 30 to state where a Supplier exited or joined the Scheme after commencement the Scheme Secretariat will recalculate the market share figures for all qualifying Suppliers at the end of the scheme and reissue the updated figures to the qualified Suppliers.

Why?

- 1.8 This change seeks to improve the methodology used for rounding the Individual targets issued to Suppliers as ahead of the scheme year and correction of Supplier market share to consider only participating Suppliers as the total population. So, the overall aim of the scheme to remain cost neutral can be achieved.

How?

- 1.9 Amend the definition of FMPS in Paragraph 7.2 of Schedule 30 as follows:

$$(X \times (\text{STD} / \text{TTD})) - (X \times \text{FMPS})$$

except where FMPS equals zero when calculated to five decimal places, in which case no credit or debit will be applied.

Where:

X is the total incentive pot value of the relevant section of the Scheme amended in line with the percentage change in CPI between the index published for the start and the end of the Scheme Year.

STD is the number of Confirmed Theft detections recorded by the Supplier Party.

TTD is the total number of Confirmed Thefts recorded in the Scheme Year.

FMPS is the final Metering Point market share of the Qualifying Supplier Party in the Scheme Year (being the Supplier's market share as a percentage of the Metering Points of all the Qualifying Suppliers based on the figures used at the start of the Scheme Year under paragraph 5, expressed to five decimal places).

2 Governance

Justification Part 2 Matter

- 2.1 This Change Proposal should be classed as a Part 2 Matter as it does not have a material impact on DCUSA Parties and does not meet the criteria that would require the Authority to make a decision.

Requested Next Steps

This Change Proposal should:

- Be treated as a Part 2 Matter
- Be treated as a Standard Change
- Proceed to the Change Report phase

- 2.2 The Change will need to be introduced on 25 June 2020.

3 Why Change?

Background of DCP 367

- 3.1 This change seeks to improve the methodology used for rounding the Individual targets issued to Suppliers as ahead of the scheme year and correction of Supplier market share to consider only participating Suppliers as the total population. So, the overall aim of the scheme to remain cost neutral can be achieved.

4 Solution

DCP 357 Assessment

- 4.1 As was noted in section 1 above, the TIG agreed to add the proposed legal text in to Schedule 30 of DCUSA.
- 4.2 The proposed legal text amendments to Schedule 30 of the DCUSA is provided as Attachment 1.

5 Relevant Objectives

Evaluation 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. There are five General DCUSA Objectives and six Charging Objectives. The full list of objectives is documented in the CP form provided as Attachment 3.
- 5.2 The Proposer and the TIG consider that DCP 367 better facilitates DCUSA General Objective 4 as this change will help to ensure effective administration of the Electricity Theft Detection Incentive Scheme.

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 impact
<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

- 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.

Environmental Impacts

- 6.2 In accordance with DCUSA Clause 11.14.6, the Proposer assessed whether there would be a material impact on greenhouse gas emissions if DCP 367 were implemented. The Proposer did not identify any material impact on greenhouse gas emissions from the implementation of this CP.

7 Implementation

- 7.1 Subject to Party approval, DCP 367 will be implemented on 25 June 2020. As DCP 367 is classified as a Part 2 Matter, Authority determination is not required.

8 Legal Text

- 8.1 The proposed amendments to the legal text in Schedule 30 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 Recommendations

Panel's Recommendation

10 Attachments

- Attachment 1 – DCP 367 Legal Text
- Attachment 2 – DCP 367 Voting Form
- Attachment 3 – DCP 367 Change Proposal Form