

DCUSA Change Declaration		At what stage is this document in the process?
<h1 data-bbox="159 358 590 459">DCP 366</h1> <h2 data-bbox="159 481 917 638">Theft Incentive Scheme - Company Mergers</h2> <p data-bbox="159 649 614 683"><b>Date Raised:</b> 18 February 2020</p> <p data-bbox="159 705 574 739"><b>Proposer:</b> Jennifer Pickering</p> <p data-bbox="159 761 526 795"><b>Party Name:</b> Eon Energy</p> <p data-bbox="159 817 526 851"><b>Party Category:</b> Supplier</p>		<p data-bbox="1093 369 1372 403">01 – Change Proposal</p> <p data-bbox="1093 492 1316 526">02 – Consultation</p> <p data-bbox="1093 616 1348 649">03 – Change Report</p> <p data-bbox="1093 728 1404 761">04 – Change Declaration</p>
<p data-bbox="159 896 598 929"><b>Purpose of Change Proposal</b></p> <p data-bbox="159 952 1436 1064">This change proposal seeks to update and align the theft schedules to help provide clarity to incentive scheme reporting (including the calculation of the debit and credits) when handling company mergers.</p>		
	<p data-bbox="295 1108 1436 1220">DCUSA Parties have voted on DCUSA Change Proposal (DCP) 366 with the outcome being a decision on whether or not the Change Proposal (CP) is to be accepted and the proposed variation to the DCUSA made accordingly.</p> <p data-bbox="295 1243 1308 1276">This document provides the DCUSA Change Declaration for DCP 366.</p> <p data-bbox="295 1299 1300 1332">The DCUSA Parties consolidated votes are provided as Attachment 1.</p>	
	<p data-bbox="295 1355 965 1388"><b>For DCP 366, DCUSA Parties have voted to:</b></p> <ul data-bbox="335 1422 1077 1512" style="list-style-type: none"> <li>• <b>Accept the proposed variation (solution); and</b></li> <li>• <b>Accept the implementation date.</b></li> </ul>	
	<p data-bbox="295 1556 726 1590"><b>Parties Impacted:</b> Suppliers</p>	
	<p data-bbox="295 1668 1332 1736"><b>Impacted Clauses:</b> Schedule 30 of DCUSA – Electricity Theft Detection Incentive Scheme</p>	

## Contents

<b>1 Summary</b>	<b>3</b>
<b>2 Governance</b>	<b>4</b>
<b>3 Why Change?</b>	<b>4</b>
<b>4 Solution</b>	<b>4</b>
<b>5 Code Specific Matters</b>	<b>4</b>
<b>6 Relevant Objectives</b>	<b>5</b>
<b>7 Impacts &amp; Other Considerations</b>	<b>5</b>
<b>8 Implementation</b>	<b>6</b>
<b>9 Legal Text</b>	<b>6</b>
<b>10 Voting</b>	<b>6</b>
<b>11 Recommendations</b>	<b>7</b>
<b>12 Attachments</b>	<b>7</b>

 **Any questions?**

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## Timeline

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 Summary

### What?

- 1.1 Since the Scheme was originally designed many Suppliers have exited the market unexpectedly and other organisations have merged. As part of the Theft Incentive Scheme, each year, in accordance with DCUSA Schedule 30 Clause 6.10, the TRAS Service Provider must provide the Scheme Administrator a report detailing the number of Confirmed Thefts reported by each participating Supplier.
- 1.2 Based on the information provided, the Scheme Administrator then issues an anonymous overall annual report ("Scheme Year Summary Report"), to each Qualifying Supplier Party, the Panel and the Authority. The report details the total number of valid Confirmed Thefts recorded within the Scheme Year for each Qualifying Supplier Party against its relevant Theft Target – separating them between the Commercial Sector and the Residential Sector - and the cumulative number of Confirmed Thefts recorded by all Qualifying Supplier Parties for each sector, for the whole Scheme Year.
- 1.3 The Theft Issues Group (TIG) identified that the overall Scheme Year Summary Report issued to participating Suppliers as per DCUSA Schedule 30 Clause 6.10 does not capture instances where companies have merged. This then impacts the calculation of the debits and credits performed by the secretariat 144 days after the scheme year.
- 1.4 If a Supplier Party merges with another during the scheme year, there is an issue regarding the confirmed thefts found by the participating merging Supplier, the individual target established and communicated prior to the scheme year commencing and their involvement within the TRAS.

### TRAS Reporting

- 1.5 When onboarding to the TRAS, Supplier Parties are allocated a 3\* digit contribution source code (CSC) which is required to transfer files through to the TRAS. A Supplier Party is only allowed one CSC regardless of the number of companies. When a Supplier Party is no longer a member of DCUSA or cease to exist due to a merger with another company they will need to be removed from prospective TRAS reporting. The TRAS provider will inform the non-participating Supplier party that they no longer need to submit TRAS files. In the circumstance where the joining Supplier Party merges with another Supplier Party, but the acquired Supplier Party identity and MPID remains no changes would be required in regard to TRAS Reporting.

### Secretariat Reporting

- 1.6 As part of the Theft Detection Incentive Scheme, the Scheme Administrator shall advise each Qualifying Supplier Party of their individual identifier at the beginning of the scheme. The TRAS Service Provider provides the Scheme Administrator with details of the number of Confirmed Theft detections reported in accordance with the Theft Risk Assessment Service Arrangements each month by way of an anonymised indicative scheme report. Where a Supplier Party merges with another company, the Supplier Party individual identifier will need to be discontinued at the point of the acquisition. The

merging Supplier Party's individual target will be transferred over to the acquiring Supplier Party, along with any confirmed thefts reported up to the acquisition date (not including Supplier of Last Resort). In the circumstance where the joining Supplier Party merges with another Supplier Party, but the acquired Supplier Party identity and MPID remains no changes would be required in regard to the Code Administrator reporting.

## Why?

- 1.7 This change proposal seeks to update and align the theft schedules to help provide clarity to incentive scheme reporting (including the calculation of the debit and credits) when handling company mergers.

## How?

- 1.8 The proposed legal text amendments to Schedule 30 of the DCUSA is provided as Attachment 2.

## 2 Governance

### Justification for Part 2 Matter

- 2.1 This CP is 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.

### Next Steps

- 2.2 DCUSA Parties voted to accept DCP 366 and as such, it will be implemented in line with Section 8 below.

## 3 Why Change?

### Background of DCP 366

- 3.1 This change proposal is required to update and align the theft schedules to help provide clarity to incentive scheme reporting (including the calculation of the debit and credits) when handling company mergers.

## 4 Solution

### DCP 366 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 2.

## 5 Code Specific Matters

- 5.1 Not applicable.

## 6 Relevant Objectives

### Assessment against the DCUSA Objectives

- 6.1 For a DCUSA Change Proposal to be approved it must be demonstrated that it better meets the either the DCUSA General Objectives or, and as is the case for DCP 366, the DCUSA Charging Objectives.
- 6.2 The Proposer and the TIG consider that DCP 366 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.	<b>None</b>
<input type="checkbox"/> 2 The facilitation of effective competition in the generation and supply of electricity and (so far is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity.	<b>None</b>
<input type="checkbox"/> 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licence.	<b>None</b>
<input checked="" type="checkbox"/> 4 The promotion of efficiency in the implementation and administration of the DCUSA.	<b>Positive</b>
<input type="checkbox"/> 5 Compliance with the Regulation on Cross-Border Exchange and Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	<b>None</b>

## 7 Impacts & Other Considerations

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

- 7.1 It is not believed that DCP 366 will impact on any SCR currently in progress and that this CP needs to be raised in order to ensure that any SCR currently in progress can correctly interpret the legal text.

### Consumer Impacts

- 7.2 No consumer impacts have been identified.

### Environmental Impacts

- 7.3 In accordance with DCUSA Clause 11.20.5A, the Proposer assessed whether there would be a material impact on greenhouse gas emissions if DCP 366 were implemented. The Proposer did not identify any material impact on greenhouse gas emissions from the implementation of this CP.

## 8 Implementation

8.1 Subject to Party approval, DCP 366 will be implemented on 25 June 2020. As DCP 366 is classified as a Part 2 Matter, Authority determination is not required.

## 9 Legal Text

9.1 The legal text for DCP 366 has been recommended by the Proposer and reviewed by the DCUSA legal advisor and is provided as Attachment 2.

9.2 The Proposer is satisfied that the legal text meets the intent of the change.

## 10 Voting

10.1 The 366 Change Report was issued to DCUSA Parties for voting on 17 April 2020 for a period of fifteen working days.

### Part 2 Matter: Authority Decision is not required

#### DCP 366 Proposed Variation (Solution) Decision

10.2 For the majority of the Party Categories that were eligible to vote:

- the number of groups in each Party Category which voted to accept the proposed variation was more than 65% of the total number of Groups in that Party Category which voted; and
- the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the proposed variation was more than 65%

10.3 DCUSA Parties have voted to **accept** the proposed variation (solution) of DCP 366.

#### DCP 366 Implementation Date Decision

10.4 For the majority of the Party Categories that were eligible to vote:

- the number of groups in each Party Category which voted to accept the implementation date was more than 65% of the total number of groups in that Party Category which voted; and
- the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the implementation date was more than 65%.

10.5 DCUSA Parties have voted to **accept** the implementation date of DCP 366.

The table below sets out the outcome of the votes that were received in respect of the DCP 366 Change Report that was issued on 17 April 2020 for a period of 15 working days.

DCP 366	WEIGHTED VOTING
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	DNO <sup>1</sup>	IDNO <sup>2</sup>	SUPPLIER	CVA REGISTRANT <sup>3</sup>	GAS SUPPLIER <sup>4</sup>
<b>CHANGE SOLUTION</b>	N/A	N/A	Accept	N/A	N/A
<b>IMPLEMENTATION DATE</b>	N/A	N/A	Accept	N/A	N/A

## 11 Recommendations

### DCUSA Parties

11.1 DCUSA Parties have voted on DCP 366, with the outcome being a decision to accept the Change Proposal and thus the proposed variation to the DCUSA will be made accordingly.

## 12 Attachments

- Attachment 1 – DCP 366 Consolidated Party Votes
- Attachment 2 – DCP 366 Legal Text
- Attachment 3 – DCP 366 Change Proposal Form

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<sup>1</sup> Not eligible to vote

<sup>2</sup> Not eligible to vote

<sup>3</sup> Not eligible to vote

<sup>4</sup> Not eligible to vote