

Part A: Generic

DCUSA Change Proposal (DCP)		At what stage is this document in the process?
<h1>DCP 366:</h1> <h2>Theft Incentive Scheme - Company Merges</h2> <p><i>11 February 2020</i></p> <p>Proposer Name: Jennifer Pickering</p> <p>Company Name: EON Energy</p> <p>Company Category: Supplier</p>		<p>01 – Change Proposal</p> <p>02 – Consultation</p> <p>03 – Change Report</p> <p>04 – Change Declaration</p>
<p>Purpose of Change Proposal:</p> <p>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>Governance:</p> <p>The Proposer recommends that this Change Proposal should be:</p> <ul style="list-style-type: none"> • Treated as a Standard Change; • Progressed to the Change Report stage; and • Considered a Part 2 Matter <p>The Panel will consider the proposer’s recommendation and determine the appropriate route.</p>	
	<p>Impacted Parties:</p> <p>DCUSA Parties: Suppliers</p>	
	<p>Impacted Clauses:</p> <p>Schedule 30 of DCUSA – Electricity Theft Detection Incentive Scheme</p>	

Contents		 Any questions?
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5 Relevant Objectives		austin.gash@electrallink.co.uk
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8 Recommendations		7 Proposer:
		Jennifer Pickering
Indicative Timeline		 email address
The Secretariat recommends the following timetable:		jennifer.pickering@onenergy.com
Initial Assessment Report by Theft Issues Group	18 February 2020	 telephone
Initial Assessment by Panel	18 March 2020	0742 207 8502
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

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.

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.

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.

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

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

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

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

Amend the following definition in paragraph 2 in Schedule 30 of the DCUSA as follows:

Theft Target In respect of SY1 is set out in paragraph 3.6, and for subsequent Scheme Years is to be set as described in paragraphs 3.7 to 3.14 (inclusive); and each Supplier Party's individual Theft Targets are as described in paragraphs 5.4 to 5.7 (inclusive).

Insert a new paragraph 5.7 in Schedule 30 of the DCUSA as follows:

- 5.7 If, following the date of the market share figures on which the Theft Targets for a Scheme Year were calculated but before the end of that Scheme Year, a Supplier Party purchases all (or substantially all) of a Qualifying Supplier Party's electricity supply contracts (or its electricity supply contracts related to either the Residential Sector or the Commercial Sector), then the Scheme Administrator shall:
- (a) reduce to zero the selling Supplier Party's Theft Target(s) for that Scheme Year and the Residential Sector and/or the Commercial Sector;
 - (b) increase the purchasing Supplier Party's Theft Target(s) by the amount of the selling Supplier Party's Theft Target(s) as they existed prior to such reduction (or, if the purchasing Supplier Party was not previously a Qualifying Supplier Party, recognise that Supplier Party as a Qualifying Supplier Party and allocate the selling Supplier Party's Theft Target(s) to the purchasing Supplier Party); an
 - (c) re-allocate any and all Confirmed Thefts in that Scheme Year previously identified as having been detected by the selling Supplier Party to the purchasing Supplier Party (or, in the case of the purchase of only contracts relating to either the Residential Sector or the Commercial Sector, reallocate only Confirmed Thefts related to that sector).

Amend paragraph 6.1 in Schedule 30 of the DCUSA as follows:

6.1 A "**Qualifying Supplier Party**" is a Supplier Party who has been active in the market throughout the whole Scheme Year and may include Supplier Parties whose target is less than 1, but who elect to be included in the Scheme. However, a Qualifying Supplier Party excludes any new market entrants that have entered the electricity market during that Scheme Year, or any Supplier Party that has withdrawn from the market such that it has zero Metering Points registered at the end of that Scheme Year. This will ensure that those entering or leaving the market during a Scheme Year are not unfairly disadvantaged. However, this definition is without prejudice to the operation of paragraph 5.7.

Amend paragraph 7.2 in Schedule 30 of the DCUSA as follows:

7.2 All debits and credits associated with the Scheme Year will be calculated by the

Secretariat 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 (subject to Paragraphs 5.6 and 5.7).

This will be done using the following formula: [...]

2 Governance

Justification for Authority Consent

The Change does not require Authority Consent as the proposal seeks to introduce a report to share data between code administrators.

Requested Next Steps

This Change Proposal should:

- Be treated as a Standard Change

3 Why Change?

Legal Text

Draft Legal Text is provided as attachment 1.

4 Code Specific Matters

Reference Documents

N/A

Relevant Objectives

DCUSA Charging Objectives	Identified impact
<input type="checkbox"/> 1 that compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence	None

<input type="checkbox"/> 2 that compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)	None
<input type="checkbox"/> 3 that compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business	None
<input type="checkbox"/> 4 that, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business	None
<input type="checkbox"/> 5 that compliance by each DNO Party with the Charging Methodologies facilitates 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
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?

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.

Does this Change Proposal Impact Other Codes?

- BSC
- CUSC
- Grid Code
- MRA
- SEC
- Other (tick) SPAA
- None

Consideration of Wider Industry Impacts

N/A

Confidentiality

N/A

7 Implementation

The proposed implementation date is 25 June 2020, which is the next applicable DCUSA release, subject to Party approval.

8 Recommendations