





DCUSA Change Declaration		At what stage is this document in the process?
<h1>DCP 374</h1> <h2>Energy Theft Transition into the Retail Energy Code</h2> <p>Date Raised: 09 September 2020</p> <p>Proposer: Stacey Buck</p> <p>Party Name: BU-UK</p> <p>Party Category: IDNO</p>	01 – Change Proposal	
	02 – Consultation	
	03 – Change Report	
	04 – Change Declaration	
<p>Purpose of Change Proposal</p> <p>DCP 374 seeks to make the required amendments to the Agreement in order to facilitate an orderly transition of the theft arrangements within DCUSA Ltd into the Retail Energy Code.</p>		
	<p>DCUSA Parties have voted on DCUSA Change Proposal (DCP) 374 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>This document provides the DCUSA Change Declaration for DCP 374.</p> <p>The DCUSA Parties consolidated votes are provided as Attachment 1.</p>	
	<p>For DCP 374, DCUSA Parties have voted to:</p> <ul style="list-style-type: none"> • Accept the proposed variation (solution); and • Accept the implementation date. 	
	<p>Parties Impacted: All Parties</p>	
	<p>Impacted Clauses: DCUSA Main Body, Schedule 14, Schedule 23, Schedule 25, Schedule 26, Schedule 27, Schedule 30</p>	

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Any questions?

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Timeline

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

Change Proposal timetable¹

Activity	Date
Initial Assessment by Panel	21 October 2020
Change Report Issued Ex-Committee Panel	22 October 2020
Change Report Approved by Panel	02 November 2020
Change Report issued for Voting	02 November 2020
Party Voting Closes	16 November 2020
Change Declaration Issued to Parties/Authority	17 November 2020
Authority Consent (provisional date) ²	08 December 2020
Expected Implementation Date is 5 working days following Authority Consent ³	15 December 2020

¹ This timetable follows a shortened timeframe due to advice received from DCUSA Ltd.'s legal advisor which recommended that DCP 374 should be implemented ahead of REC v1.1 designation on 16 December 2020.

² This timetable follows a shortened timeframe for the Authority to provide their decision within, the Authority has not committed to making a decision by this date.

³ Some effects of the change will be immediate, and some will take effect at later dates. Review section 1.9 for more information

1 Summary

What?

- 1.1 Changes are required to the DCUSA in order to ensure an orderly transition of the theft arrangements that are currently contained within the DCUSA into the Retail Energy Code (REC). The transition of the theft arrangements also has impacts on DCUSA Ltd (the legal entity that provides a corporate vehicle for the Agreement to operate under). Therefore, this change needs to put in place, the appropriate processes and procedures as are required in order to allow for the Directors of DCUSA Ltd. to transition their control of the theft arrangements to the Retail Energy Code Company Limited (RECCo Ltd).
- 1.2 The DCUSA Panel, DCUSA Ltd Board, and DCUSA Secretariat have been working closely with RECCo and DCUSA Ltd.'s legal advisors in order to agree the activities that will transition, the dates of transition and to draft this Change Proposal and the associated legal text changes that are required.

Why?

- 1.3 The Retail Code Consolidation (RCC) Significant Code Review (SCR) was expected to be implemented on 01 September 2020. As part of go-live, the theft provisions that are currently administered through the DCUSA will migrate to the REC between 01 April 2021 and 01 September 2021, and to enable this transfer, changes to the DCUSA and the REC are required.
- 1.4 The provisions for the Theft Risk Assessment Service (TRAS), Energy Theft Tip Off Service (ETTOS), and Electricity Theft Detection Incentive Scheme (ETDIS) are due to transition into the REC with an effective date of 01 April 2021 as part of REC v1.1. The Theft of Electricity Code of Practice and Resolving Unregistered Consumers Code of Practice are due to transition into the REC with an effective date of 01 September 2021 as part of REC v2.0.
- 1.5 The rights/obligations of Suppliers and the DNOs/IDNOs (where applicable) that are contained within the DCUSA will generally end on the relevant date and any accrued rights/obligations will be preserved (under the REC for those processes that are being moved to the REC and under the DCUSA for those that are not).
- 1.6 For those processes that are being moved under the control of RECCo, DCUSA Ltd.'s role generally ends (with RECCo required to perform the equivalent role under the REC). However, DCUSA Ltd (via the Panel) will retain oversight of the 'Scheme Year Summary Report' and calculation of the financial debits and credits resulting from the 2020/21 ETDIS Scheme Year. DCUSA will collect and distribute the credits and debts for 2020/21 ETDIS Scheme Year.
- 1.7 This Change Proposal has not currently included an express obligation on DCUSA Ltd to maintain Supplier access to particular TRAS data after 1 April 2021, as currently there is an uncertainty as to what will be retained therefore this will be considered at a later date.

How?

- 1.8 The key changes to DCUSA will be to separate the provisions associated with the TRAS, ETTOS and ETDIS. Subsequently the 'Theft of Electricity' and 'Resolving Unregistered Consumers' Codes of Practice will be transferred to the REC. This will be achieved by the deletion of the applicable Schedules (and the end of Parties rights/obligations under the DCUSA in respect of these Schedules).
- 1.9 Some changes are specified as taking effect on Energy Theft Consolidation - and those changes will be implemented on Energy Theft Consolidation, as designated by Ofgem under the REC (currently expected 1 April 2021) – and others are specified as taking effect on Retail Code Consolidation - and those changes will be implemented on Retail Code Consolidation, as designated by Ofgem under the REC (currently expected 1 September 2021).
- 1.10 Full details of the proposed changes can be found within the legal text in Attachment 1 to this Change Report.

2 Governance

Justification for Part 1 Matter

- 2.1 DCP 374 Change Proposal should be treated as a Part 1 Matter and as such require Authority Consent as it is likely to have a significant impact on the interests of electricity consumers and it concerns the governance or the change control arrangements applying to this Agreement.
- 2.2 Although this change does not meet any of the criteria specified in Section 1C – Change Control of DCUSA, as advised by the DCUSA Ltd.'s legal advisor, DCP 374 Change Proposal should be treated as an urgent change as it will need to be implemented ahead of REC v1.1 designation on 16 December 2020, failure to do so will result in misalignment with the REC and party confusion.
- 2.3 The Proposer believes that this should be treated as an urgent change as it meets the criteria set out in clause 10.7 and 10.7.1. That is to say "it relates to a current issue that if not urgently addressed may cause significant adverse commercial impact on parties (or a class of Party), electricity and/or any other person". The Proposer believes that failure to address this change as a priority may mean that Parties who need to adhere to the Theft related provisions may face confusion as a result of potential misalignment with the REC.

Next Steps

- 2.4 DCUSA Parties voted to accept DCP 374 and as such, it will be implemented in line with Section 8 below.

3 Why Change?

Background of DCP 374

- 3.1 As within Section 1, 'Why?', changes are required to enable Directors of DCUSA Ltd to enact an orderly transition of the theft arrangements within DCUSA following the date of the RCC (upon which, the theft arrangements with DCUSA will cease to exist and the REC 'takes over'). The suggested legal text amendments are in the attachment to this Change Report.

4 Solution

DCP 374 Assessment

- 4.1 In order to ensure that the solution would be fit for purpose at the time of submission into the DCUSA Change Control process, the involvement of DCUSA Ltd.'s legal advisor was needed. As the legal text amendments have been provided by DCUSA Ltd.'s legal advisor, the solution for this Change Proposal is derived from the legal drafting. Specifically, this Change Proposal proposes amendments to the following areas of the DCUSA:

- Definitions (Section 1A, Clause 1),
 - Duties (Section 1B, Clause 5.3),
 - Revenue Protection (Section 2A, Clause 32)
 - Energy Theft Consolidation (Section 2A, Clause 32B)
 - Website Requirements (Schedule 14, Paragraph 3a and Paragraph 3A(a))
 - Schedule 23 – Theft of Electricity Code of Practice (Proposed timing of transition is 01 September 21)
 - Schedule 25 – Theft Risk Assessment Service (Proposed timing of transition is 01 April 2021)
 - Schedule 26 – Energy Theft Tip Off Service (Proposed timing of transition is 01 April 2021)
 - Schedule 27 – Resolving Unregistered Consumers Code of Practice (Proposed timing of transition is 01 September 2021)
 - Schedule 30 – Electricity Theft Detection Incentive Scheme (Proposed timing of transition is 01 April 2021)
- 4.2 The document containing the proposed amendments to the DCUSA that implement this Change Proposal acts as Attachment 1.

Legal Text

4.2 The document containing the proposed amendments to the DCUSA that implement this Change Proposal acts as Attachment 1.

Text Commentary

4.3 The draft legal text sets out a number of additions/deletions that are designed to take effect at three different points in time in order to provide clarity on the relevant responsibilities for theft arrangements going forward and to ensure that RECCo has clear vires to undertake this work while DCUSA Ltd for the time being retain ownership of “business as usual” theft activities. The two points in time are:

- upon on initial implementation, which has been set for 5 Working Days following Authority approval;
- upon ‘Energy Theft Consolidation’ - as designated by Ofgem under the REC (currently expected 1 April 2021).

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 374, the DCUSA Charging Objectives.
- 6.2 The Proposer believes that this Change Proposal better facilitates DCUSA General Objective four as it will ensure orderly closedown of Theft related provisions under DCUSA to be transferred to the REC following RCC.

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 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 Licence.	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 and Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None
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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 This Change Proposal impacts upon the RCC SCR as it directly links into the amalgamation and implementation of the new REC. This Change Proposal is required to enable an orderly transition of the theft arrangements within DCUSA Ltd by the RCC date.
- 7.2 The Proposer does not consider that there are any impacts to any other 'Industry Codes' as a result of the implementation of this CP.
- 7.3 Whilst not directly impacted, the MRA is proposing a similar change, MRA CP 0267, which has the same ultimate aim as theft provisions within SPAA (SCP 506) and this DCUSA Change Proposal. The proposed MRA CP is designed to facilitate the orderly closure of MRASCo as a legal entity, following REC go-live.
- 7.4 For the avoidance of doubt, SCP 506 and MRA CP 0267 are not contingent on one another and do not impact each other. This CP (DCP 374) and MRA CP 0267 are also not contingent on one another.
- 7.5 However, SCP 506, raised under SPAA, does impact DCUSA since the services of ETTOS and TRAS are provided to both SPAA and DCUSA and the costs shared between the two at an agreed allocation.

Consumer Impacts

- 7.6 No consumer impacts have been identified.

Environmental Impacts

- 7.7 In accordance with DCUSA Clause 11.20.5A, the Proposer assessed whether there would be a material impact on greenhouse gas emissions if DCP 374 were implemented. The Proposer did not identify any material impact on greenhouse gas emissions from the implementation of this CP.

8 Implementation

- 8.1 It is suggested that this change proposal should be implemented by extraordinary release, which would be set for five working days following Authority Consent. It is worth noting that the 'Indicative Timeline' provided on page 2 of this document provides a view of dates applicable to a shortened timeline for Authority decision.

- 8.2 As stated in the legal text, DCP 374 will have effect from three different dates and not entirely on the initial implementation date. The proposed phasing for the implementation of this Change Proposal is as follows:
- 8.3 • Initial implementation: 5 Working Days following Authority approval (potentially around 16 December)
- 8.4 • Second implementation: will occur at 'Energy Theft Consolidation': expected to be on or around 01 April 2021
- 8.5 • Final Implementation: will occur at 'Retail Code Consolidation': expected to be on or around 01 September 2021
- 8.6 As DCP 374 is classified as a Part 1 Matter, Authority determination is required. DCP 374 will be implemented five working days after Authority Consent.

9 Legal Text

- 9.1 The legal text for DCP 374 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 374 Change Report was issued to DCUSA Parties for voting on 02 November 2020 for a period of ten working days.

Part 1 Matter: Authority Decision required

DCP 374 Proposed Variation (Solution) Decision

- 10.2 For the majority of the Parties that were eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the proposed variation was more than 50%.
- 10.3 DCUSA Parties' have voted and determined that the proposed variation (solution) is accepted for DCP 374.

DCP 374: Implementation Date

- 10.4 For the majority of the Parties that were eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the implementation date was more than 50%.
- 10.5 DCUSA Parties' have voted and determined that the implementation date is accepted for DCP 374.

The table below sets out the outcome of the votes that were received in respect of the DCP 374 Change Report that was issued on 02 November 2020 for a period of 10 working days.

DCP 374	WEIGHTED VOTING
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	DNO	IDNO	SUPPLIER	CVA REGISTRANT ⁴	GAS SUPPLIER ⁵
CHANGE SOLUTION	Accept	Accept	Accept	N/A	N/A
IMPLEMENTATION DATE	Accept	Accept	Accept	N/A	N/A

11 Recommendations

DCUSA Parties

11.1 DCUSA Parties have voted on DCP 374, 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 374 Consolidated Party Votes
- Attachment 2 – DCP 374 Legal Text
- Attachment 3 – DCP 374 Change Proposal Form

⁴ Not eligible to vote

⁵ Not eligible to vote