DCUSA

DCUSA Change Report	At what stage is this document in the process?
# DCP 374: Energy Theft Transition into the Retail Energy Code ***Date raised:*** ***09 September 2020*** ***Proposer Name:*** ***Stacey Buck*** ***Company Name:*** ***BU-UK*** ***Company Category:*** ***IDNO***	**01 – Change Proposal** **02 – Consultation** **03 – Change Report** **04 – Change Declaration**

Purpose of Change Proposal:

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.

This document is issued in accordance with Clause 11.20 of the DCUSA, and details *DCP 374 'Energy Theft Transition into the Retail Energy Code'*

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 **13 November 2020.**

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.

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.

Parties Impacted*:* All Parties

Impacted Clauses: DCUSA Main Body, Schedule 14, Schedule 23, Schedule 25, Schedule 26, Schedule 30, Schedule 27

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Any questions?

Contact:
Austin Gash

DCUSA@electralink.co.uk

0207 432 3008

Proposer:
Stacey Buck

stacey.buck@bu-uk.co.uk

07855270624

Timetable

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

Change Proposal timetable[1]

Activity	Date
Initial Assessment by Panel	21 October 2020
Change Report Issued to Ex-Committee Panel	22 October 2020
Change Report Approved by Panel	29 October 2020
Change Report issued for Voting	30 October 2020
Party Voting Closes	13 November 2020
Change Declaration Issued to Parties	16 November 2020
Authority Consent (provisional date)	07 December 2020
Expected Initial Implementation Date is 5 working days following Authority Consent	14 December 2020[2]
Second Implementation: 'Energy Theft Consolidation': expected to be on or around 01 April 2021	01 April 2021

[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, this is due to the above recommendation and has not been confirmed with the Authority.

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Final Implementation: 'Retail Code Consolidation': expected to be on or around 01 September 2021.	01 September 2021	

1 Executive 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 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) is 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.

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 the DCUSA are to separately deal with the provisions associated with the TRAS, ETTOS and ETIDS, and then subsequently deal with the 'Theft of Electricity' and 'Resolving Unregistered Consumers' Codes of Practice. The result is the deletion of the applicable Schedules

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(and the end of Parties rights/obligations under the DCUSA in respect of these Schedules) and with respect to the former, from the occurrence of 'Energy Theft Consolidation' (a new concept to be designated under the REC), currently expected on 1 April 2021 and with respect to the latter, from the occurrence of RCC, currently expected on 1 September 2021, .

1.9 Full details of the proposed changes can be found within the attachment to this DCP.

2 Governance

Justification Part 2 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

Requested Next Steps

This Change Proposal should:

- Be treated as a Part 1 Matter
- Be treated as an Urgent Change
- Proceed to the Change Report phase

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 Proposal.

Part B: Code Specific Details

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

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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)

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 three 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 Relevant Objectives

Evaluation Against the DCUSA Objectives

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5.1 For a DCUSA Change Proposal to be approved it must be demonstrated that it better facilitates the DCUSA Objectives. There are five General Objectives and six Charging Objectives. The full list of objectives is documented in the DCUSA.

5.2 The Proposer believes that this Change Proposal better facilitates DCUSA General Objective 3) and 4) as it makes provisions for the orderly closedown of processes catered for under DCUSA to be transferred to the REC following RCC.

DCUSA General Objectives	Identified impact
☐ 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks	None
☐ 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
☒3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences	Positive impact
☒ 4 The promotion of efficiency in the implementation and administration of the DCUSA	Positive impact
☐ 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

Impacts on any Significant Code Review (SCR) or other significant industry change projects

6.1 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.

Impacts Other Codes

6.2 The Proposer does not consider that there are any impacts to any other 'Industry Codes' as a result of the implementation of this CP.

6.3 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 Change Proposal, albeit for the MRA. For the avoidance of doubt, SCP 506 and MRA CP 2067 have no interrelationship and do not impact each other. SCP506 however 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.

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Consumer Impacts

6.4 This change does not impact consumers.

Environmental Impacts

6.5 In accordance with DCUSA Clause 11.14.6, 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.

7 Implementation

7.1 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.

7.2 As stated in the legal text, DCP 374 will need to be implemented in three separate parts and not entirely on the initial implementation date. The proposed phasing for the implementation of this Change Proposal is as follows:

- Initial implementation: 5 Working Days following Authority approval (potentially around 16 December)
- Second implementation: will occur at 'Energy Theft Consolidation': expected to be on or around 01 April 2021
- Final Implementation: will occur at 'Retail Code Consolidation': expected to be on or around 01 September 2021

8 Legal Text

8.1 The legal text for DCP 374 has been recommended by the Proposer and reviewed by the DCUSA legal advisor and is provided as Attachment 1.

9 Recommendations

Panel's Recommendation

10 Attachments

- Attachment 1 – DCP 374 Legal Text
- Attachment 2 – DCP 374 Voting Form

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- Attachment 3 – DCP 374 Change Proposal Form

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