APPLICATION FOR DEROGATION

APPLICANT NAME	Anton Moden
APPLICANT EMAIL	Anton.moden@recmanager.co.uk
ORGANISATION	Code Manager
REC PARTY CATEGORY/ROLE	Other
DATE OF APPLICATION	23rd June 2023

SUMMARY OF PROPOSED DEROGATION AND RATIONALE FOR REQUIRING THIS

The Retail Energy Code Company (RECCo) administers the Theft Detection Incentive Scheme (TDIS), in line with Schedule 7 – Energy Theft Reduction of the Retail Energy Code. This sets out key elements of the scheme, including how the incentive pot is calculated, how confirmed thefts are reported and how debits and credits are calculated under the scheme.

In 2021/22, Opus Energy Limited submitted confirmed thefts containing invalid/unrecognisable Meter Point Administration Number (MPAN) data, and thus were not credited with these thefts by the Code Manager as they were unable to be recognised by the TDIS. Following an appeal submitted by Opus on 15th November 2022, the REC Performance Assurance Board (PAB) agreed that these confirmed thefts should be recognised, subject to Opus providing valid MPAN data. Opus provided updated data on 5th December 2022, which followed the date on which payments had already been calculated, and debits and credits issued, for the 2021/22 Scheme year. Within Schedule 7, there is no mechanism to reopen the calculations and payments following closure of the Scheme year.

At its meeting in May 2023, the PAB determined that these thefts should be counted as thefts within the 2022/23 Scheme year. In order to effect the PAB's decision, the Code Manager requires a Derogation from the calculation methodology in order to include Opus' confirmed thefts within the calculation for the 2022/23 year.

IMPACTED REC OBLIGATIONS

Paragraph 8.3 of the Annex 3 of Schedule 7 of the Retail Energy Code states:

> *Debits and credits resulting from the TDIS will be calculated for each consumer segment within the scheme using the following formula:*
>
> *(X*(STD / TTD)) – (X*FMPS)*
>
> *except where FMPS equals zero when expressed to five decimal places, in which case no credit or debit will be applied, or in the case of a TDIS Qualifying Supplier whose Theft Target for such segment was zero, in which case no debit may be applied but a credit may be.*
>
> *Where:*
>
> *X is the total incentive pot value of the relevant consumer segment of the TDIS, amended in line with the percentage change in the 'Consumer Price Index' between the index published for the start and the end of the TDIS Regulatory Year.*
>
> *STD is the number of Confirmed Energy Thefts recorded by the Energy Supplier in the relevant consumer segment.*
>
> *TTD is the total number of Confirmed Energy Thefts recorded in the TDIS Reporting Year for the relevant consumer segment.*
>
> *FMPS is the final Metering/Supply Meter Point market share of the TDIS Qualifying Supplier in the TDIS Reporting Year for the relevant consumer segment (being the TDIS Qualifying Supplier's market share as a percentage of the Metering/Supply Meter Points of all the TDIS Qualifying Suppliers based on the figures used at the start of the TDIS Reporting Year).*

The Code Manager requests a Derogation from applying the definition of STD and TTD within this formula for 2022-23, to account for this one-off adjustment for Opus.

IMPACTED REC PARTIES, SERVICE PROVIDERS OR REC PROCESSES

Energy Suppliers

REQUESTED LENGTH OF DEROGRATION PERIOD (TWO YEAR MAXIMUM) INCLUDING ACTIONS/ACTIVITIES PLANNED

This Derogation will only apply for the 2022/23 TDIS debit and credit calculation.

ANY OTHER INFORMATION OR DOCUMENTATION TO SUPPORT APPLICATION
N/A

PROPOSED MEASURES OF DEROGATION
N/A, although we would inform Opus Energy Limited of the approval and implementation of this Derogation as part of the process.