Energy Theft Enforcement Department

A Partnership between REC Parties and the City of London Police

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Partnership with the City of London Police

There is the opportunity to enter into a partnership with the City of London Police to create a dedicated Enforcement Department to tackle Energy Theft nationally in a robust, proportionate and consistent manner regardless of the Supplier or Network Operator.

Similar partnerships are currently in place for other industries, including the Insurance Fraud Enforcement Department which has been operating successfully since 2012.

This provides an overview of those partnerships and a proposed Target Operating Model for a future partnership between the energy industry and the City of London Police which includes:

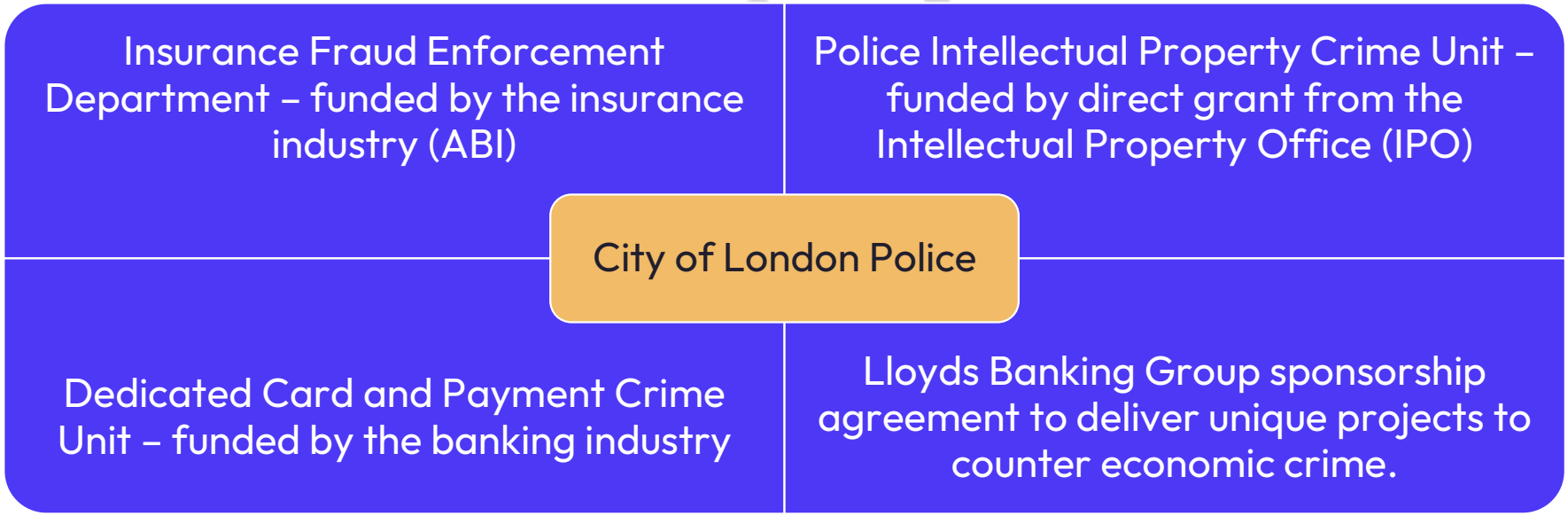
- Funding
- Operational Scope
- Structure and Methods
- Referrals
- Processing of Referrals
- Enforcement
- Benefits
- Measures of Success

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Other Industries & City of London Police

- Since 2008 the City of London Police have been the national lead police force for fraud and host the National fraud and cybercrime report centre, Action Fraud.
- They have developed a partnership approach to managing some economic crimes and assist organisations in meeting specific goals in the counter-fraud sphere:



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Insurance Fraud Enforcement Department (IFED)

Conduct Intelligence-led investigations regarding insurance fraud and present evidence for consideration for prosecution to the CPS



Supports proceedings against corrupt professional enablers to restrict their ability to practice

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Energy Theft Enforcement Department

A sponsored services agreement funded by the energy industry

Operationally independent with a mandate to investigate, target, disrupt and prevent Energy Theft

A dedicated police unit

Traditional policing methods as well as intelligence analysis

Accept Energy Theft referrals via a form

Accept Energy Theft referrals via a new Energy Theft Portal

Accept referrals to disrupt Energy Theft

Referrals reviewed & filtered by REC Service Provider

Referral information entered onto police database and allocated a crime reference number

Referral assessed and scored to decide if suitable to progress

Investigate Energy Theft and present evidence to CPS for prosecution

Target organised crime, professional enablers and repeat offenders

Seize assets

Use of Cease and Desist orders and Cautions

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Funding

A sponsored services agreement funded by the energy industry

- A sponsored services agreement funded by the energy industry via RECCo as a recoverable cost pursuant to Clause 9 of the main body of the Retail Energy Code.
- This would be funded in a similar way to ETTOS. This would mean that Energy Suppliers each pay a proportion of the cost relative to their market share.
- Approx £1M minimum per year for initial task force, it is estimated that 1 unit will be sufficient to be effective.
- The City of London Police would require a 3 year commitment to ensure set up costs and staffing is viable. A 12 month notice period for termination could also be agreed.
- Theft in Conveyance could also be in scope, the inclusion of which would enable a more complete ability to tackle Energy Theft as the perpetrators do not differentiate between theft from Energy Suppliers and theft from Network Parties.

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Operational Scope

Operationally independent with a mandate to investigate, target, disrupt and prevent Energy Theft

- The Energy Theft Enforcement department will operate independently but will be led by the Energy Theft Strategic Threat Assessment. This will be developed by the energy industry in conjunction with the City of London Police.

- Although based in London they will act as a primary liaison conduit with law enforcement colleagues elsewhere in England, Wales and Scotland to co-ordinate enforcement and awareness.

- Where appropriate arrest and seek the prosecution of offenders identified as responsible.

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Structure & Methods

A dedicated police unit	Traditional policing methods as well as intelligence analysis and research

- It will be a bespoke unit within the City of London Police dedicated to combatting Energy Theft.
- One operational team managed by a Detective Sergeant and consisting of Detective Constables, Financial Investigators, Senior Analysts and Police staff to provide administrative support to the unit and energy industry.
- They will use a mix of traditional policy methods, intelligence analysis and research as well as proactive and disruptive tactics to fight Energy Theft.
- Disruptive tactics can include bank account freezing orders, website/social media takedown and organisational/industry learning points to prevent similar crimes occurring.
- Enforcement activity accompanied by police media awareness campaigns to deter future offending.

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Referrals

Accept Energy Theft referrals via a from

Accept Energy Theft referrals via a new Energy Theft Portal

Accept referrals to disrupt Energy Theft

- Energy Theft crime can be referred by REC Parties and third parties via a form emailed to the dedicated REC Code Manager email address.
- There is also the potential for RECCo to develop an Energy Theft Portal that could have multiple uses* including a way to capture the required information for a referral and pass it through to the City of London Police and track the outcome of the referral.
- A separate streamlined process would exist to refer online threats such as social media and websites spreading information on how to commit Energy Theft and advertising of services and devices to facilitate Energy Theft.

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*TDIS reporting, Health and Safety warnings, trend analysis, predictive modelling, performance assurance, evidence log and repository, volume of theft reporting, link to settlements, police referrals, recording of injuries and property damaged linked to Energy Theft, successful prosecutions.

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Processing of Referrals

Referrals reviewed & filtered by REC Service Provider	Referral information entered onto police database and crime reference number allocated	Referral assessed and scored to decide if suitable to progress

- All Energy Thefts referred would also be required to be reported to REC as per Schedule 7.
- All referrals to be filtered by a REC appointed service provider to assess suitability as determined by a future Theft Reduction Expert Panel. Complex referrals may be discussed at Panel meetings to agree suitability prior to referral.
- Once progressed the information within the referral would be entered onto the City of London Police's crime reporting system and allocated a crime reference number.
- The referral would then be assessed and scored against a scoring matrix to see if it meets the Case Acceptance Criteria in line with an agreed Energy Theft Strategic Threat Assessment (see appendix for key areas to be included in the assessment)
- If the referral is not accepted at either the REC filter stage or by the City of London Police, it would be referred back to the reporting party with feedback. There could also be an escalation/appeals process for any rejected referrals.
- Any cases that are considered urgent could be discussed/referred over the telephone, this may include where evidence is likely to be lost without immediate police action or imminent risk to public safety.

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Enforcement

Investigate Energy Theft and present evidence to CPS for prosecution	Target organised crime, professional enablers and repeat offenders	Seize assets	Use of Cease and Desist orders and cautions.

- Conduct intelligence led investigations regarding Energy Theft and present evidence for consideration for prosecution to the CPS
- Target organised crime, professional enablers who sell their services and repeat offenders
- These investigations may lead to the discovery of additional suspected Energy Thefts which could be referred back to the relevant Supplier or Network for investigation and referral back to the police once complete or a joint investigation where appropriate.
- Money and assets could be seized under the Proceeds of Crime Act 2002 where relevant.
- As part of sentencing following a successful prosecution, a defendant can be ordered to pay compensation for any loss or damage a victim may have experienced as a result of the crime, in this context the Supplier or Network would be the victim.
- They can also be ordered to pay a confiscation order which deprives the defendant of the proceeds of their crime and can be used to pay the compensation.
- Where it is not appropriate to conduct a protracted investigation and seek prosecution or the Energy Theft is low level, alternative means to resolve referrals may be used such as Cease and Desist Orders and Cautions and Penalty Notices to deter re-offending.

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Benefits

- With approximately 56 million electricity and gas supply points in GB, at a cost of £1m this initiative would cost less than 2p per year for each account.
- Deterrent and awareness – successful prosecutions promoted appropriately by stay energy safe and media.
- Prevention of fires, property damage, injuries and fatalities as a result of Energy Theft.
- Recovery of value of theft from compensation and confiscation orders.
- Disruption of promotion of Energy Theft online.
- Tackling professional enablers who operate across Suppliers and Networks to sell an Energy Theft service to both vulnerable and affluent consumers.
- Longer term reduction in theft – reduces UIG and electricity Non-technical losses settlement costs – savings ultimately passed on to the consumer in lower tariffs.
- Two way referral – if police become aware of potential Energy theft from the investigation of another referral can inform Suppliers to enable investigation and subsequent referral or joint investigation. Could increase lead generation and number of Energy Thefts identified.
- Enhance awareness and co-operation between Suppliers and Police Forces.
- Providing police with Energy Theft information which may support efforts to combat serious and organised crime

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Measures of Success

- Engagement with Suppliers and Networks – number of referrals made.
- Quality and relevance of referrals – number of referrals accepted.
- Enforcement activity of police
  - Number of Cease and Desist orders
  - Number of Cautions
  - Number of arrests
  - Number of attempted prosecutions
  - Number of successful convictions
  - Value of recovered assets
  - Value of compensation orders
  - Media campaigns
  - Reduction in estimate of theft (via the Theft Estimation Methodology)
- Prevention – number of learning points disseminated to industry

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Appendices

Supporting Information

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Appendix 1 – Key areas for Case Assessment Criteria

The criteria should be designed to reduce subjectivity, ensuring that the acceptance criteria is consistent and transparent. There are potentially 6 key areas;

1. Seriousness of the Energy Theft
   - Threats identified in the Energy Theft Strategic Threat Assessment
   - City of London Police's National Lead Force Priorities
     - Bring offenders to justice and disrupt organised crime
     - Identify and divert individuals at risk of offending or reoffending
     - Reduce harm and prevent victimisation
   - PIP Level – an assessment of the overall complexity of the referral, Investigation Introduction (College of Policing)

2. Evidential Assessment
   - Age of the offending – when did the offence occur?
   - Evidence of offending – allegation supported by available/obtainable evidence?

3. Offender Assessment
   - Named Suspect – has the suspect been identified already?
   - Scale – single suspect in own property, single suspect over multiple properties, professional enabler offering a service, or organised crime group, etc.
   - Links to other criminal activity

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Appendix 1 – Key areas for Case Assessment Criteria

4. Victim Assessment
   - Type – Energy Suppliers/Network Operators, members of the public, vulnerable persons, etc.
   - Community impact
   - Number of victims

5. Harm/impact to Victims
   - Public Risk:
     - Ongoing risk to the public, e.g. dangerous tamper in situ in a business open to the public, block of flats or other at risk situation and unable to gain access/resolve without police intervention.
     - Significant potential risk, e.g. Individual or group offered tampering as a service to multiple individuals and likely to reoccur.
     - Low potential risk e.g. repeat offender in a single premises who continues to tamper regardless of previous action and warnings.
     - No risk to the public – no ongoing tampering, previous tampering has been resolved, only loss was financial and unlikely to reoccur
   - Financial gain or loss – volume and value of stolen/abstracted kWh as well as financial gain from use of stolen energy e.g. cannabis cultivations, bit coin mining, tanning salons etc. Also financial gain from professional enablers selling a service or device to facilitate Energy Theft.
   - Reputations Damage – for both referring party and the City of London Police. Is there likely to be serious reputational damage if action is not taken/is taken.

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Appendix 1 – Key areas for Case Assessment Criteria

6. Marketing and Provision of Unauthorised Work to Facilitate Energy Theft
    - Advertising and charging for the installation of unauthorised and undocumented gas and electricity services from the main network to a property.
    - Advertising and charging for a meter replacement or removal with the false claim that the consumer will no longer have to pay energy bills.
    - Providing meter tampering as a service

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