RETAIL ENERGY CODE

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01	Proposal Plan
02	Impact Assessment
03	Consultation
04	Final Recommendation

CHANGE REPORT

I0225 – CLARIFICATION ON TDIS PORTFOLIO TRANSFERS ON SALE

DOCUMENT VERSION	1.0
PROPOSED IMPLEMENTATION DATE	TBD
IMPLEMENTATION APPROACH	BIG BANG

RESPONSIBLE COMMITTEE	CHANGE PANEL	CHANGE PATH	SELF-GOVERNANCE
PRIORITY STATUS	MEDIUM	URGENCY	STANDARD
IMPACTED STAKEHOLDERS	ENERGY SUPPLIERS		

LEAD ANALYST	ASSURANCE LEAD	SUBJECT MATTER EXPERT
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OVERVIEW

This proposal seeks to add clarity around which instances would trigger the transfer of theft targets on portfolio sale from one Energy Supplier to another.

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BACKGROUND

1 SUMMARY

The Theft Detection Incentive Scheme (TDIS) exists to incentivise Suppliers to resolve Energy Theft. Section 3.8 of Annex 3 of Schedule 7 'Energy Theft Reduction' sets out actions the Code Manager should take where one Supplier takes over the contracts of another (in brief, reducing the selling Supplier's target to zero and transferring the target amount over to the purchaser). Prior to setting these actions out, the Code states that '*If, following the date of the market share figures on which the Theft Targets were calculated but before the end of the TDIS Reporting Year, an Energy Supplier purchases all (or substantially all) of an Energy Supplier's supply contracts, then the Code Manager…'.*

The term 'substantially all' in this section requires clarity or additional explanation to allow consistent understanding across all REC Parties. I0225 was raised as an Issue to allow for legal review of the proposed solution and legal text by REC Legal Advisors.

2 PROBLEM STATEMENT

Schedule 7 - Energy Theft Reduction currently has wording on the transfer of theft targets on portfolio sale, however which sales would qualify is ambiguous. There have been multiple instances of Parties requesting this transfer in cases where the legal advice is that this would not apply.

3 IMPACTS

CONSUMERS
No impact

REC SERVICE PROVIDERS
No impact

RECCO / REC CODE MANAGER
REC Performance Assurance

REC PARTIES AND SERVICE USERS
Energy Suppliers

REC DOCUMENTS / PRODUCTS
Schedule 7 – Energy Theft Reduction

MHHS DESIGN
No impact

MHHS DATA SPECIFICATION
No impact

MHHS CODE DRAFTING
No impact

4 CROSS-CODE IMPACTS

No Cross-Code impacts have been identified.

5 PROPOSAL PLAN

Milestone	Activity	From	To
Definition		**14-January-25**	**25-February-25**
	Solution Development	January	February
Change Proposal		**25-February-25**	**29-April-25**
	Business Case Assessment	February	March
	Consultation	March	April
	Final Determination	April	April
Voting		**29-April-25**	**29-April-25**
	Appeal Window	April	May

6 STAKEHOLDER ENGAGEMENT

This proposal has been raised as an Issue with a proposed solution which has been reviewed by the Code Manager and is currently under a legal review. As the Change Proposal is only adding clarity around the instances when the Energy Theft Targets are being transferred between Suppliers following a portfolio sale, the Code Manager will not conduct a Party impact assessment.

7 PRIORITY STATUS AND URGENCY

PRIORITISATION MATRIX

Category	Significance / Resource impacts / Urgency	Further selection / breakdown	Score (0-3)	Weighting	Weighted Score
Impacts	Consumer Impact	Indirect	1	27	27
	Retail Markets Impact	Innovation and Market Arrangements	1	17	17
	RECCo / REC Party / REC Service Provider Impact	Operational Effectiveness and Efficiencies	1	7	7
		Legal and Regulatory Compliance	1	14	14
Resource	Complexity / Effort / Duration		3	9	28
Strategic Alignment	Contribution to/ Alignment with the objectives of the REC		1	17	8
	Contribution to/ Alignment with RECCo's Forward Work Plan		2		17
Urgency *(The need to progress a change to meet a targeted date)*		Other Planned Activity	0	10	0
				Overall Priority Score (rounded)	117

Priority Status	MEDIUM
Change Proposal Type	STANDARD

The priority status for this Change Proposal is medium based on a weighted prioritisation score of 117 and has been assessed as a Standard Change.

SOLUTION

8 PROPOSED SOLUTION

The solution proposed aims to add clarity around which instances would trigger the transfer of theft targets on portfolio sale from one Energy Supplier to another, by removing 'substantially

all' from paragraph 3.8. A clearer explanation of what constitutes a valid instance to trigger the transfer of theft targets will be introduced.

9 DRAFT LEGAL TEXT

The legal text changes to deliver the proposed solution to I0225 is currently under legal review and it will be published on REC Portal in due course.

10 RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES

10.1 RISKS AND ISSUES

No risks or issues have been identified.

10.2 ASSUMPTIONS AND DEPENDENCIES

No assumptions or dependencies have been identified.

11 APPENDIX

CHANGE PROPOSAL	Link

12 GLOSSARY

TERM	DEFINITION
Energy Theft	Energy Theft Includes: (a) circumstances described in Paragraphs 5(1) (Restoration of connection without consent) and 6(1)(a) (Damage to electrical plant etc) of schedule 6 to the Electricity Act (in so far as they relate to an electricity supplier; (b) circumstances described in Paragraph 6(1)(b) (Damage to electrical plant etc) of schedule 6 to the Electricity Act; (c) circumstances described in Paragraph 11(1) (Interference with meters) of schedule 7 to the Electricity Act; (d) circumstances described in Paragraphs 10(1)(a) and 11(2) of schedule 2B to the Gas Act (in so far as they relate to a gas supplier); and (e) circumstances described in Paragraphs 10(1)(b) and 10(1)(c) of schedule 2B to the Gas Act.
Energy Theft Tip-Off Service (ETTOS)	is described in Annex 2 of the Energy Theft Reduction Schedule.