RETAIL ENERGY CODE

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01	Proposal Plan
02	Impact Assessment
03	Consultation
04	Final Recommendation

CHANGE REPORT

I0233 – INTRODUCTION OF AN ENERGY THEFT UNIT (ETU) UNDER THE REC

DOCUMENT VERSION	1.0
PROPOSED IMPLEMENTATION DATE	27/06/2027
IMPLEMENTATION APPROACH	TBD

RESPONSIBLE COMMITTEE	CHANGE PANEL	CHANGE PATH	AUTHORITY DETERMINED
PRIORITY STATUS	MEDIUM	URGENCY	STANDARD
IMPACTED STAKEHOLDERS	ENERGY SUPPLIERS, DNOs, GAS TRANSPORTERS		

LEAD ANALYST (SOLUTION LEAD)	TECHNICAL LEAD	ASSURANCE LEAD	SUBJECT MATTER EXPERT
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OVERVIEW

This proposal is seeking to introduce the Energy Theft Unit (ETU) under the REC. This unit would be provisioned by the City of London Police (and provide GB wide coverage) to investigate and prosecute identified organised Energy Theft and associated crime.

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BACKGROUND

1 SUMMARY

Energy Theft is a significant issue, costing Consumers between £457 million and £760 million annually (based on Autumn 2024 retail prices). Energy Theft also poses safety risks, particularly due to tampered meters, which have caused fatal incidents.

While industry Parties undertake activities to prevent, detect and investigate Energy Theft in line with their licence obligations, consistent feedback suggests they can find it hard to engage with and secure the support of the police to pursue investigations. This lack of police engagement and low level of prosecutions in turn contribute to a low level of deterrent. However, it is also recognised that police resources are limited and that any requests for support or referrals of suspected Energy Theft from the industry must compete against numerous policing priorities.

2 PROBLEM STATEMENT

Whilst existing measures under the REC, such as the Energy Theft Tip-Off Service (ETTOS) and Theft Detection Incentive Scheme (TDIS) seek to provide information on likely instances of Energy Theft and the incentives to investigate them, there are currently insufficient enforcement mechanisms and coordination with law enforcement agencies. Energy Theft is an illegal activity where criminal charges are being given if perpetrators are being prosecuted. However, these are rarely happening due to limited police engagement and inconsistent prosecutions. This means offenders may re-offend given the low deterrent.

3 IMPACTS

CONSUMERS
All Consumers

RECCo/REC CODE MANAGER
RECCo

REC PARTIES AND SERVICE USERS
Secure Data Exchange Service
Energy Theft Tip Off Service (ETTOS)

REC DOCUMENTS / PRODUCTS
Performance Assurance Schedule
Energy Theft Reduction Schedule

MHHS DESIGN
No impact identified.

MHHS DATA SPECIFICATION
No impact identified.

MHHS CODE DRAFTING
No impact identified.

4 CROSS-CODE IMPACTS

No cross-code impacts have been identified.

5 PROPOSAL PLAN

Milestone	Activity	From	To
Definition		**13 Jan-25**	**28 Feb-25**
	Legal Review	January	February
Change Proposal		**28 Feb-25**	**06 May-25**
	Business Case Assessment	February	March
	Consultation	March	April
	Solution Refinement	April	May
	Final Determination	May	May
Voting		**06 May-25**	**06 May-25**
	Issued for Authority Decision	**07 May-25**	**07 May-25**

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. This proposal has been initially outlined in RECCo's 'Outline Business Case: Proposal to create a new energy theft enforcement service in partnership with the City of London Police'. In November – December 2024, RECCo conducted a consultation on this. Therefore, the Code Manager will not conduct a Party Impact Assessment and the responses received by RECCo to this consultation will be published in due course.

A consultation is to be conducted in March-April 2025 for REC Parties to provide views on the proposed solution.

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	Retail Risk(s)	1	17	17
	RECCo / REC Party / REC Service Provider Impact	Operational Effectiveness and Efficiencies	2	7	13
		Legal and Regulatory Compliance	2	14	28
Resource	Complexity / Effort / Duration		1	9	9
Strategic Alignment	Contribution to/ Alignment with the objectives of the REC		2	17	17
	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	2	10	20
				Overall Priority Score (rounded)	148

Priority Status	MEDIUM
Change Proposal Type	STANDARD

The priority status for this Issue is medium based on a weighted prioritisation score of 148 and has been assessed as a Standard Change Proposal type.

SOLUTION

8 PROPOSED SOLUTION

The proposal seeks to introduce a new Energy Theft Unit (ETU) under the REC. The new unit, provisioned by the City of London Police, will be introduced under Schedule 7 Energy Theft Reduction. Changes to Schedule 6 Performance Assurance will be made to outline any assurance activities required.

9 DRAFT LEGAL TEXT

The legal text changes to deliver the proposed solution to I0233 is currently under legal review and it will be published on REC Portal in due course.

10 APPENDIX

CHANGE PROPOSAL	Link
ENERGY THEFT UNIT: BUSINESS CASE NOVEMBER 2024	Link

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11 GLOSSARY

TERM	DEFINITION
Confirmed Energy Theft	means that the holder of an energy licence (or person acting on their behalf) reasonably determines that, on the balance of probabilities and taking into account all of the evidence then available, one or more instances of energy theft has occurred. such a determination may not be made unless sufficient evidence is held to substantiate the occurrence of energy theft, including (as a minimum): (a) an indication of theft via a desktop review of consumption levels; and (b) a report of a site visit where access was successful; and (c) photographic (or sketch) evidence of the theft, including illegal connection/bypass or meter tampering.
Energy Supplier	means a person which is either or both an Electricity Supplier and/or a Gas Supplier.
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.
Theft Detection Incentive Scheme (TDIS)	is described in Annex 3 of the Energy Theft Reduction Schedule.