RETAIL ENERGY CODE

This document is classified as **WHITE**.
Information is for public, unrestricted dissemination and publication.

01	Proposal Plan
02	Impact Assessment
03	Consultation
04	Final Recommendation

CHANGE REPORT

I0234 INTRODUCTION OF AN ENERGY THEFT REFERRAL ASSESSMENT SERVICE UNDER THE REC

DOCUMENT VERSION	1.0
PROPOSED IMPLEMENTATION DATE	TBD
IMPLEMENTATION APPROACH	TBD

RESPONSIBLE COMMITTEE	CHANGE PANEL	CHANGE PATH	AUTHORITY LED
PRIORITY STATUS	HIGH	URGENCY	STANDARD
IMPACTED STAKEHOLDERS	Energy Suppliers, DNOs, Gas Transporters,		

LEAD ANALYST (SOLUTION LEAD)	TECHNICAL LEAD	ASSURANCE LEAD	SUBJECT MATTER EXPERT
FLO MONEA	ROSALIND TIMPERLEY	VAISHNAVI SHARMA	ANDY KNOWLES
Click to send an email	Click to send an email	Click to send an email	Click to send an email

OVERVIEW

This proposal seeks to establish a Referral Assessment Service (RAS) as a new REC service embedding it within REC governance. The RAS will assess, triage and co-ordinate all referrals received from industry parties of energy theft cases.

RETAIL ENERGY CODE

CONTENTS

1 Summary 3
2 Problem Statement 3
3 Impacts 3
4 Cross-Code Impacts 4
5 Proposal plan 4
6 Stakeholder Engagement 4
7 Priority Status and Urgency 4
8 Proposed Solution 4
9 Glossary 5

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.
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. In particular, there are challenges due to limited police engagement and inconsistent prosecutions, contributing to a low deterrent.

This proposal is intended to follow and to build upon the separate Change Proposal (I0233 Introduction of an Energy Theft Unit (ETU) under the REC) to establish the Energy Theft Unit (ETU). The proposed ETU is designed to address significant challenges in tackling Energy Theft by collaborating with the City of London Police to enhance investigation and prosecution efforts. Its objectives include reducing Energy Theft, deterring organised crime, and mitigating financial and safety risks to Consumers and the energy industry. The ETU will operate as a sponsored service in partnership with, and funded by, industry through RECCo.

2 PROBLEM STATEMENT

The introduction of the ETU provides the mechanism to prosecute and add a significant deterrent previously missing from the theft landscape. To ensure an effective operation of this unit, the referrals should include standardised data by introducing the Referral Assessment Service (RAS). RAS will assess, triage and co-ordinate theft referrals received from industry parties.

3 IMPACTS

CONSUMERS
All consumers

REC SERVICE PROVIDERS
REC Performance Assurance (RPA)

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	MHHS DATA SPECIFICATION	MHHS CODE DRAFTING
No impact identified.	No impact identified.	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**
	Solution Development	January	February

6 STAKEHOLDER ENGAGEMENT

This proposal is being discussed through the REC Theft Issues Group (TIG).

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		2	9	18
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)	157

Priority Status	HIGH
Change Proposal Type	STANDARD

The priority status for this Change Proposal is high based on a weighted prioritisation score of 157 and has been assessed as a Standard Change.

SOLUTION

8 PROPOSED SOLUTION

This proposal seeks to establish a Referral Assessment Service (RAS) as a new REC service and embedding it within REC governance. The RAS would:

- Provide quality assurance for Energy Theft referrals by ensuring consistency, accuracy, and evidentiary completeness.
- Consolidate and analyse data to strengthen the quality of evidence for enforcement actions.
- Standardise and streamline the referral process, ensuring efficient and effective engagement with the ETU.

By fulfilling these roles, the RAS would maximise the operational value of the ETU, enhancing the efficiency, consistency, and success of Energy Theft-related enforcement actions. Additionally, the RAS would play a critical role in mitigating risks to Consumers by addressing safety hazards and financial burdens caused by Energy Theft, thereby strengthening trust and confidence in the energy market.

9 APPENDIX

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

10 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.
Theft Target Methodology (TTM)	is a methodology for determining Theft Targets, established and maintained by the Code Manager under Paragraph 7 the Energy Theft Reduction Schedule.