RETAIL ENERGY CODE

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01	Proposal Plan
02	Impact Assessment
03	Consultation
04	Final Recommendation

CHANGE REPORT

I0265 THEFT ASSESSMENT CALCULATOR USAGE AND SUITABILITY ASSESSMENT

DOCUMENT VERSION	1.0
PROPOSED IMPLEMENTATION DATE	TBD
IMPLEMENTATION APPROACH	BIG BANG

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

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

This Issue is seeking to review the usage of the Theft Assessment Calculator and assess its sustainability. This will allow a consistent approach to reporting Energy Theft data in the industry.

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BACKGROUND

1 SUMMARY

Currently, it is uncertain how widely the existing Theft Assessment Calculators are being used by Parties to assess energy losses due to theft, despite REC Schedules 7 & 8 mandating the usage. There is evidence to suggest inconsistent application across Parties, and whilst there has only been one derogation request, anecdotal feedback indicates that other Parties are also struggling to use the calculator. It is also unclear whether it is consistently applied for Theft Detection Incentive Scheme (TDIS) submissions, or if the current platform is fit for purpose across all operational environments. Gaining a comprehensive understanding of its current usage and effectiveness is crucial to determine if the calculator is delivering its intended purpose efficiently and consistently across the industry.
The lack of clarity on the calculator's usage and suitability may be impacting the industry in several ways:

1. Inconsistency in assessments - Without understanding current usage patterns and effectiveness, there is a risk of inconsistencies as to how Energy Theft is assessed and subsequently reported in TDIS.

2. Uneven playing field - An unclear understanding of the tool's performance across various platforms and user scenarios can lead to an uneven playing field among Parties in their approach to Energy Theft.

3. Future preparedness - Without this foundational data, it is challenging to ensure the calculator can provide robust, consistent, and potentially court-ready evidence, which will be increasingly important with the impending establishment of the Energy Theft Unit (ETU) and Referral Assessment Service (RAS).

4. Customer detriment - Whether a customer is charged for stolen energy may vary from Energy Supplier to Energy Supplier, potentially leading to inconsistent outcomes for consumers.

5. Reluctance to report issues - Parties may be failing to raise their issues or concerns with the tool due to fear of being put under the spotlight or highlighting potential REC Schedule breaches.

It is expected that there will be a collaborative information gathering exercise to thoroughly assess the current Theft Assessment Calculator. This includes collecting data on specific use cases, frequency of use, and devices (such as laptops or mobile devices), evaluating whether its current functionalities align with industry needs for assessing Energy Theft and TDIS submissions, and reviewing the suitability of its current platform to identify preferred future delivery mechanisms (e.g. web or app-based). This approach aims to inform potential enhancements or a comprehensive upgrade, ensuring a consistent and reliable tool that can be accessed and used effectively across multiple operational scenarios and devices for the benefit of all Parties.

The main reason this Issue is being explored is due to a current live derogation related to the lack of functionality of a new device with the existing Theft Assessment Calculator. Beyond this, this Issue is set against the backdrop of ongoing industry discussions about the future of Energy Theft management and the establishment of a dedicated Energy Theft Unit. Providing robust, consistent, and legally defensible data is crucial for the unit's success and for effective Energy Theft prosecution. Previous discussions with Parties have highlighted diverse experiences and limitations with the current calculator, especially concerning platform accessibility. These have contributed to inconsistent approaches to assessing losses, which ultimately impacts the accuracy and reliability of the Theft Estimation Methodology (TEM) and in turn the annual cost of Energy Theft to every household.

While a "quick fix" was proposed to address an immediate need, it was deemed potentially detrimental to industry-wide efficiency and consistency. This Issue aims to gather the foundational data needed to inform any future development or comprehensive overhaul of the Theft Assessment Calculator, ensuring that any investment creates a level playing field and a tool that supports best practices and consistency in TDIS and RAS assessments for all Parties.

2 PROBLEM STATEMENT

The current lack of clarity around the usage, effectiveness, and suitability of the Energy Theft Assessment Calculator is leading to inconsistent assessments and reporting across the industry. This ambiguity hinders the identification and sharing of best practices, creates an uneven playing field among Parties, and may result in inconsistent outcomes for consumers. Additionally, it limits the tool's potential to support robust, court-ready evidence ahead of the Energy Theft Unit (ETU) and Referral Assessment Service (RAS) launch. A lack of transparency may also discourage Parties from raising concerns, further impeding improvement and compliance.

3 IMPACTS

CONSUMERS
All consumers

REC SERVICE PROVIDERS
TBD

RECCO / REC CODE MANAGER
RECCo

REC PARTIES AND SERVICE USERS
Energy Suppliers

REC DOCUMENTS / PRODUCTS
Schedule 7 Energy Theft Reduction

MHHS
No impact.

4 CROSS-CODE IMPACTS

No cross-code impacts have been identified. The REC Code Manager is aware of the existence of a Uniform Network Code (UNC) Energy Theft calculator, however at the time of this report's publication, no access was provided to the REC Code Manager to assess any potential overlap and/or differences.

5 PROPOSAL PLAN

Milestone	Activity	From	To
Definition		**15 Jul-25**	**30 Apr-26**
	Solution Analysis	July	November
	Solution Development	November	April

This Proposal Plan submitted to Change Panel only covers the Solution Analysis and Solution Development activities as the Code Manager plans to fully assess and scope the size of the problem being addressed under I0265.

6 STAKEHOLDER ENGAGEMENT

Throughout the progression of this Issue, the Code Manager is planning to engage with the Theft Issues Group (TIG). This is to gather input on problems REC Parties encounter when using the Theft Assessment Calculator (as part of Solution Analysis) as well as helping with the Solution Development stage. This is to ensure that the most effective and viable solution is being proposed under I0265.

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	2	27	53
	Retail Markets Impact	Innovation and Market Arrangements	2	17	33
	RECCo / REC Party / REC Service Provider Impact	Operational Effectiveness and Efficiencies	3	7	20
		Legal and Regulatory Compliance	0	14	0
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		1		8
Urgency *(The need to progress a change to meet a targeted date)*		Other Planned Activity	2	10	20
				Overall Priority Score (rounded)	161

Priority Status	HIGH
Change Proposal Type	STANDARD

This Issue was assigned a priority status of 'High' due to its priority scoring of 161.

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8 APPENDIX

CHANGE PROPOSAL FORM	Link

9 GLOSSARY

TERM	DEFINITION
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 Supplier	means a person which is either or both an Electricity Supplier and/or a Gas Supplier.
Party	means, from time to time, an Original Party or a New Party that has not at that time ceased to be a Party in accordance with Clause 17 of the main body of this Code.
Theft Assessment Calculator	means a calculation tool established and maintained by the REC Board for Parties to use in order to determine the amount of Energy that may have been stolen at an individual premises at which Energy Theft is discovered.
Theft Detection Incentive Scheme (TDIS)	as described in Annex 3 of the Energy Theft Reduction Schedule.
Theft Estimation Methodology (TEM)	is a methodology for determining a robust estimate of the aggregate amount of Energy Theft taking place in Great Britain, established and maintained by the REC Board under Paragraph 6 of the Energy Theft Reduction Schedule.