Energy Theft Reduction Expert Group
Meeting Minutes

Meeting	08
Date	12 December 2023
Location	Face to Face

Attendees	Organisation	Role
Aiyesha Andrade	RECCo Ltd	Chair
Alan Cookson	British Gas	Committee Member Alternate
Gareth Evans	ICOSS	Committee Member
Jennifer Pickering	e.on	Committee Member Alternate
Jordan Hills	SSE	Committee Member Alternate
Lisa Warnock	SGN	Committee Member
Rachel Thorpe	e.on	Committee Member Alternate
Shamil Udayar	npower	Committee Member
Paul Hart	UKPN	Committee Member
Megan Cetera	Octopus Energy	Committee Member
Danielle Gibson	SSE Networks	Committee Member Alternate
David Mitchell	SGN	Committee Member Alternate
Annette Booysen	Crimestoppers	Presenter
Kristina Justye	Crimestoppers	Presenter
Nav Chaudhry	BH&P	Presenter
Eleni Adronicou	BH&P	Presenter
Lynne Fallon	RECCo Ltd	RECCo Ltd
Rebecca Lowe	RECCo Ltd	RECCo Ltd
Jon Dixon	RECCo Ltd	RECCo Ltd
Tracy Hardy	RECCo ltd	RECCo Ltd
Jason Salmon	REC Code Manager	REC Code Manager
Nirav Vyas (via teleconference)	REC Code Manager	REC Code Manager
Rosalind Timperley	REC Code Manager	Technical Secretary
Apologies		
Blanka Lemka	UKPN	Committee Member Alternate
Ann Perry	RECCo Ltd	RECCo Ltd
Jane Edge	British Gas	Committee Member
Jenna Smith	Cadent	Committee Member Alternate
Jessica Jarvis	Cadent	Committee Member

1. Welcome and Introductions

1.1. Attendees were welcomed to the eighth meeting of the Energy Theft Reduction Expert Group (ETREG).

1.2. The minutes of the previous meeting were approved.

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2. Action Updates

2.1. The actions of the previous meeting were reviewed. Updates on all actions can be found in the Actions Log.

2.2. In regard to action ETREG07/01 (ETREG members to share if they are aware of a data set that can be used to identify the volume of non-domestic sites with domestic customers), the following points were raised:

- It was suggested that use of Ordnance Survey address based data sets mapped to MPANs being supplied offered a possible option.
- It was suggested that potentially self-declaration could be used.
- It was suggested that the Xoserve domestic to non-domestic data could potentially give insight. However, it was cautioned that this is primarily based on the contract rather than the site use. It was noted that change of use of the site further down the line would also pose a challenge to identify.
- It was noted that the development of the Theft Portal offers opportunity to explore the usage of additional data sets. The costs and benefits would need to be explored.
- Another attendee suggested that council tax data sets might be able to shed light on this spit.
- It was queried whether anyone is aware of any work from a Priority Service Register (PSR) perspective to identify vulnerable domestic customers downstream of a domestic contract, for example, those living in sheltered housing. In response, it was suggested that Ofgem's non-domestic findings document appeared to be exploring the potential to do this.

2.3. It was noted that action ETREG07/01 was raised seeking data to feed into improvements to the Theft Detection Incentive Scheme (TDIS). In the absence of a data set that can be used, the current approach will need to remain.

2.4. It was observed that improvements to data on domestic sites with non-domestic customers will be needed in order to better identify these customers in the future, not just from a theft perspective but also to ensure that vulnerable customers receive the support they need.

3. REC Energy Theft Forum Reflections

3.1. ETREG members were invited to share feedback on the November Energy Theft Forum and propose topics for the next forum. In response, the following points were raised:

- It was suggested that it would be preferable to avoid repeating topics that have been covered previously, noting that topics such as ETTOS have been covered at various past meetings, with the forum giving a higher-level overview than has been provided previously.
- It was observed that the timing felt a bit rushed, for example, not showing the media content due to timing.
- It was highlighted that when best practice forums were previously run face to face under SPAA[1] and DCUSA[2], there had been value in these from a networking perspective. These whole day events had given the opportunity to gain knowledge and share best practice with others working to reduce energy theft. It was

[1] Supply Point Administration Agreement
[2] Distribution, Connection and Use of System Agreement

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suggested that the REC forum could also be face-to-face to facilitate networking and learning from others.

- It was suggested that Ofgem's open letter on energy theft highlighting the need to do more in this area and might mean that more organisations would welcome the opportunity to get together to share best practice.

3.2. ETREG members were thanked for sharing their feedback, and it was noted that the feedback received would be used to shape future REC Energy Theft Forums.

4. Draft Theft Target Methodology (TTM) Update

4.1. It was explained that this is the first year the TTM has sat under the REC Code Manager, following implementation of REC Change Proposal R0091 (Clarifications to the Theft Detection Incentive Scheme).

4.2. It was noted that a change options paper was circulated, followed by a survey to gather feedback on potential changes to the Theft Detection Incentive Scheme (TDIS). In addition, ETREG was consulted. Changes to the TTM were developed based on the responses received, along with evidence that was provided.

4.3. An overview was provided of the changes that will be progressed, namely:

- Incentive Pot Splits: further segmentation based on smart/non-smart values.
- Theft Detection Value: will be adjusted for inflation.
- Theft Targets: the domestic customer segments will be further split by smart/non-smart segments, with a weighting applied to focus on traditional metering.
- Attribution methodology: addition of data used to split the pots between smart and non-smart incentive pots.

4.4. It was noted that the Code Manager will be continuing to perform further analysis on the incentive pot splits as more data becomes available. It was also highlighted that engagement is continuing with Ofgem to get a better understanding on its work to define non-domestic premises with domestic customers.

4.5. It was highlighted by an attendee that DESNZ has published a consultation on small business definitions for use by industry, and queried how difficult it would be to capture information on these within REC systems. An action was taken to explore this.

Action 08/01: RECCo to consider new SME definitions and assess the feasibility of identifying such consumers within REC systems, to better facilitate REC Parties discharging applicable licence obligations.

4.6. It was observed that the Code Manager has taken an evidence-based view on changes to the scheme. Evidence on the costs of investigations is not readily obtainable, limiting the ability to make any changes to the Theft Detection Value (TDV) element of the incentive scheme. It was suggested that it could be argued that the resource pool of staff investigating theft is also being pulled in other directions, such as metering work, and thus potentially the costs of these other activities, which are more publicly available, could be used as a proxy in the absence of theft investigation costs.

4.7. In response, it was noted that theft investigation costs are not just based on metering work but also the desk-based aspects. It was also observed that for commercial sites, the desk assessment and the onsite time can be much longer due to the more complex nature of such sites, with the time required varying significantly from site to site. This large variance makes it challenging to set a reasonable investigation cost.

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4.8. The group noted that Ofgem's letter on energy theft has indicated that the incentive scheme is not creating the incentive needed. The TDIS scheme is not sufficiently large for it to have the desired effect of increasing the level of theft detection investigations completed across all Supplier Parties.

4.9. It was queried whether, if the TDIS were amended based on strong rationale, rather than direct evidence, would that be reasonable, noting that the nature of the scheme means that there will always be winners and losers? In response, it was noted that any change to the TDV, either up or down, will create windfalls for some market participants, whilst penalising others that put a lot of effort in to searching for theft but whose investigations don't lead to finds of theft. It was queried whether there could be an incentive scheme approach that recognises the effort that has gone in to seeking out theft, regardless of instances found.

4.10. As an alternative to the incentive scheme, it was suggested that potentially enforcement of failure to meet theft obligations could be used instead. Noting that those participants that are not doing what they should be doing, are not picking up the costs of the assessed losses, as they are not finding the losses.

4.11. It was proposed that there could be an estimated hit rate, for example, for every ETTOS lead received, market participants should expect to find a theft, say, 50% of the time. If they are given X amount of leads via the ETTOS they would have a theft target of X/2. It was queried whether this feels intuitively right. In response, there was agreement that such an approach would seem intuitively reasonable.

4.12. It was cautioned that if the TDV values were increased, then as the scheme nets to zero, you would be increasing the extremities, with those who do very well getting a very large pay out and those who do, not paying significantly more in. This could promote market participants to focus on the low hanging fruit, rather than the more challenging cases. It was also cautioned that the incentive scheme is not the sole answer - enforcement is also key, making sure that all market participants play their part.

4.13. An attendee highlighted that there is a scheme that allows theft investigation costs to be recovered, namely the Uniform Network Code (UNC) defined reasonable endeavours scheme. This is included in the fees that Suppliers pay to Transporters. It was noted that UNC Modification 231V[3] was raised to amend this scheme. An action was taken for RECCo to investigate this scheme and the potential to revamp it.

Action 08/02: RECCo to investigate the UNC theft detection reasonable endeavours scheme and the potential to revamp it.

4.14. It was noted that there is potential to reduce the TDIS scheme reconciliation period down from a year to, for instance, quarterly. It was queried whether there would be support for this. In response, it was agreed that there would be merit in this, noting that there had been calls for the shortening of the scheme period pre-REC.

4.15. It was noted that if some of the improvements under consideration for the TDIS don't come to fruition in time for the next scheme year, then shortening the scheme period will enable them to be introduced sooner, rather than waiting for a further year.

[3] Uniform Network Code (UNC) 231V: Changes to the Reasonable Endeavours Scheme to better incentivise the detection of Theft

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5. RECCo End to End Process Mapping Response

5.1. It was explained that the End to End Theft Process mapping project had carried out an end to end review of energy theft processes. An output of the project was a report setting out 22 recommendations to address gaps and issues associated with theft processes. It was observed that several of the items identified within the report were already being picked up under RECCo's energy theft reduction programme; around 12 are things that can appropriately be addressed under the remit of REC; with a further two related to settlement which RECCo will engage with the Balancing and Settlement Code (BSC) and UNC on.

5.2. It was confirmed that each and every recommendation will be progressed.

5.3. ETREG members were asked if there were any elements that they would have expected to see in the report which were missing. No items were put forward.

6. Stay Energy Safe Personas

6.1. A presentation was given by BH&P, who provide marketing services for Stay Energy Safe, on a set of personas created to support promotion of the Stay Energy Safe brand.

6.2. It was explained that it has been identified that awareness of the Stay Energy Safe brand needs to rise within GB. BH&P have dug into the UK population, using research to identify peoples' attitudes towards energy theft and what channels they absorb media messaging over. With this information, behaviours can be changed over time.

6.3. It was explained that a research project was initiated in August, targeting a representative sample of the UK, with 1,507 respondents. The outcome was a detailed report exploring differing personas. The research data was overlayed with GWI research panel data, with over 58,000 data points to give further insight.

6.4. An overview was given of the six personas created based on the data insight, namely:

- First hand experience of energy theft (10% of population)
- Consider altering meter to reduce bills to be low level crime (11% of population)
- Aware of Stay Energy Safe (8% of population)
- Would definitely report energy theft (10% of population)
- Non-reporters that could be persuaded (32% of population)
- Would do nothing but could be persuaded (6% of population)

6.5. It was highlighted that an increase in awareness can clearly be linked to an increase in reporting. For example, a recent segment on the BBC Breakfast show saw a significant peak in reports made to the ETTOS.

6.6. It was explained that using the personas, a channel strategy has been developed, which started in November 2023 and will continue through to March 2024. There is also a radio campaign underway. It was noted that existing assets are being utilised, as a large volume of material has been generated over the years.

6.7. It was questioned what proportion of reports to ETTOS are meter tampering vs not paying a bill. In response, it was noted that the majority are tampering. It was explained that the greeting when calling the Stay Energy Safe line includes sign posting to weed out instances that are not energy theft, such as building up debt through not paying the bill.

6.8. It was queried if somebody is calling to say that their neighbour hasn't been paying bills for years, would ETTOS pass this for investigation, or assume that the customer is running up

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debt and sign post the caller elsewhere. An action was taken for the ETTOS Service Provider to confirm this point.

Action 08/03: ETTOS Service Provider to confirm how a report of somebody not paying their energy bill for several years would be treated (would ETTOS pass this for investigation, or assume that customer is running up debt and sign post the caller elsewhere)?

6.9. It was observed that the Stay Energy Safe promotional material is geared towards meter tampering, and queried whether there is scope to make the public more aware of what theft from the network looks like, for example, cables connecting to a lamp post or to overhead lines. An action was taken to investigate this further.

Action 08/04: ETTOS Service Provider to work with RECCo on establishing what types of marketing content Distributors and Transporters would find valuable to promote reporting of network theft.

6.10. At the request of an attendee, it was confirmed that the full Stay Energy Safe Personas report would be made available on the REC Energy Theft Reduction Hub.

Action 08/05: REC Code Manager to make the personas report available via the REC Energy Theft Reduction Hub.

7. Network Engagement Service

7.1. A presentation was given by the ETTOS Service Provider on its Network Engagement Service, which is intended to connect with stakeholders to expand the reach and awareness of Stay Energy Safe and reduce theft of energy by businesses.

7.2. It was explained that the ETTOS Service Provider will be targeting specific businesses, such as the Fire Services and housing associations. Another lens is to target those who have access to commercial properties and make them aware of the dangers and get them to report it too. Attendees were invited to put forward suggestions of organisation types that would be valuable to target. The following suggestions were made:

- Commercial rental property agencies
- Local authorities
- The Food Standards Agency

7.3. An action was taken for ETREG members to consider further suggestions.

Action 08/06: ETREG members to share further suggestions of organisations that could be engaged with to promote awareness of commercial energy theft.

8. Theft Hub Feedback

8.1. ETREG members were invited to share their feedback on the Energy Theft Reduction Hub. In response, it was noted that it is useful having the theft information in a single place, particularly for those who are new to working on energy theft reduction.

8.2. It was suggested that it would be useful to receive email notification each time the hub is updated. RECCo took an action to establish if this can be set up.

Action 08/07: RECCo to establish if updates can be issued each time the Energy Theft Reduction Hub is updated.

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9. ETREG Members Survey

9.1. The responses to the ETREG Members survey were presented, and attendees were invited to share what they would like to see be done differently. The following points were raised:

- It was observed that there is support for more face-to-face meetings.
- It was noted that potentially there could be more focus on enforcement of parties not taking action in relation to energy theft.
- It was agreed that safety should be the key focus, rather than revenue protection. To support this what is needed is a genuine measure of how much safer we are making the public through the work that is being done to reduce energy theft. For example, for every 100,000 tampers there will be x number of deaths and injuries. It was noted that this is an area RECCo is exploring and RECCo is aware that the financial metric isn't always the most helpful as prices vary significantly, however, the energy volume has limited meaning to those outside of the industry, such as the police.
- A representative from the ETTOS Service Provider encouraged attendees to share any stories on the human impacts of energy theft, as sharing this type of information can act as a deterrent. These can be with the source or as anonymous.

9.2. ETREG members were encouraged to reach out to RECCo directly with anything they would like to raise in relation to energy theft reduction in the REC.

9.3. Attendees discussed the proposal to make ETREG a formal, voting, REC committee. In response to a question on the benefits of this, it was explained that the group currently has no formal decision making powers and cannot be delegated any responsibilities under REC. As an example, it was noted that RECCo currently makes decisions on ETTOS marketing campaigns and cannot delegate this to the experts on the ETREG.

9.4. ETREG members shared the view that the current model has not caused any issues or concerns for members. It was agreed that a decision on making ETREG a formal committee under REC should be deferred until a future date, potentially until the role of the ETREG transitions to being more operational in nature, as at the moment the focus is on supporting the Theft Reduction Programme initiatives.

10. Theft Movement in 2024

10.1. ETREG members were asked to share their thoughts on where they would like to see movement in 2024 on energy theft. The responses were collected for discussion at the next meeting of the ETREG.

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