Energy Theft Reduction Expert Group

Headline Report

Meeting 10 (28 February 2024)

This Headline Report provides an overview of the discussion points of the Energy Theft Reduction Expert Group (ETREG) at its meeting on 28 February 2024.

- **Theft Target Methodology (TTM) Update:** an overview was given of the changes recently applied to the TTM, namely:
  - **Incentive Pots Splits:** the Gas/Electricity Domestic customer segment has been further split by Smart and Non-Smart meter types.
  - **Theft Detection Value:** the value has been adjusted for inflation using the December 2023 CPI figure, with a further 20% escalator mechanism increase applied.
  - **Theft Targets:** smart and Non-Smart meter type targets have been added within the Domestic customer segment, with weighting applied to focus target on traditional metering.
  - **Attribution Methodology:** Electricity Enquiry Service (EES) and Gas Enquiry Service (GES) data has been used to split pots between Smart/Non-Smart.
- **TDIS Improvements – Issue Group**: it was explained that a dedicated issues group is to be established to consider potential improvements to the theft detection incentives under REC. It was noted that it is hoped that ETREG will take up responsibility for the issues group and any subsequent REC Change Proposals (this will potentially be under a separate Terms of Reference).
- **Update on REC Theft CPs**: an update was given on the following Theft CPs:
  - **TDIS Reporting:** this CP has been raised but has yet to have a number allocated. It will change TDIS reporting from annual to quarterly. The CP will potentially be implemented in June 2024.
  - **Reasonable Endeavors:** early discussions are underway on this potential CP, under which payments would be made for effort rather than theft found. It was noted that the CP will be drafted to ensure it works alongside the Uniform Network Code (UNC) reasonable endeavors scheme.
  - **Mandating ETTOS follow up:** this CP is under development and would place a minimum performance assurance standard on those leads generated from the Energy Theft Tip-Off Service (ETTOS). It would be expected that for every ETTOS lead that is passed out to Suppliers, there would be a corresponding item in the TDIS file stating that it has been investigated. A mechanism would also be required for tip-offs sent to Distributors and Transporters.
  - **Creation of Energy Theft Detection & Resolution Body:** under this proposal RECCo would procure and manage a "Theft Detection and Resolution Body". It was observed that this would be of particular use for smaller organisations with low numbers of theft leads. It could also support in the investigation of unregistered sites; making safe meters reported through a theft amnesty; investigating ETTOS tip-offs where Suppliers are failing to (with a charge to the Supplier); and enable a consistent view where customers repeatedly move Supplier to avoid investigation. The approach to delivery of the service needs to be worked through in detail.
- **Detecting Theft Using Benford's Law**: ETREG's views were sought on the potential to trial a novel means of detecting theft using "Benford's Law", which states in data sets that obey the law lower numbers appear as the leading digits more frequently than higher numbers. It was also noted if data were obtained to trial this methodology, other hypothesis around how theft impacts consumption patterns could also potentially be explored. ETREG noted that due to the nature of the data that would be required to test this methodology, careful consideration would need to be given to GDPR compliance.
- **Theft Monitoring Service**: an update was given on the Theft Monitoring Service, with ETREG's views sought on the type of information they would find useful to receive from the service.

The next meeting of the group is scheduled for **27 March 2024.**

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