Energy Theft Reduction Expert Group

25th April 2023



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Welcome and Introductions

Aiyesha Andrade

Action Updates

Roz Timperley

Action Updates

Reference	Action	Owner	Target Date	Update
ETREG_01_01	Include working with the police on the list of potential agenda topics for the June Forum. Areas for consideration include ensuring consistent engagement across police forces and provision of education (e.g. on actioning warrants associated with freeman on the land situations).	RECCo	June 2023	To be discussed during agenda item 7
ETREG_01_02	Include improving data collection and reporting to the list of potential agenda topics for the June Forum. Areas for consideration include improving the quality of information accessible from police, councils and similar; identifying different sources of data that could provide insight on theft; and discussing whether Suppliers should be submitting data on theft associated with crypto currency mining and cannabis cultivation.	RECCo	June 2023	To be discussed during agenda item 7
ETREG_01_03	Explore the potential to engage with water companies, particularly around the potential to identifying crypto currency related theft via water consumption.	RECCo	June 2023	To be discussed during agenda item 7
ETREG_01_04	Share suggestions on agenda topics for the June Theft Stakeholder Forum.	ETREG Members	May 2023	No suggestions received to date

TDIS 2024/25 - Potential Changes Discussion

Lynne Fallon

TDIS 2024/2025 Potential Changes Discussion

Changes to Schedule 7 were made as part of R0091 as well as C3-040 to introduce two new category 3 documents (Theft Target Methodology and TDIS Reporting Timeframe) for the 2023/2024 TDIS Reporting Year. These were housekeeping changes to clarify and rectify any operational discrepancies from the transition from SPAA/DCUSA to REC.

We are now looking at what changes can be made for the 2024/2025 TDIS reporting year that will positively impact the functionality and participation into the Scheme.

Areas of change/suggestions for discussion:

Theft Targets

- Change Targets based on TEM results
- Change Targets based on historic performance
- Publish Theft Target stating what proportion of TEM it represents
- Create targets for investigations/other outcomes than Confirmed Theft

Segmentation

- Split Non-Domestic Sector into SME and I&C or into smaller segments based on business type/profile class/EUC bands.
- Split Domestic Sector based on customer type/meter type e.g. pre-pay or credit, smart or legacy meter, geographic locations?
- Is/can data be available to reliably segment sectors?

Incentive Values

- Update TDV for existing Sectors and any new Segments to reflect current costs incurred
- Include costs of analytics, desktop review and unsuccessful field investigations into TDV
- TDV for investigation regardless of outcome which is lower than TDV for a Confirmed Theft

Qualification for Incentive

- Add a minimum performance requirement before a Supplier is eligible for some or all of their calculated incentive payment.
- Review the criteria for a Confirmed Theft inc. The requirement of a photo.
- Do all thefts need to be reported to the police to qualify, can this be automated?

Operations

- Changes to file submission / validation/ confirmation
- Review/change to data items submitted – removal of data items, addition of data items
- Format of file
- Create escalation path for non/low participation of Scheme or failure to submit valid theft files.

The ETREG is invited to comment on potential changes to TDIS for 2024/2025 and beyond

Energy Theft Portal – Requirements Discussion

Lynne Fallon

Energy Theft Portal Development

The development of an Energy Theft Portal to accommodate data from all Energy Theft Investigations undertaken across the Industry will provide visibility of:-

- the level of activity undertaken by the Industry to address the problem
- the regional variances in reports received and investigations completed
- the differing success levels of industry parties investigating reports and suspicions
- potential areas for future targeted SES Campaigns
- the overall effectiveness of the REC Theft Reduction Strategy.

Current thoughts are phased development delivering the following:-

- Phase 1 – Theft trends, bespoke dashboards and heat mapping generated from current Theft Detection Incentive Scheme (TDIS) submissions
- Phase 2 - Additional data requirements to support centralised Prosecutions Unit for organised crime etc.
- Phase 3 - Additional dashboards developed as required by Industry when agreement is secured for additional data provisions
- Phase 4 - Alerts, lead generation following introduction of data from other public bodies e.g. indices of deprivation etc.
- Phase 5 - Exploration of data

The ETREG is invited to comment on the proposal above and provide any thoughts or suggestions for an alternative approach or other options

TEM Revision – Outline Plan

Roz Timperley

TEM Revision – Outline Plan

The Theft Estimation Methodology (TEM) was published in January and estimates GB Energy Theft to be:

- Gas: 636 GWh to 1059 GWh (£93m - £155m) per year
- Electricity: 1703 GWh to 2837 GWh (£737m - £1233m) per year

The TEM recommended that RECCo explore the opportunity to add additional data sources ahead of any future TEM calculations, to enable the methodology to be enhanced. The specific potential data sources identified were:

- Smart alerts
- Half-Hourly (HH) smart meter data
- Feeder Meter Data
- Hygiene rankings for food businesses
- Business classifications from Companies House

RECCo has initiated an exercise to engage with DCC to establish what smart data is available that may be potentially relevant and obtain this data. Data obtained will be used to back test the usefulness in predicting energy theft, and updates to the TEM model will be made if the back testing finds a correlation.



MHHS and Settlement of Identified Energy Theft

Aiyesha Andrade

MHHS and Settlement of Identified Energy Theft

- As part of the Market-wide Half Hourly Settlement programme (MHHS) the current settlement window of 14 months to enter identified electricity theft will reduce to 4 months.

- The current optional trading dispute process which can be used to enter kWh identified over 14 months is being amended to 4 windows of 90 days with a materiality threshold of £3k for first 90 days moving to £90k for the last window to allow a further 12 months to be entered into settlement if:
  - a Supplier chooses to raise a trading dispute and;
  - the value exceeds the materiality threshold

- Any kWh identified over 4 months prior to being entered into settlement or not entered via a trading dispute (by choice or due to materiality threshold) will be settled within non-technical losses.

Elexon has requested a view from RECCo on:

- ➢ Any concerns about the impact of the new settlement arrangements on Energy Theft detection

- ➢ What changes RECCo might want to see (if any) to address this

MHHS and Settlement of Identified Energy Theft

Potential Options:

1. Do nothing – 4 month window and updated optional trading dispute process comes in December 2026 reducing proportion of identified electricity theft entered into settlement and increasing the amount flowing through to non-technical losses.

2. Create a theft specific trading dispute process for Suppliers to enter theft adjustments over 4 months up to 12 months with lower materiality thresholds – the rest flows through to non-technical losses.

3. Create a theft specific trading dispute/settlement process to allow REC/another body to collate identified electricity theft kWh and enter these into settlement on behalf of industry (with 4 month/12 months/materiality limits). Similar to UNC Mod 0734S Reporting of Valid Confirmed Theft of Gas Into Central Systems and Reporting Suspected Theft to Suppliers.

4. A BSC Mod/REC CP raised outside of the MHHS programme to remove the requirement to enter identified theft into settlement – it all flows through to non-technical losses. Removes disincentive to identify theft , may fail to incentivise as Supplier will only ever pay market share of theft losses

5. As option 4 and BSC Mod/REC CP raised outside of the MHHS programme to change how non-technical losses are shared e.g. a mechanism to incentivise theft detection by reducing settlement costs based on theft identified.

Considerations

- If options 4 and/or 5 are being considered longer term is option 1 the current preference so time/money is not spent building a process that will not be enduring?
- If changes are made to electricity settlement process, should gas settlement also be changed to align as far as reasonably practicable?

The ETREG is invited to comment on the impact of changes to settlement arrangements, potential options and any further options to be explored

Agenda for Theft Forum

Roz Timperley

Energy Theft Forum: June

The following topics have been identified for potential inclusion at the June Energy Theft Forum:

- Update on ASE Actions: how have the actions taken at the Energy Theft ASE moved forwards?
- Police Engagement: ensuring consistent engagement across police forces and provision of education (e.g. on actioning warrants associated with freeman on the land situations).
- Improving data collection and reporting: improving the quality of information accessible from police, councils and similar; identifying different sources of data that could provide insight on theft; and discussing whether Suppliers should be submitting data on theft associated with crypto currency mining and cannabis cultivation. Also, explore the potential to engage with water companies, particularly around the potential to identifying crypto currency related theft via water consumption.

The ETREG is invited to comment on the proposed agenda items

Code Roadmap - REC Theft Provisions

Roz Timperley

Codes Roadmap - REC Theft Provisions

Epic Title	Epic statement	Time-band	Current Status	Next steps
Theft – REC Provisions	For – all stakeholders Who – want REC theft provisions to be efficient and effective Our – REC systems and processes Is/Are – reviewed and improved That – stakeholders are clear on their obligations and understand how to comply, and theft is reduced / managed according to specified goals	Work to commence in 3-6 months	To be started	Activities to be delivered under epic to be reviewed and agreed by the Energy Theft Reduction Expert Group (ETREG)

Codes Roadmap - REC Theft Provisions

The following items have been identified for inclusion in the "Theft REC Provisions" Code Roadmap Epic:

- TDIS Phase 2: building on R0091 and the findings of the Theft Estimation Methodology to further enhance the Theft Detection Incentive Scheme (shorter term changes)
- Review of Schedule 8 (Unbilled Energy): review against pre-REC provisions to identify any gaps; obtain feedback from ETREG on potential improvements to the schedule; and take forward schedule changes linked to the RECCo Forward Work Plan item on empowering parties to take action
- Creation of Category 3 Guidance Documents: Review and update the Best Practice Guidance documentation that existed pre-REC and incorporate into REC as a Category 3 document. Apply changes associated with RECCo FWP item on raising industry awareness of theft.
- Engagement Review: review engagement between REC Parties and the REC Code Manager on Theft related matters (e.g. efficiency and effectiveness of file submissions)
- Post Go Live Review of the Energy Theft Hub: seeking user feedback and reviewing approach to theft contacts list provision/ level of contact provided
- TDIS Data Quality Review: addressing missing, incomplete, and incorrect data; and matching Crimestoppers tips offs to TDIS data to understand effectiveness of tip-offs.

The feedback of the ETREG will be sought as the above topics are progressed.

The ETREG is invited to comment on whether there are any additional items that should be added to this epic.

Process Maps Request

Tracy Hardy

End 2 End Energy Theft Process Map

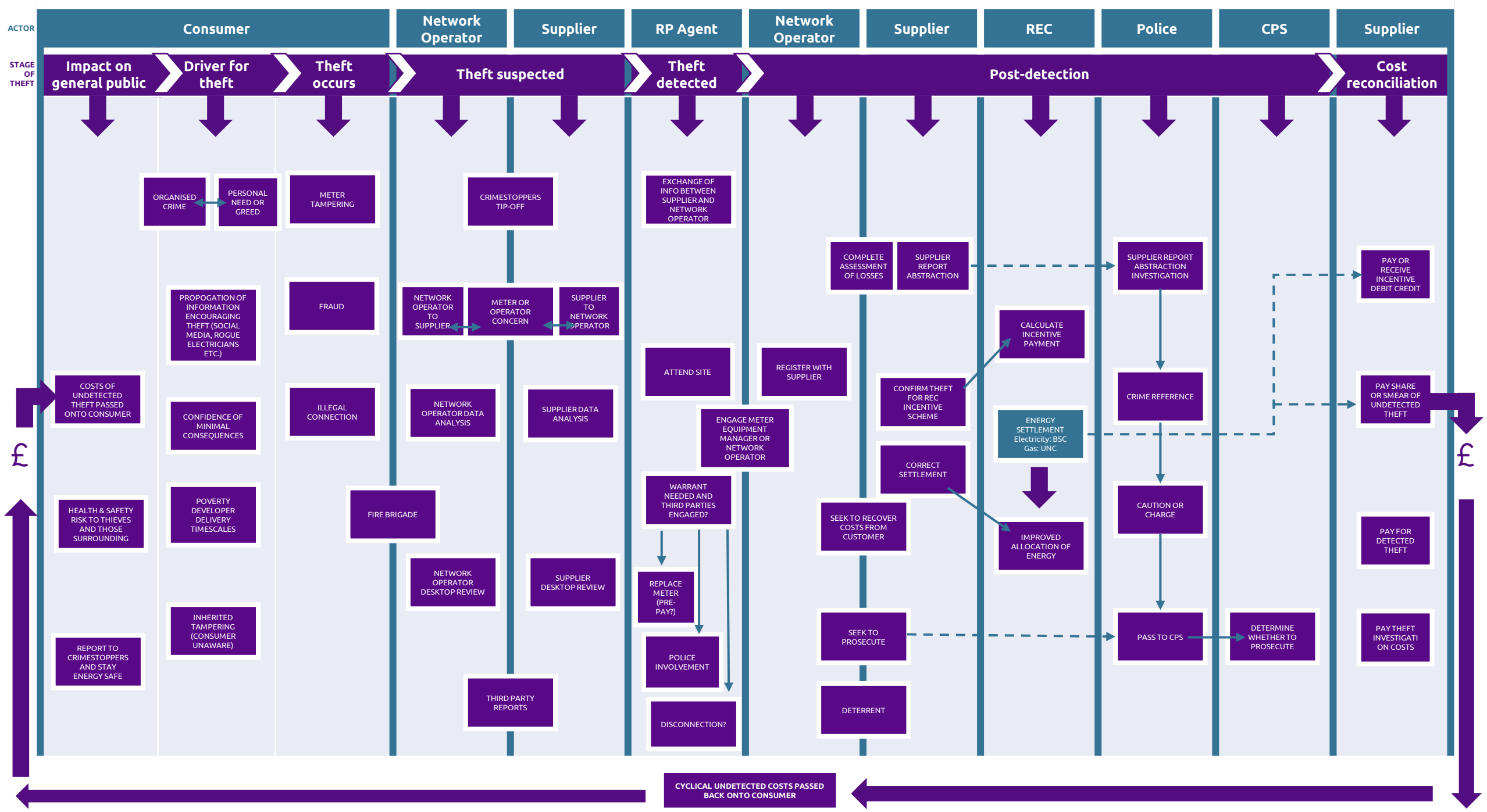
A project to map the end E2E Energy Theft Process has recently started. This is to build on the Energy Theft Systems map created for the ASE workshop in November where challenges and solutions were added by participants. The epic statement is:

FOR – RECCo, REC Code Manager, REC Parties and Stakeholders
WHO – Want to understand the industry processes and data flows that relate to causes of unrecorded energy and Energy Theft
OUR – development of (an) end-to end process map(s)
IS/ARE - a way to engage with stakeholders and to evaluate and document the holistic view of energy theft and other causes of unrecorded energy consumption so
THAT – responsibilities and obligations are clear and that any gaps in process, incentives or other obstacles to accurate identification and reconciliation of all energy consumption can be identified and resolved.

The aim is to:

- Provide a detailed overview of the overall industry process
- Overlay all the applicable current licence and code obligations
- Identify potential weakness and pain points in existing processes
- Identify areas of weakness in industry awareness and understanding to help inform future epics
- Identify gaps in the E2E process where no REC party has a clear role or responsibility
- Identify areas of the E2E process where responsible parties do not have appropriate incentive to ensure efficacy
- Identify any gaps in current industry monitoring and reporting

The ETREG is invited to provide any process maps members may have for Energy Theft or identification of unrecorded consumption processes.


ACTOR
Consumer
Network Operator
Supplier
RP Agent
Network Operator
Supplier
REC
Police
CPS
Supplier
STAGE OF THEFT
Impact on general public
Driver for theft
Theft occurs
Theft suspected
Theft detected
Post-detection
Cost reconciliation
ORGANISED CRIME
PERSONAL NEED OR GREED
METER TAMPERING
CRIMESTOPPERS TIP-OFF
EXCHANGE OF INFO BETWEEN SUPPLIER AND NETWORK OPERATOR
COMPLETE ASSESSMENT OF LOSSES
SUPPLIER REPORT ABSTRACTION
SUPPLIER REPORT ABSTRACTION INVESTIGATION
PAY OR RECEIVE INCENTIVE DEBIT CREDIT
PROPOGATION OF INFORMATION ENCOURAGING THEFT (SOCIAL MEDIA, ROGUE ELECTRICIANS ETC.)
FRAUD
NETWORK OPERATOR TO SUPPLIER
METER OR OPERATOR CONCERN
SUPPLIER TO NETWORK OPERATOR
CALCULATE INCENTIVE PAYMENT
ATTEND SITE
REGISTER WITH SUPPLIER
CONFIRM THEFT FOR REC INCENTIVE SCHEME
CRIME REFERENCE
PAY SHARE OR SMEAR OF UNDETECTED THEFT
COSTS OF UNDETECTED THEFT PASSED ONTO CONSUMER
£
CONFIDENCE OF MINIMAL CONSEQUENCES
ILLEGAL CONNECTION
NETWORK OPERATOR DATA ANALYSIS
SUPPLIER DATA ANALYSIS
ENGAGE METER EQUIPMENT MANAGER OR NETWORK OPERATOR
ENERGY SETTLEMENT Electricity: BSC Gas: UNC
CORRECT SETTLEMENT
£
HEALTH & SAFETY RISK TO THIEVES AND THOSE SURROUNDING
POVERTY DEVELOPER DELIVERY TIMESCALES
FIRE BRIGADE
WARRANT NEEDED AND THIRD PARTIES ENGAGED?
SEEK TO RECOVER COSTS FROM CUSTOMER
IMPROVED ALLOCATION OF ENERGY
CAUTION OR CHARGE
PAY FOR DETECTED THEFT
NETWORK OPERATOR DESKTOP REVIEW
SUPPLIER DESKTOP REVIEW
REPLACE METER (PRE-PAY?)
INHERITED TAMPERING (CONSUMER UNAWARE)
SEEK TO PROSECUTE
PASS TO CPS
DETERMINE WHETHER TO PROSECUTE
PAY THEFT INVESTIGATION COSTS
REPORT TO CRIMESTOPPERS AND STAY ENERGY SAFE
POLICE INVOLVEMENT
THIRD PARTY REPORTS
DETERRENT
DISCONNECTION?
CYCLICAL UNDETECTED COSTS PASSED BACK ONTO CONSUMER

Energy Theft Systems Map – Challenges and Solutions



Link to Sway to view the Energy Theft Systems Map and full output from the Industry Action to Reduce Energy Theft event https://sway.office.com/NYBUjw6gR5c8g2DF?ref=Link

Forward agenda

All

We will populate agenda when milestones of Epic delivery are known

May (Revise to early June?)

- Confirm speakers, topics and invitation list for Theft Forum
- Update on TDIS 2024/25, inc' timetable for REC CP
- Review police unit Draft Target Operating Model
- Theft Epics Overview

28 June – Theft Stakeholder Forum

- Actions tracker and progress since ASE
- High level proposals for 2024/25 TDIS
- Review Actions

July

- Feedback from Forum

August

- TBC

September

- Review draft CP: 20
- 24/25 TDIS proposal
- Review draft CP: making TREG a REC committee

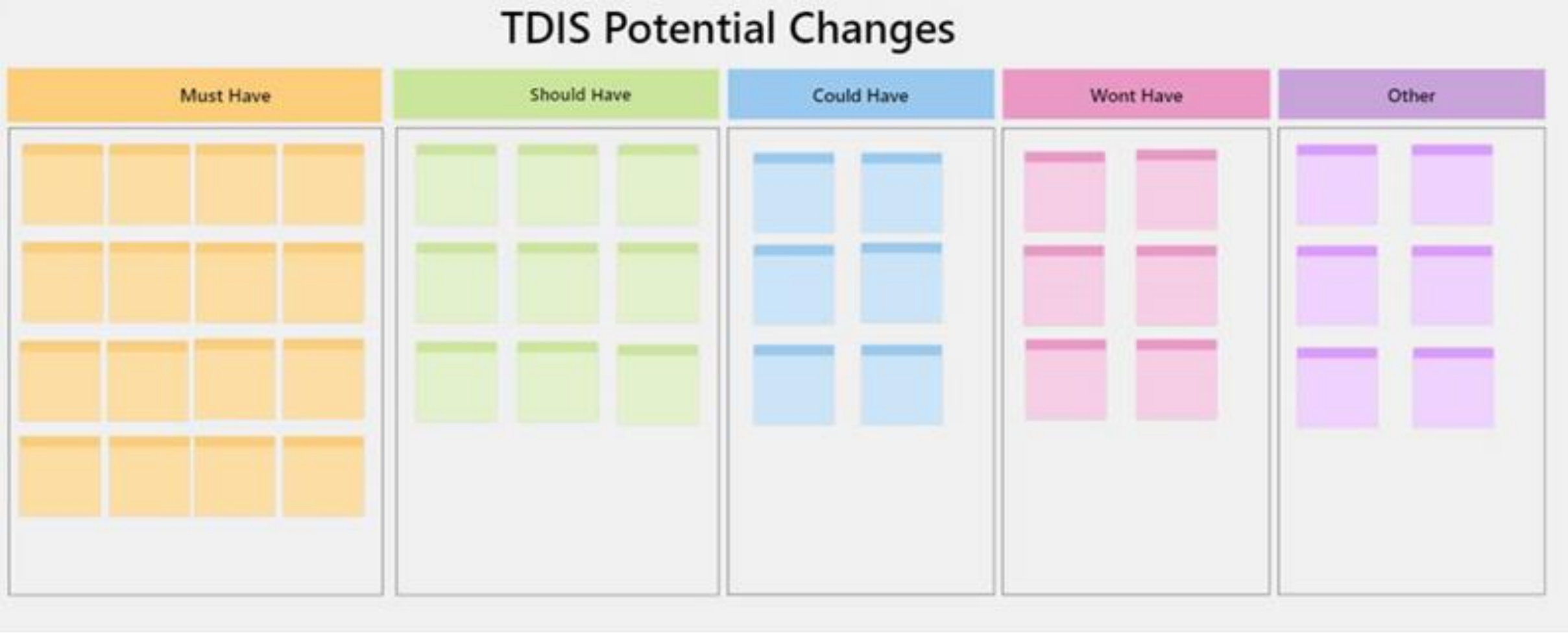
October

- TBC

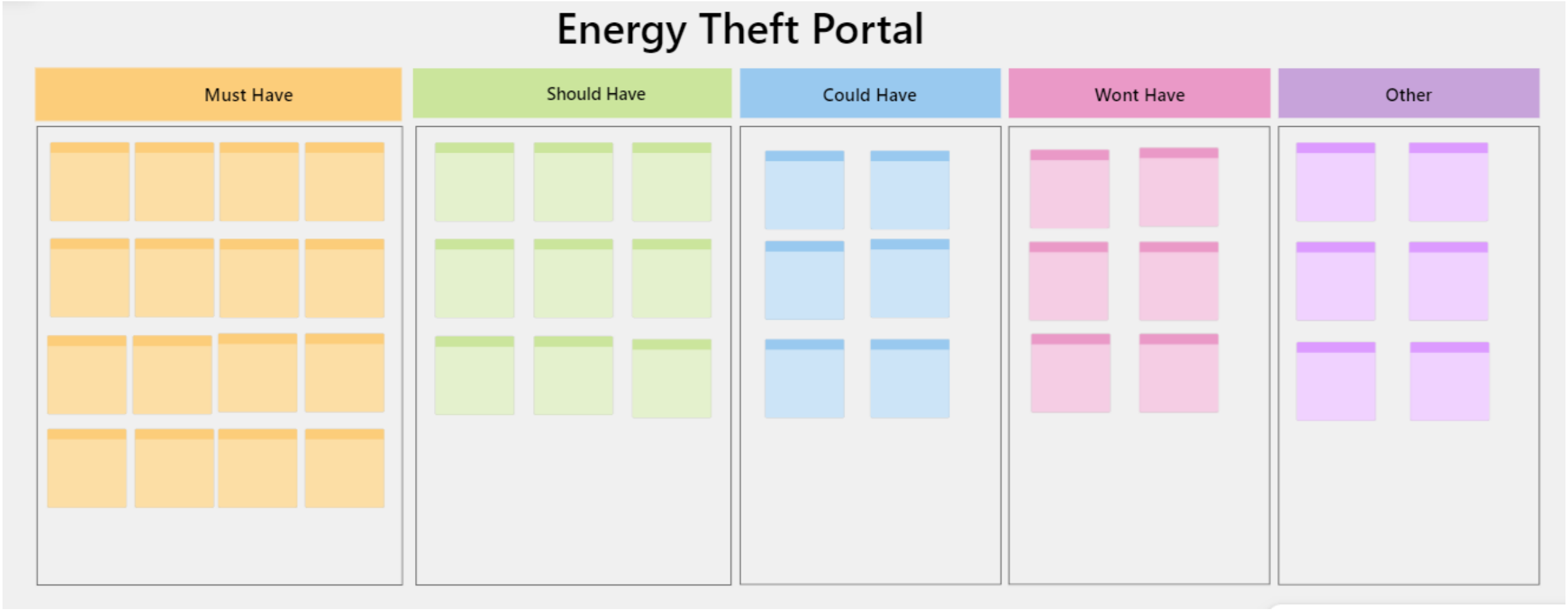
We welcome suggestions for further forward agenda items

AOB

Appendix A


TDIS Potential Changes
Must Have
Should Have
Could Have
Wont Have
Other

Appendix B


Energy Theft Portal
Must Have
Should Have
Could Have
Wont Have
Other