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NON-CONFIDENTIAL CONSOLIDATED CONSULTATION RESPONSES

R0233 INTRODUCTION OF AN ENERGY THEFT UNIT (ETU) UNDER THE REC

On 19 March 2025 the Code Manager issued a consultation to industry to seek feedback on the Preliminary Change Report for R0233.

The purpose of this document is to consolidate the responses and for the Code Manager to answer any questions raised within those responses.

DOCUMENT VERSION	0.1
RESPONSE TYPE	**NON-CONFIDENTIAL**
DATE ISSUED	
RESPONSIBLE COMMITTEE	REC Change Panel
LEAD ANALYST	Flo Monea

DATE CONSULTATION ISSUED	19/03/2025
RESPONSE DEADLINE	02/04/2025

Question 1:	Do you agree with the proposed solution? If not, please explain why?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
OVO Energy (Energy Supplier)	Yes, OVO is supportive of R0233. We consider that the ETU will support better coordination and action against identified instances of energy theft.	Noted. Thank you for your response.
Drax (Energy Supplier)	We acknowledge the objective of introducing a new Energy Theft Unit (ETU) under the REC to mitigate safety risks and financial losses of energy theft, while fostering deterrence and supporting industry-wide consumer protection goals. However, as energy theft is more prevalent in households than in non-domestic premises, we anticipate the focus of the ETU will be on domestic energy theft as is currently the case with ETTOS and the TDIS schemes. As the costs associated with setting up and running the ETU will be significant, it is inequitable that non-domestic suppliers will be liable for costs based on their market share of meter points when they will not derive the same benefits as domestic suppliers. Furthermore, while the risk around staffing and resources has been identified, we believe that this could be a significant risk and hinder applying the ETU on a wide scale. With this in mind, we ask that the proposer considers how the ETU will best support:	Thank you for your response. Via the Stay Energy Safe energy theft reporting, information was received related to named persons carrying out illegal meter activities at Non-Domestic and Commercial premises. The existence of a RAS and ETU will allow RECCo to collate and refer such reports to a dedicated police service, which currently does not exist. The police personnel to establish the ETU will be as per the City of London Police resource framework. This will initially align the ETU resource as per their other sponsored enforcement Units. ETU funding has been arrived at via communications with the City of London Police and as per operational costs for their other sponsored enforcement Units.

	1. Staffing – The number and expertise of personnel required to effectively investigate and address energy theft cases are unclear. 2. Funding – The proposed budget for the unit appears inadequate to cover the necessary operational costs, including technology and training. 3. Technology - The proposal lacks information on the technological infrastructure required to support the unit's activities, such as data analysis tools and case management systems.	Amendments may be required to reflect current costs prior to the Operational Go-live date. The tools and software solutions to effectively support the ETU are within the City of London's own IT infrastructure. In relation to the RAS, SaaS will be procured to record and maintain referrals via a Case Management System. The expectation and requirements for this system will allow for visual and data related Reports and Extracts, that will be shared with Parties.
National Grid Electricity Distribution (Distribution Network Operator)	Yes, we are supportive of this proposal which seeks to introduce a new Energy Theft Unit (ETU) under the REC.	Noted. Thank you for your response.
Anonymous (Energy Supplier)	It should be noted that there is significant overlap between R0233 and R0234. As a result our responses will be similar, with parts duplicated for efficiency. A closer working relationship between the police and energy industry within energy theft situations is very important. As an industry we are unfortunately continuing to see energy theft situations which put members of the public at risk, and face difficulty in accessing support from the police to help rectify these situations. The introduction of a RAS and ETU is a positive step forwards in improving the working relationship and understanding between the police and energy industry. Having this direct and specialised path to report energy theft to the police is important in ensuring cases are treated seriously and triaged by a group with more specialised	Thank you for your response. A high level view of the costs can be found in the Change Report (Final), section 12. A detailed breakdown of the costs associated can also be found on RECCo's Outline Business Case: Proposal to create a new energy theft enforcement service in partnership with the City of London Police.

	knowledge and understanding of energy theft, thereby reducing the risk of case dismissal. That being said, one aspect which this proposal fails to adequately address is the cost of this service to suppliers and networks. The legal drafting refers to 'proportionate' costs being passed to energy suppliers, but it is unclear as to what the range of cost could be. We understand that the specific cost may not be known at this time, but it is important for an estimated range to be provided to enable an understanding and scrutiny on the impact on suppliers and networks before further work is completed. This information is instrumental in allowing parties to understand the cost-benefit of this approach, and therefore being able to make an informed decision regarding support for R0233 and R0234.	
SSE Energy Supply Ltd (Energy Supplier)	We do not agree with the current solution, based on our feedback for R0234, there needs to be changes made to the overall processes under the RAS and ETU to ensure it is beneficial for the entire industry. We do not see how this will benefit us in its current form but with amendments, we can see some likely benefits.	Noted. Thank you for your response. Please refer to our comments to your response to R0234 Impact Assessment.
ScottishPower Energy Retail Limited (Energy Supplier)	We welcome appropriate and effective measures to prevent and reduce energy theft in Great Britain. In that context, we agree with the principle that, whatever the reasons, law enforcement often does not take up cases or patterns of energy theft, even were highlighted by energy suppliers. In our experience as a major supplier, local police interest in or engagement on energy theft can be limited. Although we are supportive of discussions on industry-wide measures to disincentivise energy theft (including through police investigations and, where appropriate, prosecutions), we have reservations on the current proposals to introduce an Energy Theft Unit (ETU) and a	Thank you for your response. The ETU as resourced by the City of London Police, will have a national remit and reach across all GB police force areas. They will travel across GB to further investigate energy theft referrals with a view to successful apprehension and/or prosecution report. They will liaise with local police prior to any site visit or warrant execution as and when necessary. On successful gathering of evidence and

	Referral Assessment Service (RAS) under the REC. For the reasons which we have set out below, we do not believe that the ETU and RAS proposals should be taken forward in their current form at this time. We believe that the foundations of any assessment on whether such new services should be set up are a robust impact assessment and a detailed cost-benefit analysis. We are concerned that the basis for these proposals remains the Outline Business Case published by RECCo on 14 November 2024, and that this business case has seemingly not subsequently been revised or expanded to provide the detail necessary to be able to determine with sufficient confidence whether establishing the ETU and RAS, generally and in the manner proposed, would be warranted. We are particularly concerned by the minimal consideration given in the Outline Business Case to cost-benefit analysis – and that this analysis appears to favour an unsubstantiated assumption that the outputs of the ETU could or would result in a decrease in energy theft of 1%. We note that the Outline Business Case states that: "While we cannot reasonably predict at this time what impact the police partnership will have, reducing existing levels of theft by just 1% over the three-year period would produce a net benefit to the industry of £12.3m, with a positive CBR of 3.05." The same analysis reports that a 0.1% reduction in energy theft over three years would produce a net benefit of -£4.2m (i.e. a loss). Without sufficient assessment of the realistic and quantifiable potential of the ETU to reduce energy theft, we cannot determine whether the proposal is worthwhile – and we therefore cannot support the proposal. Separate from the crucial point of cost-benefit, we are also not convinced that sufficient clarity has been established on the specific remit and practical functions of the ETU. We take note of the draft legal	identification of person/s involved, the ETU would submit Prosecution Reports to the relevant Prosecution Service. The expectation within these reports, is to provide a summary of the energy theft issues that the industry currently face, and with a plea to view the report in such a context, i.e. lack of prosecutions and therefore deterrent. It is of course for the Courts to continue with such prosecutions, bearing in mind the interests and safety of the public. Providing an ETU for a 12-month period would not be possible, as the CoLP require assurance that time and resource spent on recruiting and training officers would have sufficient timeline to mature and prove effective. Given that it may take 12 to 18 months to secure a conviction following Court proceedings, a 12-month trial period would be highly ineffective in monitoring progress and success factors.

	text, and in particular the objectives of the ETU set out in draft Paragraph 9.3. However, we do not believe that these objectives (or the Outline Business Case) provide the requisite detail on the actual operations which the ETU would undertake to achieve these objectives. Among the various outstanding questions on the proposed operations of the ETU, we do not understand how it could or would (1) "investigate" energy theft, given that that the City of London Police only has operational jurisdiction within the City of London, and that only the local police force of an occurrence of energy theft would have jurisdiction to investigate that theft or (2) "prosecute" energy theft, given that the police does not prosecute crimes, which is a matter for the Crown Prosecution Service in England and Wales, and the Crown Office and Procurator Fiscal Service in Scotland. On that basis, we do not understand in sufficient detail how the ETU's "main" objective would be actionable (or achievable). We are also concerned that these proposals on the ETU and RAS are being advanced with haste, while the points which we have set out above must first be adequately addressed. We are troubled that the impact assessment stage for R0233 was skipped and that its consultation period was reduced from 15 working days to 10 working days. We believe that both of these measures unnecessarily and unhelpfully limited the scope for stakeholders to provide their views on the ETU – and, crucially, for those views to be sufficiently and meaningfully taken into account. We note that the Code Manager states in the Change Report that these measures were taken because RECCo held a consultation on the Outline Business Case in 2024. We do not consider the fact that RECCo undertook an informal consultation on its business case last year, outside the REC change process and in the absence of a change proposal, to be suitable justification for curtailing	

	the consultation process of an actual change proposal. We also note that RECCo seemingly made no changes to its Outline Business Case or otherwise developed its proposal in greater detail following that informal consultation. By the same token, we believe that the proposed implementation date of 27 June 2025 is too soon, in view of our concerns set out above and in the absence of the requisite detail on how the proposal would actually work in practice. We are equally not convinced that the minimum initial term of any initiative such as the ETU should be as long as 3 years. In general, we believe that an initial term of 12 months, with a monthly review of the results achieved, would be appropriate.	
UK Power Networks (Distribution Network Operator)	Yes. The limited number of prosecutions and the lack of deterrent are issues that need to be addressed. This solution builds on successful privately funded police teams such as the Insurance Fraud Bureau.	Noted. Thank you for your response.

Question 2:	Do you agree with the proposed implementation technique? If not, please explain why?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
OVO Energy (Energy Supplier)	Yes, we agree that a big bang approach is appropriate for this change	Noted. Thank you for your response.

Drax (Energy Supplier)	While we acknowledge the importance of addressing energy theft, we believe the current proposal lacks sufficient detail in areas such as collaboration and avoiding duplication of effort. The proposal does not adequately address how the ETU will interact with existing supplier operations. This may potentially cause duplication of tasks, leading to inefficiencies and increased costs. A clear definition of roles and responsibilities of the ETU including an explanation of interaction between the ETU and suppliers should be considered as part of this proposal.	The ETU will feedback investigative updates and requests via the RAS. It is not expected the ETU to liaise directly with Parties, other than in cases to request site visit to make safe. The RAS will ultimately be the conduit between the ETU and Parties in order to continue to triage and assess referrals in line with any other corroborative evidence under the REC, to prevent the loss of any important anecdotal information, to be a recognised point of contact for all Party correspondence, and to record and maintain QA processes, sharing of industry reports and to drive service improvements.
National Grid Electricity Distribution (Distribution Network Operator)	Whilst we will look forward to receiving information in further detail regarding the implementation technique of the ETU (particularly if a phased implementation is considered), our initial thoughts are that we agree with the implementation of the unit via partnership with the City of London Police, with the plan to emulate already successful projects of a similar nature in other industries. We are also in support of R0234, which looks to create the Referral Assessment Service (RAS) with the aim of feeding accurate and valuable information into the ETU via a collaborative approach with DNOs and Suppliers.	Noted. Thank you for your response.
Anonymous (Energy Supplier)	Yes.	The ETU will feedback investigative updates and requests via the RAS. It is not expected the ETU to liaise directly with Parties, other

	However, it should be considered as to if the RAS, in terms of someone from REC reviewing every case, is needed before referral to the ETU. If the case acceptance criteria is clear, defined and simple to follow then there shouldn't be any doubt from suppliers/networks as to if their case is eligible or not. REC should consider whether creating the RAS is necessary, or if it is adding unnecessary levels of governance and cost to the process. This should be consulted on with industry with clarity on how the objective quantifiable acceptance criteria will work in practice. It seems sensible that the police should be responsible for triaging reports, as they are the individuals who are trained and skilled in understanding UK law. If RAS would be adding a scoring matrix set by ETU, then it could be more efficient for the ETU to complete the scoring themselves. Additionally, there is no mention as to the ETU having outreach in terms of training/advising local police forces. Understanding and attendance to site from local police forces is a regular point of difficulty for suppliers/networks/service providers and incorporating nationwide training/awareness of energy theft and how the police can support on the ground would be beneficial in supporting the improvement of police support. Without this, investigations may not reach their conclusion to be able to be referred to the ETU, so it is important in the holistic view of this proposal.	than in cases to request site visit to make safe. The RAS will ultimately be the conduit between the ETU and Parties in order to continue to triage and assess referrals in line with any other corroborative evidence under the REC, to prevent the loss of any important anecdotal information, to be a recognised point of contact for all Party correspondence, and to record and maintain QA processes, sharing of industry reports and to drive service improvements.
SSE Energy Supply Ltd (Energy Supplier)	Yes, SSE agree with the proposed implementation technique.	Noted. Thank you for your response.
ScottishPower Energy Retail Limited (Energy Supplier)	We have no separate comments to make on the implementation approach for this proposal, taking account of our position and concerns set out in our response to Question 1.	Noted. Thank you for your response.

UK Power Networks (Distribution Network Operator)	Yes, a 'Big Bang' implementation is appropriate as there are no immediate requirements on industry.	Noted. Thank you for your response.

Question 3:	Do you agree with the assessment of the costs and benefits for this change?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
OVO Energy (Energy Supplier)	Yes, we consider that the case for change has been clearly made via the cost benefit analysis undertaken.	Noted. Thank you for your response.
Drax (Energy Supplier)	We believe the proposed £1.6million (ex VAT) annual cost for resourcing and setting up the ETU is an underestimation. While this figure represents a significant cost to industry, it fails to account for crucial expenditures, particularly a comprehensive marketing campaign necessary to achieve the desired deterrent effect. The proposal lacks a detailed breakdown of how the allocated funds will be utilised. For REC parties to bear these costs, there must be transparency and a clear understanding of where the funds will be directed. The proposal does not provide clarity on the potential for annual cost increases. This lack of predictability makes it difficult to assess the long-term financial implications for REC parties. Consequently, we believe this proposal does not meet REC Objective C.	ETU funding has been arrived at via communications with the City of London Police and as per operational costs for their other sponsored enforcement Units. Amendments may be required to reflect current costs prior to the Operational Go-live date. The tools and software solutions to effectively support the ETU are within the City of London's own IT infrastructure. A detailed breakdown of the costs associated can also be found on RECCo's Outline Business Case: Proposal to create a new

	As outlined in our response to question 1, we question the benefit of this initiative for the non-domestic market. The significantly lower incidence of energy theft in the non-domestic sector, suggests that the costs imposed on non-domestic suppliers would be disproportionately high. Due to the disproportionate costs and limited benefits for non-domestic suppliers, we ask that the Code Manager either reassesses the funding of the ETU to more fairly allocate costs, or excludes non-domestic suppliers from the service and all costs associated with it.	energy theft enforcement service in partnership with the City of London Police.
National Grid Electricity Distribution (Distribution Network Operator)	Yes. We would hope to see that over time, the cost-benefit ratio increases as the costs of implementing and maintaining the RAS and the ETU begin to lower the costs associated with energy theft and the overall cost to the industry, by providing a visible and dedicated response to energy theft aimed at discouraging offenders.	Noted. Thank you for your response.
Anonymous (Energy Supplier)	Whilst we understand the possible costs-benefits in terms of theft reduction at an industry level from this proposal, the analysis is missing the impact regarding possible supplier/network costs. For example, it is not clear if suppliers will be required to contribute proportionately to their size or through flat contributions. At this stage, it is unclear what the approximate cost of this service will be to each party involved. Consequently scrutiny and comparison is not possible. Additionally, as reports to the ETU are not for the sole use of suppliers, it is unclear why other reporting parties, such as networks, are not expected to contribute towards the cost of this service. If the service is to be used by both suppliers and networks then it would be fair for it to be financially supported by both parties.	ETU funding has been arrived at via communications with the City of London Police and as per operational costs for their other sponsored enforcement Units. Amendments may be required to reflect current costs prior to the Operational Go-live date. A detailed breakdown of the costs associated can also be found on RECCo's Outline Business Case: Proposal to create a new energy theft enforcement service in partnership with the City of London Police

	It is also important to note that, as stated in the R0233 change report, the impacts “cannot be reasonably predicted at this time”. Therefore the results of the cost-benefit analysis should be considered cautiously.	
SSE Energy Supply Ltd (Energy Supplier)	As to our response for R0234, we do not foresee SSE using the ETU under the current scenarios and we would wish to review our financial obligations to the ETU. As a non-domestic supplier, we do not believe we would gain the full benefit from this service.	Noted. Thank you for your response.
ScottishPower Energy Retail Limited (Energy Supplier)	As set out in our response to Question 1, we believe that it is incumbent on the proposer to provide a sufficiently detailed cost-benefit analysis of the proposal. In our view, such an analysis has not been made available at this stage; in turn, we cannot determine whether the proposal is worthwhile.	Thank you for your response. A detailed breakdown of the costs associated can also be found on RECCo’s Outline Business Case: Proposal to create a new energy theft enforcement service in partnership with the City of London Police.
UK Power Networks (Distribution Network Operator)	Yes. Even at a very low level of success the Energy Theft Unit would generate a positive Cost Benefit Ratio.	Noted. Thank you for your response.

Question 4:	Do you agree with the Code Manager's assessment of the Change Path, that this Change Proposal should be subject to determination by the Authority following approval by the Change Panel?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
OVO Energy (Energy Supplier)	Yes, we agree that it is appropriate, given the impact of the change, that R0233 should be progressed at an Authority determined change.	Noted. Thank you for your response.
Drax (Energy Supplier)	Yes, we agree with the Code Manager's assessment of the change path. We believe that change proposal R0233, warrants determination by the Authority following approval by the Change Panel due to the complexity and significant cost implications of introducing the ETU.	Noted. Thank you for your response.
National Grid Electricity Distribution (Distribution Network Operator)	Yes, we agree with the Code Manager's assessment of the Change Path.	Noted. Thank you for your response.
Anonymous (Energy Supplier)	Yes, we agree that the progression of this change proposal should be approved by Ofgem following approval of the change panel. This is a significant change to the energy theft schedule and operational working, so should seek approval from Ofgem before implementation.	Noted. Thank you for your response.
SSE Energy Supply Ltd (Energy Supplier)	Yes, SSE agree with the change path, and this should be subject to determination by the Authority.	Noted. Thank you for your response.
ScottishPower Energy Retail Limited (Energy Supplier)	We agree that R0233 and R0234 should be decided by the Authority.	Noted. Thank you for your response.
UK Power Networks (Distribution Network Operator)	Yes	Noted. Thank you for your response.

Question 5:	Do you agree with the recommendation that this Change Proposal should be approved for implementation on 27 June 2025? If not, please explain why?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
OVO Energy (Energy Supplier)	Yes, OVO agrees with this implementation approach and date.	Noted. Thank you for your response.
Drax (Energy Supplier)	We don't have a view on the proposed implementation date.	Noted. Thank you for your response.
National Grid Electricity Distribution (Distribution Network Operator)	Yes, we agree that implementation should be as soon as practically possible.	Noted. Thank you for your response.
Anonymous (Energy Supplier)	Yes. However, it should be considered as to if this is a timeline that all parties, including the authority can adhere to.	Noted. Thank you for your response.
SSE Energy Supply Ltd (Energy Supplier)	SSE do not support this change in its current form; therefore, we do not accept implementation of June this year.	Noted. Thank you for your response.
ScottishPower Energy Retail Limited (Energy Supplier)	For the reasons set out in our response to Question 1, we do not believe that this proposal should be approved or taken forward in its current form at this time. In our view, an accurate determination on the merits of this proposal can only be made where a robust impact assessment and a detailed costbenefit analysis are provided. We also believe that important questions on the general objectives and actual operations of the ETU and RAS must be clarified before any such initiatives are established. At the same time, we believe it essential that	Noted. Thank you for your response.

	such proposals benefit from stakeholder views, which are sufficiently and meaningfully taken into account, and that they are not progressed with undue haste. In our view, this proposal should not be taken forward at this stage; if it is taken forward, we believe that it should not be approved by the Authority and should instead be sent back to industry.	
UK Power Networks (Distribution Network Operator)	Yes. There will be a period of time to recruit and mobilise the Energy Theft Unit and so an early implementation is to be preferred.	Noted. Thank you for your response.

Question 6:	Do you have any other comments relating to this Change Proposal?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
OVO Energy (Energy Supplier)	No.	Noted. Thank you for your response.
Drax (Energy Supplier)	Not at this stage	Noted. Thank you for your response.
National Grid Electricity Distribution (Distribution Network Operator)	We are committed to doing what we can to work towards eliminating energy theft permanently. Not only would it lower costs which can be passed on to the consumer, but importantly it looks to minimise risks associated with tampered energy supplies, which can endanger public safety.	Noted. Thank you for your response.
Anonymous (Energy Supplier)	No.	Noted. Thank you for your response.

SSE Energy Supply Ltd (Energy Supplier)	Please see our comments on R0234.	Noted. Thank you for your response.
ScottishPower Energy Retail Limited (Energy Supplier)	We have no further comments to make on this proposal at this time	Noted. Thank you for your response.
UK Power Networks (Distribution Network Operator)	At least with regard to electricity, the current Glossary would appear to define 'Energy Theft' as only being theft from Suppliers (and hence falling under Standard Condition 12A of the Supply Licence). The provisions under Paragraph 4 (1) & (2) of Schedule 6 of the Act are not listed and references to Paragraphs 5 (1) and 6 (1) (a) are expressly noted as "in so far as they relate to an electricity Supplier". Instances of unregistered theft (or 'relevant theft' as defined by Standard Condition 49 of the Distribution Licence) are accordingly excluded. Whilst noting that the proposed service is presently to be funded by Suppliers they similarly incur the costs of unregistered abstraction and so it's exclusion from the operation of the Referral Assessment Service / Energy Theft Unit appears an anomaly; the opportunity to correct it should be taken before the Energy Theft Unit is up and running.	Noted. Thank you for your response. The Code Manager will take this under consideration for R0234 'Introduction of an energy theft Referral Assessment Service under the REC' development.