RETAIL ENERGY CODE

This document is classified as **WHITE**.
Information is for public, unrestricted dissemination and publication.

REFERENCE	**RECPAB_25_0624_08**
STATUS	**FOR DECISION**
PAGES	**4**

PAB DEROGATION REPORT – USE OF THEFT ASSESSMENT CALCULATORS

BY KEV DUDDY, OPERATIONAL ACCOUNT MANAGERS, REC CODE MANAGER

REVIEWED BY ANTON MODEN, PERFORMANCE ASSURANCE LEAD, REC CODE MANAGER

FOR DECISION



This paper sets out a report to the Performance Assurance Board (PAB) on a Derogation Application received on 27 May 2025 from British Gas Trading Limited. The Derogation relates to the use of the Theft Assessment Calculators for assessing unrecorded units.

This is due to the organisation investing in Android field tablets which do not currently support the REC Theft Assessment Calculators.

The Code Manager requests the PAB to:

- **APPROVE** the Derogation can be granted;
- **APPROVE** that the Derogation should apply for 12 months, unless a clarifying REC Change is made in advance to remove the need for the Derogation;
- **REQUEST** that RECCo provide an update to the PAB within six months on the intended actions to update the Theft Calculator, so that British Gas can be provided good time to prepare prior to the end of the Derogation;
- **RECOMMEND** that an issue be raised to consider the alignment and requirements of the aforementioned REC Clauses, as well as the form of the Calculator and any assurance required if a request is made to the Code Manager to use an alternative estimation method.

1 BACKGROUND

The REC requires Parties that are responsible for investigating Energy Theft to use the REC Gas and Electricity Theft Assessment Calculators. These are provided to Parties by RECCo and available as Category 3 Documents, and the requirements are detailed in the REC Schedules listed below:

REC Schedule 7 – Energy Theft Reduction

8.4. When assessment calculation tools are required to assess unrecorded units, Parties must utilise the Theft Assessment Calculator, unless otherwise agreed with the Code Manager.

REC Schedule 8 - Unbilled Energy Code of Practice

12.2. When assessment calculation tools are required to assess unrecorded units, Parties must utilise the Theft Assessment Calculator most recently made available by the Code Manager.

This assessment is then used in the assessment of:

1. The amount to be billed to the relevant consumer.
2. The amounts reported alongside the confirmed theft.
3. Inputs into the energy settlement calculations to reflect the stolen energy.

1.2 BRITISH GAS DEROGATION APPLICATION

British Gas Trading Limited submitted a Derogation application on 27 May 2025 following discussions with RECCo, the Energy Savings Trust (who provide the Theft Assessment Calculators to RECCo) and the REC Performance Assurance team.

British Gas Trading Limited has invested in Android field tablets for their operatives. However, the Theft Assessment Calculators are not compatible with Android Devices. British Gas Trading Limited's new hardware will be phased in from mid-June 2025.

British Gas Trading Limited need their field representatives to have access to the Gas and Electricity Theft calculators so they are proposing to use their own versions whilst awaiting updated and compatible versions of Gas and Electricity Theft calculators being provided to all REC Parties.

The Code Manager is suggesting a Derogation period of twelve months whilst investigation is carried out to develop the Theft Assessment Calculators. The Energy Savings Trust has confirmed to RECCo that adapting the current calculators for alternative platforms will not be a straightforward or immediate process. Once compatible versions of Gas and Electricity Theft calculators have been made available, this Derogation can lapse.

To date, no other REC Party has raised this as an issue, however there is potential that this issue could impact any REC Party required to assess unrecorded units.

1.3 DUPLICATION IN THE REC SCHEDULES

The requirement to utilise the Theft Assessment Calculators is stated in both Schedule 7 and Schedule 8. However, these two different clauses are slightly different, in that the clause in Schedule 8 allows Parties to agree an alternative with the Code Manager.

At the ETREG meeting held on 24 April 2024 it was confirmed that not all Suppliers are using the calculators provided by RECCo. Noting the ambiguity in the current legal text, an action was taken at this meeting for RECCo to establish if more clarification is needed with regard to use of the Theft Calculators. It was determined that this action should feed into the review of Schedule 8.

I0187 Schedule 8 Review and Best Practice Guidance Development is currently being progressed. Whilst the alignment of the legal text between Schedules 7 and 8 regarding the use of the Theft Calculators is not currently in scope, the Code Manager will discuss with RECCo as to whether this needs to be included, or if another REC Issue or Change Proposal (CP) needs to be raised to address this (including for instance whether Parties should be able to utilise alternative platforms).

It is anticipated that discussion of any Issue or CP raised in this area would fall within the scope of the Theft Issues Group (TIG), and that RECCo can provide updates on the feasibility of updating the calculator tools to enable these to be used by all REC Parties.

1.4 DEROGATION SUMMARY

The below information has been compiled by the Code Manager in relation to the Derogation Application:

	DEROGATION DETAILS
Summary of the issue	Derogation required to enable British Gas Trading Ltd to use their own versions of the Theft Assessment Calculators whilst assessment is carried out on the viability of making the existing Calculators compatible with Android Devices.
Summary of the proposed Derogation and impacted REC obligations	REC Schedule 8 - Unbilled Energy Code of Practice *Clause 12.2. When assessment calculation tools are required to assess unrecorded units, Parties must utilise the Theft Assessment Calculator most recently made available by the Code Manager.*
Related Derogations or applications	N/A
Impacted REC Parties and Service Providers	This issue could impact all Suppliers or DNOs that choose to operate Android Devices in the field. However, this issue has not been flagged by other Parties to date.
Impacts on Retail Risks	If British Gas are not allowed to use an alternative tool this could impact risk 11 on Risk Register – 'Energy Theft is not detected nor investigated'.
Legal advice obtained in relation to the application	N/A
Technical advice obtained in relation to the application	The RTS has assessed this Derogation application and can confirm that there are no impacts on REC systems or the Enquiry Services.
Length of the Derogation	Twelve month Derogation pending British Gas' internal release of the new hardware, alongside REC discussions and next steps regarding future development of the Theft Assessment Calculators to be supported on other platforms.
Conditions to any Derogation	The Code Manager does not propose that any conditions be placed on British Gas in relation to this Derogation. The Code Manager discussed requiring British Gas to provide evidence that their tools produce estimated values that are within a specified percentage of the REC provided calculators. However, it is noted that previous ETREG

	discussions indicate that not all Suppliers are using the REC provided calculators and, this would place an additional requirement on British Gas that is not being applied to other Suppliers. It is considered that longer term, clarity is needed within the REC on whether an alternative to the theft calculators can be agreed with the Code Manager and, if yes, then assurance applied equally across all Suppliers that opt to utilise an alternative. It is recommended that a REC Issue be raised in relation to this.
Ofgem consent	N/A

2 RECOMMENDATIONS

Based on the information submitted by the applicant and the assessment undertaken by the Code Manager, the following recommendations have been made for the PAB's consideration.

- **APPROVE** the Derogation can be granted;
- **APPROVE** that the Derogation should apply for 12 months, unless a clarifying REC Change is made in advance to remove the need for the Derogation;
- **REQUEST** that RECCo provide an update to the PAB within six months on the intended actions to update the Theft Calculator, so that British Gas can be provided good time to prepare prior to the end of the Derogation;
- **RECOMMEND** that an issue be raised to consider the alignment and requirements of the aforementioned REC Clauses, as well as the form of the Calculator and any assurance required if a request is made to the Code Manager to use an alternative estimation method.

3 PAB ACTIONS

PAB DECISION

The Code Manager recommends the PAB to **APPROVE** the Derogation Application as set out above, including the timescales and recommendations.