RETAIL ENERGY CODE

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

# THEFT ISSUES GROUP
## DRAFT MEETING MINUTES

| | |
|---|---|
| MEETING | **RECTIG_24_0925** |
| DATE | **25 September 2024, 09:30** |
| LOCATION | **Microsoft Teams** |

| Attendee | Representing | Initials |
|---|---|---|
| Anne Jackson (Chair) | REC Code Manager | AJ |
| Alex Garcia | Yu Energy | AG |
| Adam McNae | Brook Green Supply | AMN |
| Alan Cookson | British Gas | AC |
| Alex Nunnington | Correla | AN |
| Amy Tyler | Smartest Energy | AT |
| Andrew Green | Waters Wye | AG |
| Andrew Hinton | Correla | AH |
| Andrew Waghorn | REC Code Manager | AW |
| Ben Clark | Utilita | BC |
| Colin Paine | Engie | CP |
| David Mitchell | SGN | DM |
| Elaine Carr | SPEN | EC |
| Elise Handy | REC Code Manager | EH |
| Elizabeth Bowman | Smartest Energy | EB |
| Eve Mariner | REC Code Manager | EM |
| Francesco Vaccaro-Notte | Shell | FVR |
| Hannah Brimfield | OVO | HB |

DRAFT

| | | |
|---|---|---|
| Jennifer Pickering | E.ON | JP |
| Jessic Jarvis | Cadent | JJ |
| Jon Anderson | E (Gas and Electricity) | JA |
| Kerry Maw | EDF Energy | KM |
| Lindsay Mutch | SPEN | LM |
| Lisa Warnock | SGN | LW |
| Lynne Fallon | RECCo | LF |
| Martin Lane | EDF Energy | ML |
| Megan Rodgers | Smartest Energy | MR |
| Oliver Kyriacou | Smartest Energy | OK |
| Paul Hart | UKPN | PH |
| Paul Sutherland | RECCo | PS |
| Paul Witton-Dauris | REC Code Manager | PWD |
| Rebecca Thelfall | SPEN | RT |
| Rachel Simpson | E.ON | RS |
| Rebecca Lowe | RECCo | RL |
| Sean Boak | Smartest Energy | SB |
| Shamil Udaya | N Power | SU |
| Sharon Dudley | Xoserve | SD |
| Victoria Burkett | SSE | VB |
| Walter Carlton | REC Code Manager | WC |
| Bradley Mercer (Secretary) | REC Code Manager | BM |

DRAFT

## 1 WELCOME, INTRODUCTION AND CONFIRMATION OF AGENDA

The Chair welcomed attendees to the fifth meeting of the Theft Issues Group (TIG).

## 2 APPROVAL OF THE PREVIOUS MINUTES

The Chair invited attendees to provide comments on the draft minutes of the meeting held on 28 August 2024. BM advised that there had not been any comments raised in advance of the meeting and the minutes were approved as an accurate reflection of the meeting.

## 3 REVIEW OF ACTIONS LOG

EH provided Members with an overview of the below actions on the Action Log:

**RECTIG_24_0828_01: Code Manager to investigate adding the alternative TDIS payment options to the Impact Assessment questions.**

EH advised that an update would be provided under agenda item 4 – Closed.

**RECTIG_24_0828_02: Code Manager and Xoserve to discuss the feedback provided on the Reasonable Endeavours scheme ex-committee.**

EH advised that an update would be provided under agenda item NN – Closed.

## 4 I0173 – IMPROVEMENTS TO THE THEFT DETECTION INCENTIVE SCHEME

EH provided attendees with an overview of I0173 advising that the change would provide an incentive payment for completed theft investigations. EH advised that the calculation had been discussed at the August 2024 meeting as well as the detail which would be added to the solution ahead of the IA. EH advised that the Party IA was currently live and would close on 04 October 2024.

AW provided attendees with an overview of the alternative calculation which would see the payment for confirmed thefts remain the same as it was now and introduce a payment for investigations. AW provided Members with an example of the impact of the calculation using dummy data advising that the overall scheme value would decrease and in the underperforming sectors the scale of the scheme would decrease. AW advised that the Code Manager did not believe this was the intention of the change to the scheme and as such would be moving forward with the initial calculation, and it had not been included as within the Impact Assessment questions.

Members were comfortable with the update and did not raise any questions or comments.

## 5 R0163 – TDIS REPORTING PERIODS

EH provided Members with an overview of R0163 advising that the change was seeking to change the reconciliation period for TDIS from annually to quarterly. EH advised that the change had been through the process to consultation where it had been placed on hold by the

Code Manager. EH advised that this was as the benefits needed strengthening within the Change Report.

EH advised that the Code Manager had assessed the perceived benefits of the change against the REC objectives. EH provided Members with an overview of the review work and invited Members to provide feedback.

PB advised that he believed that the move to quarterly would result in more work for parties to complete the reporting and would result in additional admin and costs for Suppliers. PB highlighted that the increase in work for Suppliers would likely result in non-engaged Suppliers being even less likely to engage in the process. PB highlighted that theft detection generally spanned many months and, in some cases, more than a year and was better suited to annual reporting in his view. PB advised that he appreciated where the drivers were for this change but was concerned about the level of opposition raised by parties during the consultation.

CP agreed with the points which PB raised adding that there was a broad spectrum of engagement with the theft process. CP advised that improvements to the incentive scheme and the domestic and non-domestic split would help to improve engagement and were positive changes however, a move to quarterly reporting would likely result in more non engagement. CP advised that there was a potential that this change would divert funding from theft detection to scheme administration for a lot of Suppliers.

There were no further comments and EH thanked Members for their feedback and agreed to provide an update at the October 2024 RECTIG.

## 6 I0187 – SCHEDULE 8 REVIEW AND BEST PRACTICE GUIDANCE DEVELOPMENT

EH provided an overview of the issue advising that it weas seeking to complete a review of Schedule 8 as well as creating a Category 3 best practice guidance document. EH advised that the Code Manager was requesting a review of the Schedule by parties and would be splitting the document up in to review groups to ease the workload. EH invited parties to complete a review of the following sections of Schedule 8 by 30 October 2024 and send any comments or feedback to enquiries@recmanager.co.uk:

- Introduction.
- High Level Principles.
- Responsibilities of Parties: Theft.
- Information Sources.
- Information Exchange Between Parties.

Members agreed to complete reviews and provide feedback to the Code Manager.

**ACTION: RECTIG_24_0925_01: RECTIG Members to complete a review on the Group 1 Sections of Schedule 8 ahead of the October 2024 RECTIG meeting.**

DRAFT

## 7 I0175 – INTRODUCTION OF A REASONABLE ENDEAVOURS SHCME WITHIN THE REC

EH provided an overview of the issue, advising that there had been discussions on transferring the Reasonable Endeavours Scheme into the REC at previous RECTIG meetings. SD provided Members with an overview on the history of the scheme highlighting that the scheme had been brought in to place by Ofgem to tackle Gas theft.

SD highlighted that Xoserve believed it was the correct decision to make the scheme Supplier focused and transition into the REC. SD confirmed that Gas Transporters were open to the scheme moving into the REC, but in doing so would anticipate that the funding would move and therefore the Licence condition would fall away. SD advised that Xoserve did not believe that it would be a lift and shift exercise to bring the scheme into the REC as the scheme was underutilised.

SD provided an overview of the responses to the questions raised at the August 2024 meeting. AW asked if financing the scheme was in the context of financing the administration of the scheme or funding the payments themselves. DA advised that it would most likely be both.

AG asked if the scheme would move to dual fuel if it was to move into the REC. The Chair advised that the working assumption was that the scheme would be extended to include electricity subject to consultations with Ofgem and other involved parties. LF confirmed that RECCo were investigating the move to dual fuel.

SD provided an overview of the next steps of the process advising that Gas Transporters would require 6 months' notice of the scheme moving into the REC and that a transitional process would need to be designed.

## 8 I0176 – CREATION OF AN ENERGY THEFT DETECTION AND RESOLUTION BODY

AG provided an overview of the issue and a reminder of the discussions at the August 2024 RECTEP meeting. AG advised that there had been a number of questions raised at the previous meeting:

**Is there a reason Networks aren't proposed as being included within the service?**

AG advised that initially it was not proposed that Networks would be part of the body. AG highlighted that he would be open to considering including Networks in the scheme in the future.

**How was the proposed body different to sub-contracting theft investigations as many Suppliers are doing so currently?**

AG advised that it was not different to sub-contracting arrangements however, there would be a more standardised service open to all Suppliers. AG confirmed that the service would be subject to oversight from the industry rather than having bespoke arrangements with multiple parties.

**Where would the process start and stop?**

AG advised that there were already processes in place for lead generation and that they were not proposing for the body to be involved in lead generation. AG confirmed the process would end where the theft had been concluded.

**Could parties pick and choose the areas of the service to opt in to?**

AG advised that this would not be possible.

**Could the service be used to support any additional offerings?**

AG advised that this may be possible in the future but not initially. AG advised that new services would be added in the future through the change process.

AG invited Members to provide any questions or comments on the body. RL asked if the opt in/opt out could be done on a fuel basis where a dual fuel Supplier could opt in for Electricity but not for Gas. AG agreed to take the question away and provide a view at the next meeting. RL added that Suppliers may have different sub-contractors for each fuel. AG advised that the next steps would be to produce a more substantial document for review.

DM advised that he would be interested to understand how the body would go about targeting its leads. AG advised that the lead generation would be conducted by the theft mechanism. PS asked how the body would mitigate the accountability within SLC 12 and how they thought Ofgem would view that. AG advised that Suppliers use third parties to fulfil their obligations currently and the body would be the same. AG agreed to consult Ofgem ahead of the next meeting. RL asked if the handling of customer complaints would be handled. AG advised that he did not see any difference in how the Supplier would handle the complaint currently.

Members discussed the potential benefits of the body with AG highlighting that it would help less established and experienced Suppliers meet their Licence conditions. AG confirmed that if Suppliers did not see the benefit of the body they could opt out.

CP asked for clarification on the funding asking if it would be funded by Suppliers using the service or would it be funded at REC level. CP advised that if the body was funded through socialisation parties which were not using the service should be able to opt out of the funding. AG advised that the initial thinking would be that it would be both socialised costs as well as a transactional cost for each investigation. CP advised that there were implications behind that as Suppliers would likely use the REC service as they were paying for it and it may have negative impacts on existing revenue protection agents.

## 9 ANY OTHER BUSINESS

The Chair invited attendees to provide items of AOB, there was no AOB, and the meeting was closed.