RETAIL ENERGY CODE

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THEFT ISSUES GROUP
DRAFT MEETING MINUTES

MEETING	**RECTIG_24_0828**
DATE	**28 August 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

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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
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

1 WELCOME, INTRODUCTION AND CONFIRMATION OF AGENDA

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

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2 APPROVAL OF THE PREVIOUS MINUTES

The Chair invited attendees to provide comments on the draft minutes of the meeting held on 31 July 2024. EH advised that minor comments on the attendees list had been received from LF in advance of the meeting. There were no further comments, and the minutes were approved as an accurate reflection of the meeting subject to the noted amendments.

3 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 highlighted that this may be an investigation completed through a Confirmed Energy Theft and these incentive payments will continue to be valued on the existing scheme mechanism or through investigations that have concluded but not converted into a Confirmed Energy Theft.

EH confirmed that the scheme would provide differential levels of payments for Desktop and Site Visit Investigations. Desktop Investigations would only result in an incentive payment where it relates to an Energy Theft Tip Off Service (ETTOS) lead and this requirement is documented within the Schedule 1 definitions.

AW provided attendees with an overview of the calculation which would be used to determine the value of the theft highlighting that the unit value would be provided up front. The socialisation value would be variable and would depend on how many investigations were taking place across the industry. AW confirmed that the value of each theft would not be known at the start of the scheme and highlighted that the sum would depend on the performance of each individual Party and the performance of the scheme as a whole.

JS asked what the reason was for Suppliers only receiving payment for ETTOS lead desktop investigations. EH advised that at the previous meeting there had been risks identified by Members around the possibility of Suppliers gaming the system to receive payments and the use of automation. EH advised that ETTOS leads would mitigate the risk and would allow Parties to receive payments in the interim until volumes were fully understood. RL added that there had also been a discussion around capping desktop investigations. RL advised that other lead sources would be reviewed once the scheme was up and running.

JS asked if there had been considerations made to what data was sent by Suppliers to confirm a partial or full theft. AW confirmed that the Code Manager had investigated what else was in the file. AW advised that it was believed that there was value in Suppliers providing all of the data detailed in the Schedule currently. AW advised that the consultation would give Parties the opportunity to highlight data which they did not believe to be relevant.

RL asked if there was a reason why the confirmed theft aspect of the calculation could not be changed to the same as a site visit, in that there were known payments but an unknown socialised cost and whether it would make a difference when the cost was socialised. AW advised that the Code Manager had worked on the basis that the change was making a payment for investigations and the rest of the scheme would remain as it was currently.

Members discussed the possibility of alternative solutions, one being to fix the price of everything and the second being that the Desktop and Site Visit Investigations were a percentage of the Theft Detection Value (TDV) and the Confirmed Theft calculation was based on the performance of the scheme. It was suggested that these options could form a question in the Impact Assessment (IA) for Parties to provide their views. The Code Manager agreed to include the alternative calculations on the IA.

ML asked if there was an idea on what the change would cost the industry. AW advised that this would depend on how many investigations were carried out. AW advised that limiting the payments to ETTOS, it was known how many leads there were per year and the total cost could be derived from that number which could be confirmed post meeting. AW confirmed that the group had considered the total cost at previous meetings.

EH provided an overview of the proposed IA questions and invited comments from Members. Members confirmed that they were comfortable with the proposed IA questions.

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

4 I0175 – INTRODUCING A REASONABLE ENDEAVOURS SCHEME WITHIN THE REC

EH provided Members with an overview of I0175, advising that there had been discussions on moving the scheme from the UNC to the REC at previous meetings of the TIG. EH advised that in the UNC, the scheme was designed to remove the disincentive for Suppliers to investigate the illegal taking of gas by providing compensation via their Shippers for costs incurred when investigating the theft of gas. EH highlighted that there were seven allowance types which could be claimed against, and claims could be made against more than one allowance for a single theft case. EH provided an overview of the items to be addressed through the development of the issue:

- Working assumptions.
- Funding and money transfers.
- Administration of the Scheme (who, how, frequency, evidence).
- Cross-code implications and creating an equivalent scheme in electricity.
- Impact on Settlements.

DM advised that Xoserve currently administers the scheme and Gas Transporters were sent an invoice for Reasonable Endeavours payments. DM confirmed that Xoserve currently conducted the administration and validation.

The Chair asked the group if the scheme was to be moved to the REC, would Parties want the scheme to replicate the scheme in the UNC. DM advised that he would like the scheme mirrored. SD advised that previous discussions at the group previously were around a lift and shift of the scheme. AH advised that the figures within the scheme had not changed in over 10

years. RL advised that a change to update the figures had been rejected by Ofgem prior to the original TDIS change going live.

RL advised that the scheme was not well utilised at present and that if the scheme was replicated exactly in the REC, the reasons why Parties did not use the scheme may also be transitioned. RL suggested that a review should be conducted around the values and the evidential requirements.

CP advised that the scheme was from a time where theft was approached differently and could not see many benefits of re-engineering the solution and also adopting it into the electricity market. CP advised that he believed that the scheme should be wound down and that TDIS should remain as the route to investigate thefts. JS and AC advised that they agreed with CP.

RL suggested that the Reasonable Endeavours Scheme could be used for more complex theft cases where the expenditure to Parties exceeded the TDV value. AG highlighted that TDIS covered theft detection and Reasonable Endeavours was there for Parties to claim the charges that they were unable to obtain from the perpetrators. AG highlighted that the schemes were complementary in his view.

There were no further comments from Members. The Chair advised that further investigation would take place ex-committee with Xoserve, Gas Transporters and Ofgem.

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

5 I0176 – CREATION OF AN ENERGY THEFT DETECTION AND RESOLUTION BODY

AG provided an overview of I0176, advising that the Issue was looking to explore the creation of an independent Theft Detection and Resolution Body (TDRB). AG advised that he had developed strawman business rules for the Body for discussion.

AG advised that a number of underlying principles for the Body had been developed:

- Using the TDRB would be voluntary. Suppliers could continue to operate their own investigations.
- The default would be ‘opt in’ with the ability for Suppliers to ‘opt out’ if they wish.
- ‘Opt out’ would be evidence based to showa Supplier has arrangements with similar standards to those operated by the TDRB.
- Evidence would be determined and monitored by PAB.
- TDRB would be empowered to undertake site investigations on behalf of Suppliers.

AG provided Members with an overview of how the service would work and the benefits of creating a Body. AG highlighted that the service could be funded through general REC charges and that RECCo would procure the service and have an obligation to provide the service.

RL advised that there was potential with the idea and asked if there was a reason that Networks had not been included in the service. AG advised that if they wished to be involved in the service it could be extended out. LW advised that her company conducted investigations under Theft in Conveyance which was taken through until the Customer was registered or if they refused the disconnection of their supply.

PH advised that similar to LW's point in the Gas market, UKPN also had an internal team which carried out these sorts of investigations. PH advised that they used a third-party external partner for some of the investigations. PH highlighted that they could use the Body in lieu of their current contract. PH advised that a central body which was divorced from the Network and the registered Supplier could be to the detriment of vulnerable Customers. AG advised that it would be in the gift of the Supplier to end the proceedings following their initial investigation or they could pass on the investigation to the Body. PH advised that the Supplier and the Network would still be in the firing line for any complaints.

EC advised that SPEN also conducted the investigations internally, however, did not believe that Networks should be discounted from the service and there were potential benefits to Networks using the service.

CP asked how the Body would be different from sub-contracting theft investigations which several Suppliers would be doing currently. CP asked where the process would start and end advising that, due to GDPR considerations, the initial desktop audits would need to be carried out by Suppliers. CP advised at later stages where there was a confirmed theft the Supplier would have to come back into the process as the requirements from Ofgem and the REC fell on them.

AC advised that Suppliers were conscious of the Customer experience and the theft process was not limited to finding the theft, it was also to understand what the motivation to steal was. AC highlighted that field agents were trained to gather this information and understood how to best support Customers which would need to be considered in the creation of a Body. AG advised that if these were overriding considerations for a Supplier, they may choose not to use the service.

RL advised that a number of the benefits of the Body would only be realised if a large number of Suppliers opted in. RL asked if Parties could pick and choose areas of the service to opt in to. AG highlighted that the process could work that way and agreed to investigate. RL suggested that the service could also be used for lead generation.

6 PLANNING AND PRIORITISATION

The Chair provided an overview of the Theft Issues RAID. Members suggested updates which have been made to the RAID.

7 ANY OTHER BUSINESS

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