Energy Theft Reduction: *Police Partnership Proposal*





Update for Theft Issues Group

November 2024

Executive *Summary*

Problem statement:
Energy theft is a major challenge, costing consumers and threatening public safety.
2022 research estimates theft-related losses of:

- **636 - 1,059 GWh of gas**.
- **1,703 - 2,837 GWh of electricity**.

Equivalent to **£0.9 billion to £1.4 billion** at December 2022 prices, adjusted for Q4 2024 estimated at **£457 - £760 million**, or **£27 per bill-paying consumer**.

Challenges in Enforcement:
Industry efforts to prevent and investigate theft are hindered by:

- Difficulty engaging police and securing support for prosecutions.
- Limited police resources and competing priorities.

The lack of police engagement (combined with perception of energy theft being a ‘victimless crime’) leads to **low deterrence** and few prosecutions.

Introduction

Recap: Energy Theft Reduction Strategy

The Energy Theft Reduction Strategy empowers REC Parties to prevent, detect, and respond effectively to energy theft. Currently, RECCo provides tools and services such as the Energy Theft Tip-off service (ETTOS), Theft Estimation Methodology (TEM), Theft Detection Incentive Scheme (TDIS), and more.

Five key areas guide the strategy's development:

1. Engagement
2. Awareness
3. Data and insights
4. Incentives
5. **Enforcement** (the focus of this report)

These areas focus on collaborating with industry parties, raising awareness through campaigns like Stay Energy Safe, leveraging data analytics, enhancing incentives, and strengthening enforcement measures.



Energy Theft Reduction – strategic objectives



Engagement

- Forming an Energy Theft Reduction Expert Group and broad Theft Stakeholder Forums with industry players.
- Providing regular external updates on the progress of the Theft Reduction Strategy.
- Developing comprehensive training and guidance materials to equip stakeholders with necessary tools and knowledge.

Awareness

- Continuously investing in and enhancing the Stay Energy Safe campaign in collaboration with Crimestoppers to raise public awareness.
- Development of a detailed strategy for how awareness and action can best be raised across both industry and Consumers. This will result in the identification of recommended projects and initiatives to increase awareness and action.

Data and Insights

- Identifying and leveraging data sets and sources to enhance theft detection.
- Forming data-sharing agreements to facilitate information exchange.
- Developing smart meter tamper alert analytics for proactive theft detection.
- Conducting retrospective analysis of data sets to uncover new theft leads.
- Partnering with DeterTech to establish a theft data hub for industry-wide visibility and trend analytics.

Incentives

- Enhancing existing Supplier Theft Detection Incentive Schemes.
- Developing a broader targeted incentive regime to incentivise theft prevention and detection efforts.
- Commissioning an independent 'whole of system' report to identify gaps in responsibilities and commercial incentives.

Enforcement

- Conducting research into the legal landscape and developing guidance for law enforcement agencies.
- Collaborating closely with **City of London Police** and other relevant agencies to tackle energy theft effectively.
- Establishing a target operating model for a dedicated, operationally independent unit focused on energy theft enforcement

Police Partnership

Proposed Solution

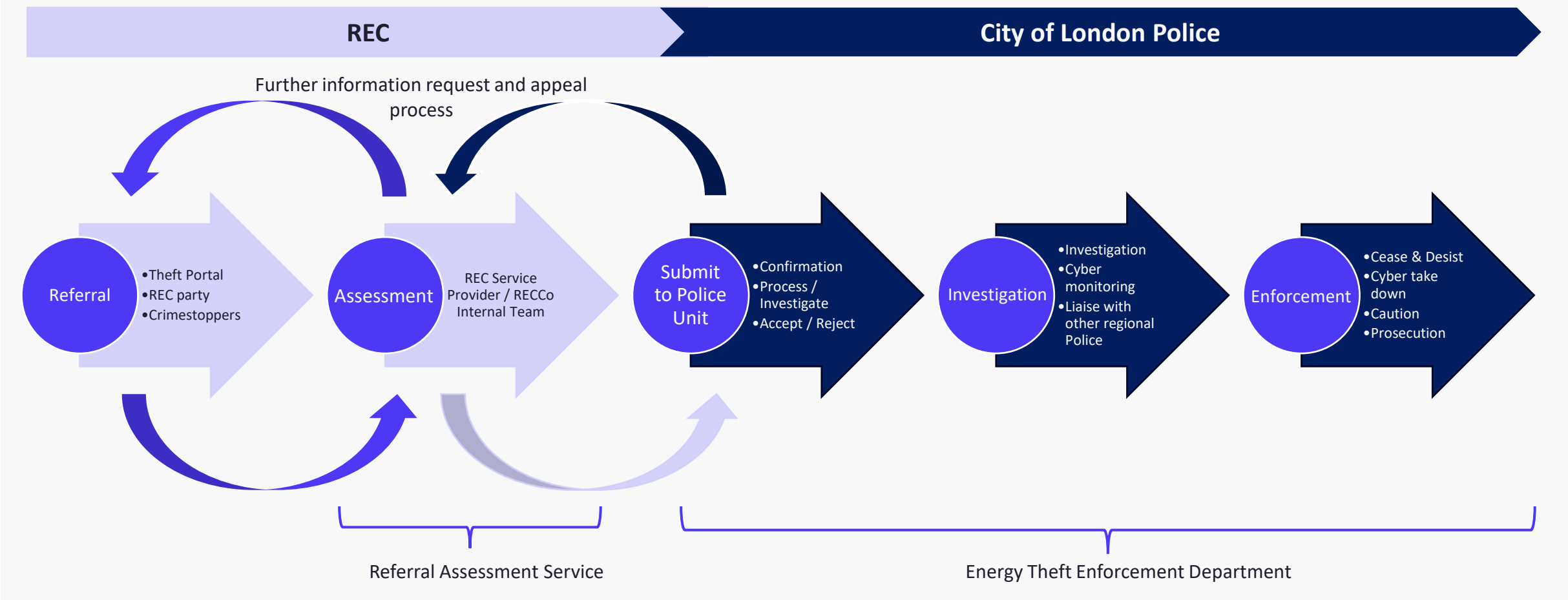
Energy Theft Unit (ETU):

- **Dedicated Enforcement Unit:** The ETU will be operated by the City of London Police to investigate, disrupt, and prosecute organized energy theft and associated crimes.
- **Focus on High-Impact Cases:** Prioritizes addressing large-scale, organized theft operations, including those targeting multiple sites and offering "tampering as a service."
- **Support for Industry:** Provides centralized, consistent enforcement support for Energy Suppliers, addressing gaps in existing theft detection and resolution processes.
- **Deterrence and Public Safety:** Acts as a visible deterrent to would-be offenders.

Referral Assessment Service (RAS):

- **Centralised Liaison:** Acts as the primary intermediary between REC stakeholders and the Energy Theft Unit (ETU), ensuring smooth communication and case handling.
- **Referral Triage:** Reviews and assesses referrals from industry parties to determine viability for investigation – based on agreed criteria, opportunity for reworking.
- **Quality Assurance:** Enhance referrals with additional data, such as property histories or energy usage patterns, to strengthen the case for prosecution.
- **Strategic Insights:** Identifies trends and patterns, targeting organised crime networks and high-impact theft cases that individual parties may struggle to pursue.
- **Enhance efficiency:** Reduce administrative burden on stakeholders by standardising and streamlining the referral process.

High-level process flow



We want your feedback!

The Outline Business Case is published in full at:

www.retailenergycode.co.uk/partnering-with-city-of-london-police-our-proposal-for-a-dedicated-energy-theft-unit/

Please read the Outline Business Case in full and take a few moments to provide your feedback, either by online survey or email using the links below:

Survey - click to complete:
https://orsnoq1e00j.typeform.com/to/LR1ymCWh

Or email: Theft@retailenergycode.co.uk

We requested response by **6 December 2024**

