RETAIL ENERGY CODE

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REFERENCE	
STATUS	**FOR DISCUSSION**

I0187 – SCHEDULE 8 REVIEW AND BEST PRACTICE GUDIANCE DEVELOPMENT: SCHEDULE 8 POTENTIAL ISSUES AND CHANGES

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1 PURPOSE

The purpose of this paper is to provide Theft Issues Group members with an overview of a) the potential issues with the existing Schedule 8 – Unbilled Energy Code of Practice and b) potential changes to the drafting of the existing Schedule. This paper will assist Theft Issue Group members with the Schedule 8 review discussion at the meeting on 29 January 2025.

2 BACKGROUND

Schedule 8 - Unbilled Energy Code of Practice outlines the relationship between Network Parties and Energy Suppliers in respect of Energy Theft and their obligations to identify and to resolve situations by taking appropriate actions. It also describes how those Parties shall deal with Occupiers who are identified as being Unregistered Consumers.

Schedule 8 has not been reviewed since its development for REC go-live. With the support of the Theft Issues Group, I0187 - Schedule 8 Review and Best Practice Guidance Development seeks to understand if there any conflicts in the Schedule with best practice and identify any gaps or duplication. As part of the assessment of this Issue, the Code Manager is continuing to complete a full review of Schedule 8.

Theft Issue Group members, alongside the Code Manager, RECCo and wider Market Participants, have been provided with the opportunity to review Schedule 8 and submit comments on current issues they face with the Schedule, and/or potential changes to the existing drafting of the Schedule. A table has been provided in section 3 of this paper outlining the list of existing issues and potential changes that have been received as part of this review.

Theft Issues Group members are invited to review this list ahead of discussion and development at the Theft Issues Group. Are these issues valid, how might they be addressed and what changes may be required to Schedule 8. The Code Manager will use the outcomes from this discussion to assist with the solution development for I0187.

3 POTENTIAL ISSUES AND CHANGES

CLAUSE	SCHEDULE 8 TEXT	CURRENT ISSUE	REQUIRED OUTCOME OF CHANGE
Title	Unbilled Energy Code of Practice	The title of the Schedule is not clear on what the Schedule contains, what the scope of the Schedule is, and the obligations it places on Parties.	Name change to increase clarity and appropriateness.
1.4	The Code of Practice does not deal with (c) the abstraction of Energy beyond the point at which it is recorded for Settlement (either from networks that are not owned and operated by Network Parties or from a Consumer's Premises after it has been metered for Settlement), and such abstraction shall not constitute Energy Theft for the purpose of the Code of Practice.	There is no obligation for REC Parties to investigate and resolve "3rd party" energy theft but should there be an obligation for REC Parties to provide guidance and support for consumers facing these situations with minimum actions detailed?	Wording change/additional wording to detail requirement to provide advice and support for consumer's facing these situations and state what the minimum requirements of this are, may need to change 1.4 and add wording later in the document with details of minimum requirements

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1.5 (g)	The Code of Practice sets out: (g) the options for Cut-Off or Disconnection where Energy Theft is suspected or confirmed	Does Schedule 8 currently provide sufficient clarity on when a premises can or should be disconnected? Section 8 provides information about conditions before disconnecting, should there be details about when a Supplier should be disconnecting beyond 18.6 and what type of disconnection e.g. de-energisation/meter removal/service removal. Where this is a service removal should there be details of the process/information exchange between Suppliers and Network operators for this? Are their requirements that need to be met before a Supplier can request such a disconnection, if these requirements are met is the Network Operator obligation to carry out the service removal or can they override the Suppliers requests? Who bears the cost of the service removal and who should recover this cost from the Consumer?	Update the appropriate Section (8 or 11) with details of the different types of disconnection, the Parties involved etc. and a summary of situations where the decision may be challenged by other Parties and who has final authority on the decision and outcome.
1.7	References to legislative and/or regulatory requirements which underpin any obligations in this Code of Practice are set out in the accompanying, non-binding guidance document which also includes information on best practice	This does not currently exist.	Remove or change wording to reflect training/guidance/learning space or create best practice guidance that covers this.

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2.1 (b)	Working within the statutory and regulatory framework, the following principles have been identified: (b) Costs should be borne by those that steal - Parties should use reasonable endeavours to pursue the Perpetrator, and to recover from the Perpetrator (or other beneficiary) the Value of the Energy stolen, the costs of repairing or replacing any equipment as a result of the Energy Theft (including any equipment installed to prevent Energy Theft) and the costs of any associated investigation (such Value and costs together being referred to in this Code of Practice as the "Relevant Costs").	• This lacks clarity on the requirements to bill for VAT and CCL (where appropriate) on assessed volumes of stolen Energy. This should refer to VAT and CCL within the Value of the Energy stolen, whilst not directly the cost of the Energy these are normally applied when recorded and billed. • The CoP makes it clear that Parties should use reasonable endeavours to pursue the perpetrator for the costs. This means that DNOs would seek recovery of costs from the perpetrator for the direct costs of the theft e.g. repairing/replacing our equipment on the network that the perpetrator may have damaged.	• Updated wording to clarify that CCL and VAT should be included. • Clarity on who the DNO would pursue for the indirect costs i.e. if they are asked to carry out work on behalf of the supplier because of their investigation e.g. a disconnection.

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2.1 (d) (e)	Working within the statutory and regulatory framework, the following principles have been identified: (d) Collect and report trend data - Trend data and management information relating to types of Energy Theft should be shared throughout the industry in a standard format (e) Collect and report data associated to the Energy Theft - Data relating to the Energy Theft should be shared throughout the industry in a standard format. Once data is collected, it is important that is then collated into usable reports and provided back to the industry	Currently Schedule 7 (and PARC) details reporting requirements for TDIS and section 15 of Schedule 8 details 2 reporting requirements, 15.1 Electricity Suppliers to provide a monthly report to DNOs setting out each case of Energy Theft investigated, identifying those that were a Confirmed Energy Theft, and the volume of units associated with each such case. And 15.2 for Gas Suppliers to ensure that details of Confirmed Energy Thefts are provided to the relevant Shipper. These 2 reporting requirements are not consistent across gas and electric and detail different levels of info e.g. electric all investigations, gas confirmed theft only, electric only volume of units, gas volume plus start and end date. Do the DNO's need or do anything with this data or should this be Elexon. Both can be achieved centrally from the TDIS data as detailed in Schedule 7 6.4.	Section 15 to be updated to detail current reporting requirements and changes to Schedule 7 6.4. Reporting requirement should be in line with the high-level requirements in 2.1 that exact reporting data items would not need to be detailed in the Schedule but may form part of a category 3 document?
2.1 (g)	Working within the statutory and regulatory framework, the following principles have been identified: (g) Enable theft reporting - Parties should have mechanisms in place to enable any third party to report suspected Energy Theft.	Is this paragraph necessary as this point is covered by paragraphs 5.1 and 6.8.	Either remove this paragraph or if it is still considered necessary, update it to point to the obligation in Sch 7, Annex 2, para 8.2 (c) re publicising ETTOS as this should be the standard Industry mechanism enabling any third party to report suspected Energy Theft as it has both a phone and online offering.

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2.1 (j)	Working within the statutory and regulatory framework, the following principles have been identified: (j) Investigation by competent individuals - Energy Theft should only be investigated by a person possessing appropriate skill, experience, and authorisation.	What is the 'appropriate skill, experience and authorisation' and why should this differ between Energy Theft and unregistered sites? As it reads an unskilled individual could visit a site suspected of being unregistered and jeopardise any subsequent investigation into actual Energy Theft.	Develop a minimum standard of knowledge, skill and experience for those involved in the Investigation and remedy of Unregistered or Theft situations.
2.1 (k)	Working within the statutory and regulatory framework, the following principles have been identified: (k) Standardisation - Minimum standards should be established for the delivery of a Revenue Protection Agent Service and create a common approach to the treatment of Consumers and of Perpetrators	Is it felt that this principle is met by Schedule 8?	
3.2	The Supplier shall investigate and resolve all cases of Energy Theft other than Theft in Conveyance. Where theft is identified, the Supplier shall seek to recover the Relevant Costs from the Perpetrator and shall (to the extent possible) arrange for the stolen electricity/gas to be entered into Settlement.	If a site is Shipperless or Unregistered, then a Shipper / Supplier should not back bill the end consumer for the gas that has been consumed as they don't have a supply contract for the supply point. If a Shipper / Supplier finds a Shipperless / Unregistered site, then they should be passing all the information that they have to the Distribution Network (DN) so that they can back bill the site for the unregistered gas that has been used outside of the supply contract. DN's will then smear any revenue that is	To make clear that Suppliers can only bill from the date they acquired the site. If the site was Shipperless or Unregistered prior to their ownership it is the responsibility of the appropriate Network Party to bill for any usage in that period. If the site was with another Supplier

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		recovered back to the industry as it would have previously been accounted for as Unidentified Gas (UIG).	previously you cannot bill for any theft during their period of supply.
5.1	Network Parties and Energy Suppliers to this Code of Practice shall have an appropriate reporting process in place to enable individuals to inform them of suspected interference. This should include a telephone number for reporting such information, which should be widely publicised.	This was included within SPAA and DCUSA prior to the creation of ETTOS. Is this still relevant given the reporting service of SES that is now available, or should it be updated/merged with 6.8 to reference the ETTOS service and the promotion of the contact details of this service or should this remain for those who do not want to remain anonymous?	Agree this is still correct or update to reflect ETTOS Service
6.9	If an Energy Supplier receives a report of suspected Energy Theft relating to one or more Consumers for whom the Energy Supplier is not responsible for investigating reports of theft, then the Energy Supplier shall record the details and pass	Should they pass this through to the Network Party or the relevant REC Party i.e. the correct Energy Supplier?	Update wording if required

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	these through to the Network Party by the end of the next Working Day.		
6.15	Where a Revenue Protection Agent has carried out a Cut-Off Disconnection, the Revenue Protection Agent shall immediately notify the Party that appointed them and advise the method of Cut-Off or Disconnection, and whether the Consumer is a Vulnerable Consumer	Should this refer to those situations that occur outside normal working hours and the communication that should be in place to safeguard vulnerable consumers? Do most/all suppliers have any out of hours teams that should be notified to update details of disconnection onto consumer accounts?	
6.16	Each Supplier shall provide the Code Manager with such theft contact as may be requested from time to time.	This only requires Energy Suppliers to provide theft contact details, should this include Network Operators, Network Operators are referenced in 6.19 that they shall use them but there is no requirement for them to provide theft contact details.	Update wording in 6.16 and potentially title of sub section.
6.19	Energy Suppliers and Network Parties shall use the relevant contact details set out in the published theft contact register when there are no other applicable avenues to report matters relating to the identification of theft, revenue protection activities and/or untraded energy	Should there be a separate contact list for unregistered sites - for some companies the team/person that deals with theft will not be the same as the team that may register unregistered sites or new connections which may cause delay or confusion for the Consumer?	Add Clause to add the requirement for Unregistered Sites contact required.

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7.2	7.2. Where a priority 1 situation is identified by or notified to an Energy Supplier, that Energy Supplier: (a) shall immediately notify the relevant Network Party if there is a dangerous situation that the Network Party needs to rectify; and (b) may in addition instruct its Revenue Protection Agent to attend the Premises (at the same time as the Network Party, where applicable).	Is 7.2 still accurate - does it reflect when a priority 1 is identified but the revenue protection agent can attend and rectify within the required timescales without the need for the Network Party to be notified or attend?	May need minor wording change e.g. removal of the words "in addition" and review of table 7.4.
7.7	The time periods shall commence once the Revenue Protection Agent has received instruction to visit. It is acknowledged that longer timescales shall have to apply where access to a Premises is delayed by circumstances outside of the Energy Supplier's control (including where a warrant is needed to obtain access).	Is it correct the time periods shall commence once the Revenue Protection Agent has received instruction to visit as this is no longer a market participant role? Should this be change to Energy Supplier and/or include Network Party as the Parties responsible for conducting the investigation regardless of if this is done by their own staff or a procured service/contractors? There is currently no time scale for Network Parties to investigation theft as response times only reference Energy Suppliers currently.	Change to wording in 7.7 is agreed this is required. Addition of timescales for Network Parties to investigate theft.

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9	Collection and retention of evidence	Should this section detail the requirement to retain relevant electric meters for a period of 6 months from the data notified to the police as per Ofgem's open letter 2.11.2012 Decision on the criteria for authorising the disposal of electricity meters under Schedule 6, Paragraph 6 and Schedule 7, Paragraph 11 of the Electricity Act 1989 .	
9.4	The Network Party shall contact the occupier (and the owner if the owner is not the Occupier) of the Premises to register their MPAN/MPRN with a Supplier and continue to contact the occupier and/or owner until the Premises is registered or disconnected.	Is it correct that this clause is in section 9 as it does not relate to Collection and Retention of Evidence - should this be moved to Section 8 - Conduct of Investigations or 19 - Communication with Unregistered Consumers?	Review and move to Section 8 or 19 if appropriate.
12.1	Each Party must ensure that the assessment of unrecorded units, in respect of suspected or Confirmed Energy Theft is carried out in a systematic, reasonable, consistent and transparent way.	Does there need to be clarification that a zero assessment is not acceptable without justification or explanation where Theft is confirmed? There is no reference to the requirement of an assessment for unregistered sites where there may also be a quantity of energy that needs to be assessed and billed by the Network Operator.	Provide examples of scenarios where a zero assessment for Theft may be reasonable. Refer to assessment for unregistered sites.

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15	Reports	DNO report is historic and should be discussed if still needed or can be provided by centrally held TDIS data. Reporting requirements are limited and could be enhanced, example of reports could be theft in conveyance theft data and unregistered sites investigation data, this would also facilitate 20.2. Should this section also reference the report that should go to the police regarding the removal of relevant electricity meters as detailed in Ofgem's open letter 02.11.2012 Decision on the criteria for authorising the disposal of electricity meters under Schedule 6, Paragraph 6 and Schedule 7, Paragraph 11 of the Electricity Act 1989.	
15.1	“Electricity suppliers shall provide a monthly report to each DNO of the cases of energy theft investigated”.	DNOs receive very few of these reports from suppliers and do not do anything with them when received. It could be that this is a legacy obligation that could be removed from the Schedule.	Removal of this obligation from Schedule 8 or update to reflect any current process in place.
16	Release of Shipper-less and unregistered Site Data to the PPMIP	Does this need to be updated, is this an ongoing requirement, is this now a standard process?	

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18	Treatment of Vulnerable Consumers	Many of the clauses in this section reference Energy Theft only when they may also be applicable to instances of unregistered sites.	Review section to ensure unregistered sites are included in obligations re Vulnerable Consumers.
6 & 20	Information Exchange between Parties	Section title does not reference that section 6 is for theft and section 20 is for Unregistered Consumers - appears as a duplication in the contents at first glance.	Add "Theft" or "Unregistered Sites" to section headers as per sections 3 and 4.
10 & 21	Information to Consumers	Section title does not reference that section 10 is for theft and section 21 is for Unregistered Consumers - appears as a duplication in the contents at first glance.	Add "Theft" or "Unregistered Sites" to section headers as per sections 3 and 4.
Annex A	Theft Charter	Prior to REC, when an update was made to the Theft Charter (Under DCUSA CP 377 and corresponding SPAA CP) to clarify it was for Domestic Consumers, the update was made to an older version of the Theft Charter and not the final version agreed and implemented under DCUSA CP 369 (and corresponding SPAA CP). This was raised at the time but was not corrected prior to the transfer to REC - therefore there are 2 elements of the text that do not match the agreed legal wording under CP 369. Also, part of the Charter states that Annual independent checks will be made to ensure suppliers are continuing to follow the Charters principles (are these made?) and that it will be reviewed regularly to ensure it is still fit for purposes.	Review of the Theft Chart to ensure it is accurate and remains fit for purposes and re-instating the correct text as agreed under DCP369 if this is still appropriate.

4 ACTIONS

Theft Issues Group Members are invited to:

- **NOTE** the contents of this paper;
- **DISCUSS** the potential issues and suggested changes for Schedule 8, listed in section 3 of this paper at the 29 January 2025 Theft Issues Group meeting.