Reasonable Endeavours Scheme (RES) Business Rules

Version 0.1

Purpose of this Document

This document outlines the business rules to support the implementation of a Reasonable Endeavours Scheme (RES) under the Retail Energy Code (REC). The scheme is designed to complement the existing Theft Detection Incentive Scheme (TDIS) by targeting complex or high-cost energy theft investigations that are inadequately compensated under the TDIS framework.

Business Rules

BR01 - The REC will establish and manage the RES under its governance. The scheme will operate as a supplementary mechanism to TDIS, providing fair compensation to suppliers for qualifying investigations that meet predefined complexity and cost criteria.

BR02 - Eligibility is defined by investigation complexity and cost. The scheme will be accessible to suppliers undertaking theft investigations that:

- Involve costs exceeding predefined thresholds (e.g., £1,000 for gas-only, £1,200 for electricity-only, and £2,000 for dual fuel cases).
- Require collaboration with law enforcement (or the RAS and ETU as appropriate), technical experts, or legal resources.
- Claims period will not have to align with those of normal TDIS claims – e.g. could extend beyond 60 days due to unavoidable logistical, legal, or technical challenges.
- Subject to completion of all reporting requirements – including into gas and electricity settlements.

BR03 - Suppliers are automatically opted-in to the RES by default. All licensed suppliers may participate in the RES. Suppliers wishing to 'opt-out' are not required to do anything, they are simply not required to submit any claims or other reporting specific to this scheme.

BR04 - Qualifying investigations must meet "reasonable endeavours" criteria. Suppliers must provide evidence that all reasonable steps were taken to investigate theft, including customer engagement, meter inspections, and legal actions where applicable.

BR05 - Compensation claims must include detailed documentation. Claims must be supported by:

- Itemised cost breakdowns.
- Evidence of collaboration with external parties (e.g., police, technical experts).
- Investigation timelines and outcomes.

BR07 - Settlement and reporting responsibilities rest with suppliers. Suppliers are responsible for accurately assessing losses and correcting energy settlements based on the outcomes of investigations and ensuring compliance with all existing reporting requirements and industry processes.

BR08 – The REC will govern implementation and compliance. The REC Performance Assurance Board (PAB) will monitor supplier adherence to RES standards, audit claims, and ensure that opt-out processes are robust and verifiable.

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BR09 - Periodic reviews will refine eligibility criteria and thresholds. RECCo/ REC PAB/ appropriate theft group will periodically review the scheme's effectiveness and update criteria to reflect market conditions and feedback from stakeholders.

BR10 - Scheme funding will be proportional and transparent. Costs associated with RES will be recovered through REC charges:

- **Setup Costs**: Initial governance and operational setup funded via core REC charges.
- **Transactional Costs**: Compensation for qualifying claims will be paid on a per-case basis with caps to ensure cost control, to be recovered from Suppliers through existing TDIS mechanism – i.e. exceptional RES claim added to relevant suppliers' credits.

BR11 - Compensation thresholds ensure fair and efficient operation. Transaction caps will apply for each investigation stage:

- Desk-based assessments.
- On-site investigations.
- Investigations involving legal actions or forced entry and associated on-site support
- (use UNC231V claims menu as a starting point for activities)
- Methodology to compensate for settlement exposure unless neutralised through UNC and/or BSC mods – ensure supplier no worse off for doing the right thing – compensation linked to volumes reported under BR02.

Summary Benefits

- Enhanced Cost Recovery: Provides fair compensation for complex theft investigations, ensuring suppliers are not disproportionately burdened.
- Targeted Incentives: Encourages proactive efforts to detect and resolve complex theft cases.
- Alignment with REC Objectives: Supports fairness, efficiency, and consumer protection goals.

Glossary of Terms

RES: Reasonable Endeavours Scheme.

TDIS: Theft Detection Incentive Scheme.

Opt-in: Suppliers that participate in RES.

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