RETAIL ENERGY CODE

THEFT ISSUES GROUP

28 AUGUST 2024

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WELCOME, INTRODUCTION AND CONFIRMATION OF AGENDA

CHAIR

AGENDA FOR TODAY

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	TITLE	PAPER REF.	TIME	LEAD
1	**Welcome and Introduction**	Verbal	09:30	Chair
2	**Confirmation of the Agenda**	Verbal	09:30	Chair
3	**Approval of Minutes from the previous meeting** For Approval	RECTIG_24_0828_03	09:35	Chair
4	**I0173 – Improvements to the Theft Detection Incentive Scheme** For Discussion	RECTIG_24_0828_04	10:00	Lead Analyst
Comfort Break				
5	**I0175 – Introducing a Reasonable Endeavours Scheme within the REC** For Discussion	Verbal	12:00	Chair
6	**I0176 – Creation of an Energy Theft Detection and Resolution body** For Discussion	Verbal	12:20	Andrew Green Waters Wye
7	**Planning and Prioritisation** For Discussion	Verbal	12:40	Chair
8	**Any Other Business**	Verbal	12:55	Chair

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APPROVAL OF MINUTES FROM THE PREVIOUS MEETING

CHAIR

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I0173 – IMPROVEMENTS TO THE THEFT DETECTION INCENTIVE SCHEME

LEAD ANALYST

PROPOSED SOLUTION OVERVIEW

- The solution under I0173 will provide an incentive payment for investigations completed. 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.
- This will provide differential levels of payments for Desktop and Site Visit Investigations. Desktop Investigations will 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.

NEW DEFINITIONS FOR SCHEDULE 1

To enable calculations to incorporate Incentive Payments for Desktop and Site Visit Investigations, new definitions are proposed within Schedule 1.

- Completed but Unconfirmed Theft Investigation
- Energy Theft Desktop Investigation
- Energy Theft Site Visit Investigation.

For Energy Theft Desktop Investigations and Energy Theft Site Visit Investigations, the proposed definitions detail the minimum requirements and evidence needed for it to meet the criteria.

CALCULATIONS AND PAYMENTS

I0173 proposes that the Code Manager calculates incentive payments based on both Confirmed Energy Thefts and Completed but Unconfirmed Theft Investigations and this is detailed within Schedule 7, Annex 3. Payments for Unconfirmed Theft Investigations are proposed to be based on a fixed percentage of the Theft Detection Value (TDV).

CALCULATIONS AND PAYMENTS

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Theft Debit/Credit

$$= X * \left(\frac{STD}{TTD}\right) - (X * FMPS) + V_S * MS * TDV + D_S * MD * TDV - \left(\sum_S (V_S * MS * TDV + D_S * MD * TDV)\right) * FMPS$$

Where:

X is the total incentive pot value of the relevant consumer segment of the TDIS, amended in line with the percentage change in the 'Consumer Price Index' between the index published for the start and the end of the TDIS Regulatory Year.

STD is the number of Confirmed Energy Thefts recorded by the Energy Supplier in the relevant consumer segment.

TTD is the total number of Confirmed Energy Thefts recorded in the TDIS Reporting Year for the relevant consumer segment.

FMPS is the final Metering/Supply Meter Point market share of the TDIS Qualifying Supplier in the TDIS Reporting Year for the relevant consumer segment (being the TDIS Qualifying Supplier's market share as a percentage of the Metering/Supply Meter Points of all the TDIS Qualifying Suppliers based on the figures used at the start of the TDIS Reporting Year).

VS is the number of Completed but Unconfirmed Theft Investigations that were concluded as an Energy Theft Site Visit for Energy Supplier S.

DS is the number of Completed but Unconfirmed Theft Investigations that were concluded as an Energy Theft Desktop Investigation for Energy Supplier S.

MS is the applicable percentage referred to in Paragraph 4.2 for Completed but Unconfirmed Theft Investigations that were concluded as an Energy Theft Site Visit Investigation.

MD is the applicable percentage referred to in Paragraph 4.2 for Completed but Unconfirmed Theft Investigations that were concluded as an Energy Theft Desktop Investigation.

$\sum_S$ *is the sum over all Energy Suppliers.*

DESKTOP AND SITE VISIT INVESTIGATION MULTIPLIERS (MS)

The multipliers for the Number of Completed but Unconfirmed Theft Investigations for the first TDIS Scheme Year will be documented within the Theft Target Methodology (TTM).

The multipliers are proposed to be

- 20% for Desktop Energy Theft Investigations
- 50% for Energy Theft Site Visit Theft Investigations
- 100% for Confirmed Energy Thefts.

These are based on the perceived effort of carrying out each level of investigation/confirmation. These are a single multiplier rate rather than a different multiplier rate for each pot as the TDV already varies by pot. Suppliers would not receive multiple payments for the same Energy Theft investigation/confirmation.

The folliwing table demonstrates what these multipliers look like within the TTM. Please note that the TDV values presented are from the 2024/25 Scheme Year but will not be the actual values applied for 2025/26 Scheme Year and are only provided to illustrate the solution.

DESKTOP AND SITE VISIT INVESTIGATION MULTIPLIERS (MS)

Fuel	Segment	Theft Detection Value	Confirmed Theft (100%)	Energy Theft Site Visit Multiplier (50%)	Energy Theft Desktop Investigation via ETTOS Lead (20%)
Elec	Domestic	£470.12	£470.12	£235.06	£94.02
Elec	Non-Domestic	£1,462.07	£1,462.07	£731.04	£292.41
Gas	Domestic	£1,247.42	£1,247.42	£623.71	£249.48
Gas	Non-Domestic	£2.158.03	£2.158.03	£1,079.02	£431.61

ALTERATIONS TO SCHEDULE 7

- As well as the calculations within Schedule 7, Annex 3, section 8.3, updates are required to allow the determination of new parameters as part of the TTM process.
- All Energy Theft Investigations are required to be submitted to the Code Manager as the investigation commences. Once the investigation has concluded, details of the energy theft investigation must be resubmitted with the outcome of the investigation and include whether the investigation was concluded as an Energy Theft Desktop Investigation or Energy Theft Site Visit Investigation. These submissions must be compliant with the Performance Assurance Reporting Catalogue (PARC) definition for Residential and Commercial Outcome files as well as the TDIS Reporting Timeframe.
- Schedule 7 will also require alterations to include Completed but Unconfirmed Theft Investigations to the TDIS Summary Report, Indicative TDIS Summary Report and the Final TDIS Reporting Year Summary Report alongside Confirmed Energy Thefts.
- It will also provide clarity in that all reported Confirmed Energy Thefts and Completed but Unconfirmed Theft Investigations are required to meet the applicable definitions within the Code and that the PAB reserves the right to audit the evidence associated these definitions.

PARC CHANGES

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Field Name	Mandatory / Conditional / Preferred	Type	Length	Column Number in File Validation	Description / Permitted values
Theft Investigation Type	M	Char	1	35 (Commercial) 29 (Residential)	Indicates the type of theft investigation activity completed - this should be populated based on the type of investigation performed at the point of submission (NB: this means it is likely that investigations will initially be submitted with D and then may be subsequently be submitted with V). Permitted values: D - Desktop Investigation I - Incomplete O - Other V - Site Visit Where ‘D’ or 'V' is selected this must meet the criteria specified within the REC definition schedule for the relevant Investigation Type.

PARC CHANGES

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Field Name	Mandatory / Conditional / Preferred	Type	Length	Column Number in File Validation	Description / Permitted values
Information Source Reference - ETTOS Lead	C	Char	25	36 (Commercial) 30 (Residential)	As provided by Crimestoppers - ETTOS leads. Populate where Theft Lead Source is C-Crimestoppers or an ETTOS lead is matched to an existing open investigation with any Theft Lead Source, otherwise leave blank.

In addition, a second new field will be included in the Investigation Outcome Block to contain the ETTOS Lead reference as provided by Crimestoppers.

PARTY IMPACT ASSESSMENT QUESTIONS

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No.	QUESTION
1	Did you attend any Theft Issues Group (TIG) meetings between April to August 2024?
2	Please provide comments on the proposed solution.
3	Please provide the benefits you believe the proposed solution provides the industry and/or your organisation.
4	Please provide any elements of the proposed solution that you believe are an improvement on the current TDIS.
5	Please provide any comments on the proposed legal text, calculations or multipliers.
6	Please provide any comments on the proposed changes to the PARC.
7	Taking into consideration both the costs and benefits seen by your organisation, do you believe this change should be made?
8	The proposed implementation date is 01 April 2025, please indicate any reasons as to why this implementation date would not be appropriate.
9	Please provide any other matters you believe should be considered as part of this Change Issue.

PARTY IMPACT ASSESSMENT

A Party Impact Assessment on this solution will be published **Friday 30 August 2024** and will be open for **15 Working Days**. It will close at 23:59 on **Friday 20 September 2024**.

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I0175 – INTRODUCING A REASONABLE ENDEAVOURS SCHEME WITHIN THE REC

CHAIR

OVERVIEW

- 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.
- There are 7 allowance types to claim against and claims can be made against more than one allowance for a single theft case.

- Things to address as part 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.

WORKING ASSUMPTIONS

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Working Assumptions
Is the Scheme to be replicated like for like within the REC?
Who is likely to be the Scheme Administrator?
Are the Allowances relevant and valid for the current theft scenarios?
Are the values for the Allowances appropriate for the work and evidence requested?
How are the values to be determined and re-assessed?
Should the Scheme be designed to be replicated for electricity theft in the future?
Who are the impacted stakeholders?

VALIDATIONS NEEDED

- Whether it is an open TOG Contact
- Ownership period
- TOG period
- KWh energy stolen
- Stakeholder Short Code (SSC)
- Meter Point Reference Number (MPRN) for the site
- CMS Contact Reference Number (CRN)
- Domestic or commercial usage
- Shipper reference number
- Which Allowance is being claiming for

SCHEME ADMINISTRATION

Allowance 1 (£125)	Allowance 2 (£125)	Allowance 4 (£125)
The Supplier must report any case of tampering to the police.	*The Supplier must report an illegal reconnection to the Police.*	*The Supplier must report cases of theft conducted by an unlawful occupant or by a person who has absconded leaving no forwarding address to the Police.*

The Supplier must provide evidence of a Police notification to the Scheme Manager.
This may be in the form of a witness statement or report shared with the Police, Police detail of attendance, Crime Reference Number or other supporting evidence.

SCHEME ADMINISTRATION

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Allowance 3 (£125)

The Supplier must take steps to recover costs from the perpetrator.

The Supplier must provide evidence of claiming the costs associated with the energy stolen and any remediation on the meter.

Evidence required:
Estimated gas used – volume in m3 or ft3 dependent on device
Details of actual costs
Details of work undertaken

Where payment arrangements have been broken down, partial debt still exists e.g. where appropriate, a pre-payment meter should be fitted.

Evidence required:
Evidence of payment arrangements
Copies of invoice/letters issued
Steps taken to recover charges
Percentage of value to be claimed

SCHEME ADMINISTRATION

Where a customer has failed to pay and has subsequently been disconnected e.g. meter should be disconnected for more than 28 days.

Evidence required:
Disconnection method
Disconnection date
Meter Point Status
Steps taken to recover charges
Percentage of value to be claimed.

Where a customer is bankrupt, in liquidation or in administrative or voluntary receivership.

Evidence required:
For costs issued, proportion of costs to be paid.

SCHEME ADMINISTRATION

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Allowance 5 (actual costs up to £250)

The Supplier must confirm to the Scheme Manager that a meter replacement has been conducted however, costs have been unable to be recovered from the perpetrator.

The Supplier must provide evidence of tests and remedial meter works

Evidence required:
Description of tests carried out
Dates of works carried out
Costs of works carried out

SCHEME ADMINISTRATION

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Allowance 6 (actual costs up to £120)

The Supplier must confirm to the Scheme Manager that forensic tests have been conducted however, costs have been unable to be recovered from the perpetrator.

The Supplier must provide evidence of tests and remedial meter works

Evidence required:
Description of tests carried out
Dates of works carried out
Costs of works carried out

SCHEME ADMINISTRATION

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Allowance 7 (actual costs I&C sites)

In the case of theft at an I&C site, the Supplier must confirm to the Scheme Manager that civil proceedings have been issued or served or legitimate reasons for not doing so have been presented.

The Supplier must provide evidence of the value of the costs incurred from civil proceedings.

Evidence required:
Documentation to courts
Documentation from courts
Reasons for not taking civil action

CLAIM REJECTIONS

- Evidence contradicts the data within central systems.
- Claim is outside Shipper ownership.
- The incorrect allowance is being claimed.
- Evidence provided is not sufficient.
- A previous claim has been submitted for this instance of theft.
- Information/evidence invalidates claim.
- Information/evidence suggests payments are have been completed or are being made.

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I0176 – CREATION OF AN ENERGY THEFT DETECTION AND RESOLUTION BODY

ANDREW GREEN

WATERS WYE

Issue 10176 - Creation of Theft Detection and Resolution Body

Andrew Green

Strawman discussion of Issue 10176

Theft Detection and Resolution Body (TDRB)

Agenda

To present a Strawman of potential business rules to support the development of Issue 10176 to reform Theft Investigation arrangements through the creation of a Theft Detection and Resolution Body.

This is not meant to be the final proposals it is a starting point to help industry discussion.

Strawman proposal

What might the Theft Detection and Resolution Body look like?

Waters Wye Associates

Underlying principles

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

TDRB service

How might this work?

How might the service work?

- Suppliers who ‘opt in’ would be responsible for identifying possible theft cases through meter reading and consumption anomalies etc across their customer base.
- Suppliers could chose to then pass likely cases over to the TDRB for investigation to confirm if theft is present or not.
- TRDB would initially undertake some analysis to confirm the supplier’s initial findings.
- TRDB would then decide how to escalate and resolve which may involve a site visit, collation of the evidence and liaison with Police if required.
- A transactional charge would apply for the full TDRB investigation but not the initial desk top exercise. (See later slide on funding).
- TRAS theft targets would continue and cases identified by the TDRB would count towards this.

Benefits of the creation of a TDRB

- The investigation process would be standardised across suppliers giving a more consistent approach.
- The TDRB would be able to undertake market analysis of trends and risks at industry level which is not currently visible. And data from multiple suppliers can be aggregated in one place.
- This would allow for standardisation of the DN obligation to pay an element of investigation costs.
- An independent third party approach would provide an impartial opinion on theft investigations which would enable the industry to implement the proposals to have payments qualified for investigations (not actual instances) under TDIS.
- It will be a more transparent arrangement for Theft investigations.

Options for a funding model

How might the TDRB be funded

- Funding could be through general REC charges for setting up and operating the TDRB (depending on materiality of the charge) including the ability to carry out investigations which would be transactional.
- Charges would be meter based.
- Procurement of the service would be through RECCo and there would be an obligation on them to provide the service.

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PLANNING AND PRIORITISATION

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THANK YOU

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