RETAIL ENERGY CODE

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THEFT ISSUES GROUP

RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES

No.	RISK	NOTES	MITIGATION
R01	There is a risk that the perception that the investigation of theft is not commercially viable continues and that some organisations may only complete the bare minimum to meet obligations.		This risk may be mitigated by I0173 – Improvements to the TDIS where payments will be available for Desktop and Site visit Investigations, I0176 – Creation of an Energy Theft Detection and Resolution Body and any increase in performance assurance activities.
R02	There is a risk of potential damage to reputation including individual Parties, RECCo/Code Manager and industry as a whole.	This risk is based on if there was a perception that the industry did not focus on the right things and had not created the correct balance between vulnerable consumers, the greedy, enough theft action and safety.	
R03	There is a risk that if the industry cannot agree on a scheme, albeit an imperfect one, a new scheme will never be introduced, and any potential benefits will never be realised.	There is a risk that if the industry cannot agree on what improvements should be made to the TDIS scheme or a potential replacement scheme (even if changes are imperfect) no improvements will be introduced and no benefits realised.	
R04	There is a risk that changes to an existing incentive scheme and/or a newly introduced scheme could drive		Mitigations include Performance Assurance controls around gaming of the incentive scheme and ensuring Suppliers select relevant and appropriate customers for site visits.

	unwanted behaviour or result in unintended consequences.		
R05	In respect to unregistered consumers, there is a risk of consequences for Suppliers and Networks there is no defined process for resolution.		I0199 – A process for resolution of gas unregistered sites.
R06	There is a risk of resource capacity constraints where an increase in theft detections and remedial works are required.	For example, some situations and areas/hotspots may require specific skilled resource.	
R07	There is a risk that certain types of theft are not effectively and appropriately investigated to the required volumes as they are more difficult to identify.	For example, thefts that are difficult to find leads for which may require specialised resource and be costly.	A potential mitigation may be I0175 – Introducing a Reasonable Endeavours Scheme within the REC.
R08	There is a risk that the savvier and more knowledgeable base of perpetrators including rogue traders become increasingly ahead of industry.	- If there is a significant increase in the volume of theft, this may stretch resource. - A more knowledgeable base of perpetrators may mean that thefts are more difficult to detect. - Rogue traders and those providing energy theft related services create a separation between the perpetrator and the end-consumer benefiting from the theft. Perpetrators may be more difficult to then find and prosecute.	

		- More savvier customers may Switch Suppliers regularly to avoid being caught. - There is a safety concern for end-consumers who may be uninformed.	

No.	ASSUMPTION	NOTES	HOW/WHEN TO VALIDATE
A01	There is an assumption that the TIG and any subsequent Change Proposals will work to overcome identified disincentives.	Certain Suppliers see theft as a cost and any future Change Proposals need to remove the negatives for finding theft. There needs to be a benefit for proactively working to decrease theft.	
A02	There is an assumption that any Change Proposals will not require any Licence or cross-code changes.	This may no longer be a correct assumption due to the changes required for I0175 – Introducing a Reasonable Endeavours Scheme within the REC.	This will be validated following an agreement on the scope of any future Change Proposals.
A03	There is an assumption that any future changes will work to drive the correct behaviour.	The TIG will work to ensure that solutions promote the following. - All theft requires the same level of investigation. - Safety should be more important than profit. - Safety should be the priority and at the forefront of all incentives.	
A04	There is an assumption that any costs associated with the detection or non-	The industry must be seen to spend Consumer funds wisely. The TIG should investigate whether there is the opportunity	

	detection of theft is funded through industry and therefore Consumers.	to invest in capability or transfer investment between years.	
A05	There is an assumption that any future scheme would be as simple as possible to administer both for the REC Code Manager and Parties.		
A06	There is an assumption that any future incentive scheme would appropriately socialise costs and allow the appropriate cost recovery.		
A07	There is an assumption that any future solutions would operate within the original principles of what TDIS intended to achieve.	TDIS must continue to support licence conditions, and these must be the base on which requirements are built. What TDIS was originally intended to achieve should be reviewed including its impact.	
A08	There is an assumption that any future solution would reward and value good practice on safety.		
A09	There is an assumption that billing fraud will be confirmed as in or out of scope of TIG.	No current issues have billing fraud in scope. However, there may be opportunity to review Change of Occupier (CoO) fraud and other fraud that impacts on revenue. This may lead to Consumer benefits and impacts outside of the industry.	
A10	There is an assumption that consideration will be given on how to		

	incentivise/reward activity that identifies theft actions like rogue traders/electricians.		
A11	Domestic and non-domestic markets are not the same and not all portfolio types within domestic and non-domestic markets are the same.	TDIS doesn't consider differing portfolios, and this makes it difficult for some organisations to hit their targets. The Theft Estimation Methodology (TEM) notes that more theft is found within higher levels of deprivation and there is evidence that some business types such as takeaway restaurants are more likely to steal energy.	

No.	ISSUE	NOTES	HOW TO PROGRESS
I01	TDIS - short term	This may entail small incremental improvements to the way the current scheme is administered.	I0173 – Improvements to the Theft Detection Incentive Scheme
I02	TDIS – medium term or long term	Change within the current TDIS or entirely different incentive scheme/replacement.	
I03	Revenue Protection Service	Early thoughts: - Create minimum standard of investigation in market. Are the standards fit for purpose? - Confirmation on whether all Parties are required to utilise the service or provide it themselves - available to all but not needed to be used by all.	I0176 – Creation of an Energy Theft Detection and Resolution Body

		- Consistent centralised point of theft. - Collate information/leads/confirmations from different organisations – better data to identify trends. - Allows Parties who have isolated and sporadic theft incidents to have ready resource to access. - Confirmation on whether this will be National or Regional.	
I04	Reasonable Endeavours	Early thoughts: - Confirmation on whether the current scheme under GT Licence could be scaled up again. - Confirmation on whether this would be focussed on Suppliers and adapted to be dual-fuel. - Confirmation on whether this would run alongside a TDIS Scheme.	I0175 – Introducing a Reasonable Endeavours Scheme within the REC
I05	Review of minimum standards	Early thoughts: - Review of Unbilled Energy Code of Practice. - Create clear guidance of expectations e.g. job card template. - If processes are in the same format, this will make it easier to move into a centralised function.	I0187 – Schedule 8 Review and Best Practice Guidance development

No.	DEPENDENCY	NOTES	STATUS