RETAIL ENERGY CODE

ENERGY THEFT TRAINING

MODULE ONE –

INTRODUCTION AND OVERVIEW

WHAT IS ENERGY THEFT?

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- The **unauthorised** or **illegal** use of electricity or gas, including the interference and tampering with meters.



- **Energy Theft** and **Theft in Conveyance** are defined terms in Schedule 1 of the REC (“Interpretations and Definitions”).
- The definitions includes reference to circumstances described in the Electricity Act and the Gas Act.

DIFFERENT TYPES OF ENERGY THEFT

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Theft from the Energy Supplier

✅ A registered energy Supplier exists

❌ Energy use is not being recorded (e.g. meter tampered or removed)

🔥 Gas = after the Emergency Control Valve (ECV)

Theft in Conveyance

 Theft from the Distribution Network Operator (DNO) or Gas Transporter (GT)

⚡ Electricity = used at a premises without a registered meter point

🔥 Gas = taken at a premises without a registered meter point or before the Emergency Control Valve (ECV)

Third Party or Neighbour Theft

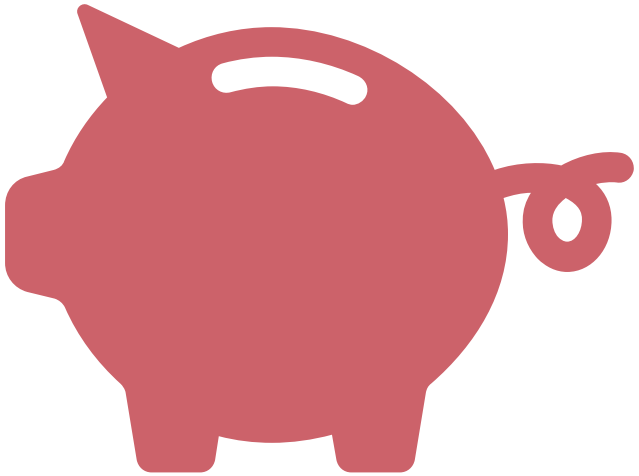
🚫 Energy stolen after being recorded through a neighbour's meter system or from a private network is **not covered by the REC**

👮 This is still a criminal offence, and is likely to be a matter for the police

❓ Advice and support may be provided to a consumer who is a victim of this, and the police may also request information

IMPACTS OF ENERGY THEFT

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Energy Theft leads to **severe safety hazards**

Tampering with electricity causes **shocks**, **burns**, **fires**, and **electrocution**.

Interfering with gas supplies risks **leaks and explosions**.

As well as the perpetrator, it places households, neighbours, the public, and the emergency services at risk.

You can find some real-life cases with tragic outcomes on the Stay Energy Safe website.

In 2023, RECCo estimated the cost of energy theft in Great Britain to be **£0.9 billion to £1.4 billion every year**.

That's the equivalent of **£50 per year** for every bill paying customer.

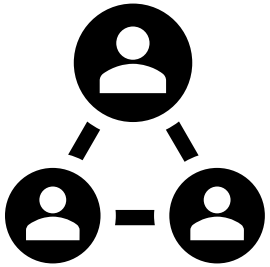
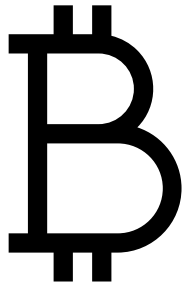
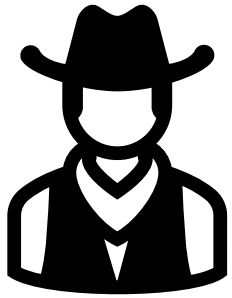
RECCo estimates that there are between **160,000 and 267,000 incidences of Energy Theft** occurring each year. (Source: Theft Estimation Methodology)

Energy Theft is **not a victimless crime**. It is extremely dangerous, and the costs are borne by bill-paying customers.

LINKS TO OTHER CRIMINAL ACTIVITY

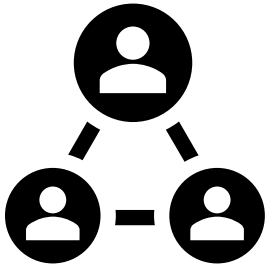
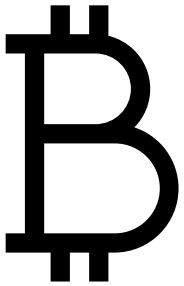
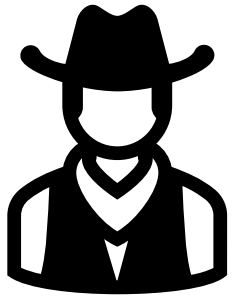
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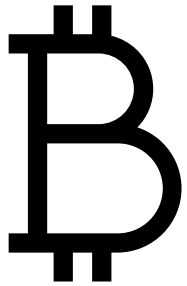
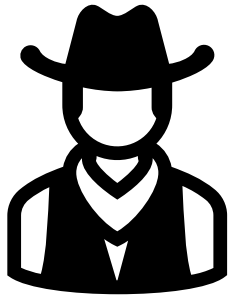
Cannabis Cultivation.

High electricity use often leads to meter bypassing.

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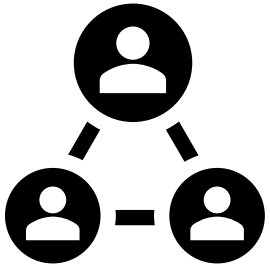



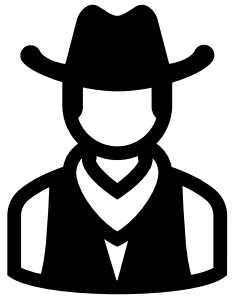
Drug Operations.

May connect to other crimes like trafficking and modern slavery.

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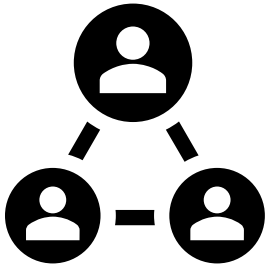
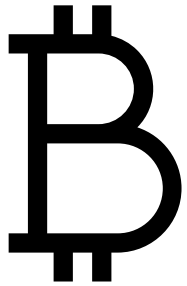
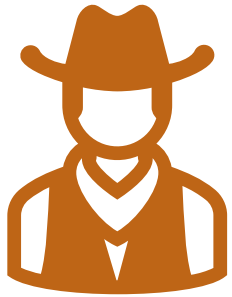


Cryptocurrency Mining.

Not a crime itself, but extremely power-intensive so may engage in energy theft to increase profits; perpetrators may also engage in money laundering or fund other crimes.

LINKS TO OTHER CRIMINAL ACTIVITY

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Professional enablers.

Individuals or online groups offer illegal tampering services, sometimes disguised as legal bill-saving methods, often scamming vulnerable consumers.

ENERGY THEFT LEGISLATION

- In addition to general laws on theft, fraud, and criminal damage, there are specific offences which grant Energy Suppliers and Network Operators certain powers to act.

Act	Section(s)
Electricity Act 1989	Schedule 6 & 7
Gas Act 1986	Schedule 2B
Theft Act 1968	Section 1, 2-6, 13
Fraud Act 2006	Section 11
Criminal Damage Act 1971	Section 1
Criminal Law Act 1977	Section 1
Accessories and Abettors Act 1861	Section 8

STANDARD LICENCE CONDITIONS

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- Energy Suppliers and Network Operators have Licence Conditions to detect, prevent and investigate energy theft. They must meet these Conditions in order to operate within the energy market.

Supply Licence	Relevant Clause
Electricity Supply	**SLC 12.A** – Matters Relating to Theft of Electricity
Gas Supply	**SLC 12A** – Matters Relating to Theft of Gas
Electricity Distribution	**SLC 10A** – Smart Metering – Matters Relating to Obtaining and Using Consumption Data
Electricity Distribution	**SLC 27** – Theft, Damage and Meter Interference
Electricity Distribution	**SLC 49** – Electricity Distribution Losses Management Obligation and Distribution Losses Strategy
Gas Transporter	**SLC 7** – Provision of Information Relating to Gas Illegally Taken
Gas Transporter	**SLC 8** – Provision and Return of Meters
Gas Transporter	**SLC 15** – Smart Metering – Matters Relating to Obtaining and Using Consumption Data

RELEVANT REC SCHEDULES

- The Retail Energy Code includes Schedules providing information and detailing obligations with respect to Energy Theft.

REC Schedule 1 – Interpretations and Definitions

REC Schedule 7 – Energy Theft Reduction

REC Schedule 8 – Unbilled Energy Code of Practice

RELEVANT REC SCHEDULES

- The Retail Energy Code includes Schedules providing information and detailing obligations with respect to Energy Theft.

REC Schedule 1 – Interpretations and Definitions

Definitions of terms and acronyms used within the REC.

Includes all defined terms relating to Energy Theft.

REC Schedule 7 – Energy Theft Reduction

REC Schedule 8 – Unbilled Energy Code of Practice

RELEVANT REC SCHEDULES

- The Retail Energy Code includes Schedules providing information and detailing obligations with respect to Energy Theft.

REC Schedule 1 – Interpretations and Definitions

REC Schedule 7 – Energy Theft Reduction

Detailed arrangements for tackling energy theft, supporting Suppliers meet their SLC obligations.

Requires RECCo to maintain an Energy Theft Reduction Strategy.

Details the tools and services RECCo provide to REC Parties to support them.

REC Schedule 8 – Unbilled Energy Code of Practice

THEFT TOOLS AND SERVICES

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Energy Theft Tip Off Service (ETTOS). Run by Crimestoppers under the Stay Energy Safe brand. Offers anonymous reporting by phone and online.



Energy Theft Detection Incentive Scheme (TDIS). Applies for all Suppliers and meter points, incentivises detection of energy theft.



Theft Estimation Methodology (TEM). Provides an estimate of the value of energy stolen each year across Great Britain.



Energy Theft Unit (ETU). RECCo is taking steps to establish and fund a police led service to investigate and prosecute instances of Energy Theft referred by Parties.



Theft Target Methodology (TTM). Sets annual supplier targets and detection values for TDIS.



Theft Assessment Calculators Tools for calculating stolen energy amounts for gas and electricity, with user guides and technical documentation.



Theft Risk Assessment Service (TRAS). A service to be procured, implemented and maintained by RECCo to assess theft risk efficiently and economically.



Referral Assessment Service (RAS). When an ETU is established, RECCo will operate a RAS to support and triage the referrals to the ETU.

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Obligations for Suppliers, Network Operators, and Gas Transporters with respect to:

Communication and information exchange when theft is suspected or confirmed.
Investigation procedures, site visits, and gaining entry.
Treatment of consumers (including vulnerable ones) and a Theft Charter.
Assessment of unrecorded energy units
Options for disconnection

UNBILLED ENERGY PRINCIPLES

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There are a number of high-level principles detailed within the Unbilled Energy Code of Practice (Schedule 8)



Safety is paramount and costs should be borne by those that steal.



Data relating to Energy theft should be collected and shared whilst remaining **compliant with Data Protection Legislation**



Consumers are treated in an appropriate manner, including **back billing limitations** for Energy used at an unregistered site



There should be a mechanism in place for **anybody to report suspected theft**



Investigations should be by **competent individuals and to an established minimum standard** to create a common approach to the treatment of Consumers and Perpetrators.

CONFIRMED ENERGY THEFTS

- A **Confirmed Energy Theft** is a report of Energy Theft which meets defined criteria.
- To qualify towards **Theft Detection Incentive Scheme (TDIS) targets**, a report must meet the criteria for a Confirmed Energy Theft.
- As a minimum, the Supplier must be able to provide sufficient evidence of theft by way of:





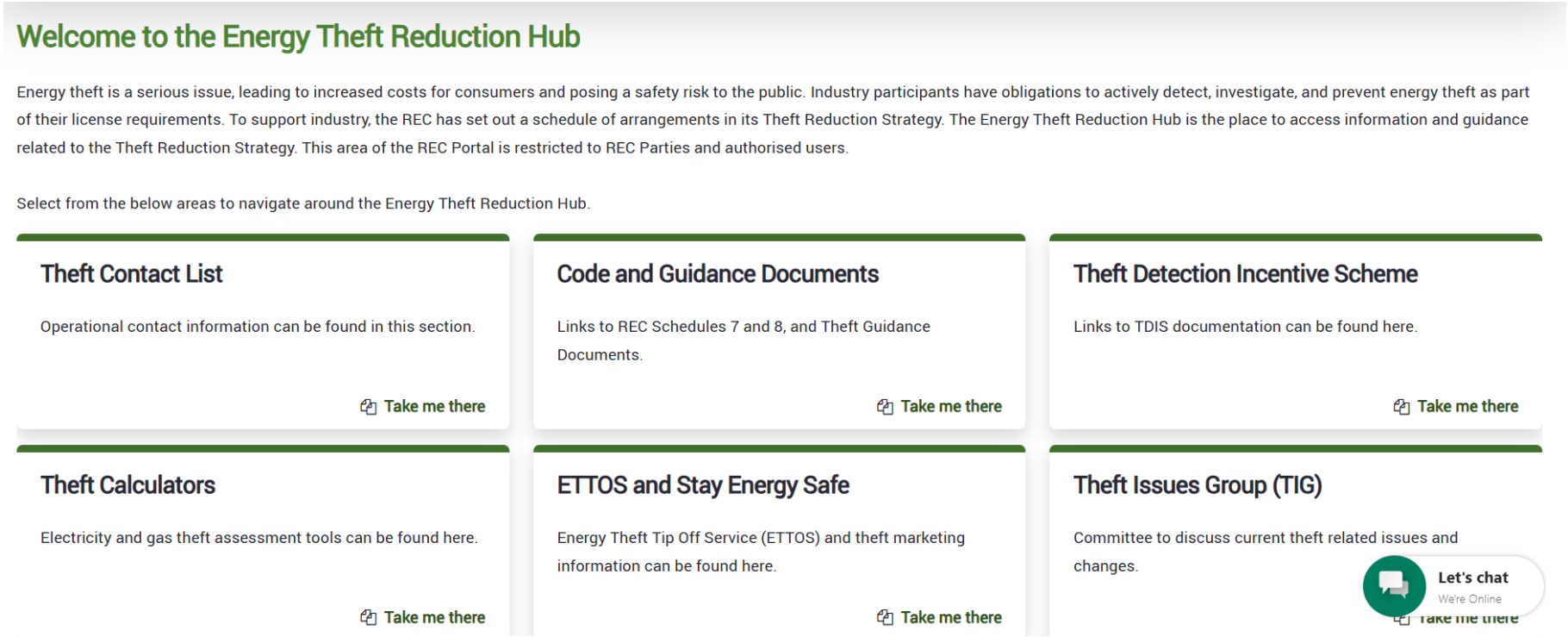
An indication of theft via a desktop review of consumption levels **and…**

…a report of a site visit where access was successful **and…**

…photographic or sketch evidence of the theft, including illegal connection/bypass/meter tamper.

ENERGY THEFT REDUCTION HUB

- Visit the **Energy Theft Reduction Hub** on the REC Portal to access information and guidance related to the Theft Reduction Strategy and tackling Energy Theft within the REC.
- The Energy Theft Reduction Hub is restricted to REC Parties and authorised users. If you don't currently have access, please raise a ticket with the REC Service Desk (enquiries@recmanager.co.uk).



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KNOWLEDGE CHECK

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RETAIL ENERGY CODE

Congratulations, you have completed Module 1!

Please complete the Knowledge Check to ensure you have understood the key messages from this module.

