RETAIL ENERGY CODE

ENERGY THEFT TRAINING

MODULE SIX –

ASSESSMENT OF UNRECORDED ENERGY AND LOSS RECOVERY

OBLIGATIONS TO ASSESS & RECOVER LOSSES

RETAIL ENERGY CODE



REC Schedule 7 section 8 and Schedule 8 section 12 both detail the requirement for REC Parties to 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. When calculation tools are needed, Parties must use the most up-to-date **REC Theft Assessment Calculator**.



A core principle of **Schedule 8** is that costs should fall on those who steal energy. This includes the value of stolen energy, costs of repairing or replacing damaged equipment, and costs of any investigation. Parties should use reasonable endeavours to pursue and recover these costs.



Back-billing limits that apply where a Supplier failed to bill correctly do not apply to theft. Recovery can span the **full identified period of theft**, subject to the Limitation Act 1980 (or Prescription and Limitation (Scotland) Act 1973). For unregistered domestic premises, recovery is capped to the previous six years (or five years in Scotland), with consideration for factors such as length of occupancy and attempts by the consumer to register the property



Parties must maintain credit management policies and staff training that ensure debts arising from theft-related costs are handled on a **case-by-case basis**, considering the consumer's ability to pay when setting repayment terms.

REC THEFT ASSESSMENT CALCULATORS

The REC Theft Assessment Calculator, supplied by the Energy Saving Trust, is split into two separate tools: one for **gas** and one for **electricity**. Each calculator is supported by its own user guide and a technical guidance document. These materials, including the latest versions of the calculators, are available via the REC Portal through the Theft Reduction Hub.

While training modules provide an overview of assessment requirements, users are expected to use the official guidance documents to ensure they correctly apply and interpret the calculators.

There are technical limitations:

- The calculators are **Excel spreadsheets** with macros suitable for Windows and macOS.
- They are **not** currently available for Android devices or as a standalone app.
- Issue 0265 is active and exploring options for how the calculators may be improved or expanded in future.

INFORMATION FOR ASSESSMENT

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The method used to assess unrecorded energy depends on the information available. Core information must be gathered during the Energy Theft Site Visit Investigation, but the assessor may also rely on other data. It's essential to consider the accuracy and reliability of information used.

Investigators should use the **REC Theft Assessment Calculator** and guidance as a framework to ensure they collect the right data.

End date: Usually the site visit date, when theft is confirmed. It may be earlier if theft has already ended (e.g., supply de-energised or bypass removed) or later if further remedial work is needed (e.g., vulnerable consumers requiring repairs before resolution).

Start date: Based on all evidence on the balance of probabilities, using historic consumption, onsite findings, third-party information, or post-visit evidence.

- If the likely start date occurs before the supplier's registration, assessment begins only from the date of registration.
- For previously unregistered metering points, the Network Party is responsible for assessing the earlier period

Meter readings must be obtained during the site visit if physically possible.

Depending on the calculation method, recorded usage may need to be deducted from total estimated usage, which the REC Theft Calculator can do automatically.

Before starting an assessment, investigators must confirm whether reliable historic consumption exists to form a baseline.

Considerations include:

- Accuracy and reliability of reading types
- Whether historic data was affected by theft
- Whether the baseline covers a full year or at least a comparable seasonal period
- Whether circumstances have changed (e.g., new appliances, extensions wired direct to mains)

FURTHER INFORMATION FOR ASSESSMENT

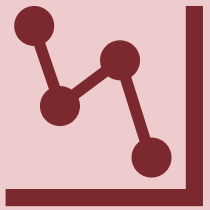
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Investigators should use the **REC Theft Assessment Calculator** and guidance as a framework to ensure they collect the right data.

If historic data is unreliable or limited, investigators may use:

- **Estimated Annual Consumption (EAC) / Annual Quantity (AQ)** (checking if they were impacted by theft)
- Ofgem Typical Domestic Consumption Values (TDCV) appropriate to the property's size and occupancy



Investigators must identify whether the theft is:

- A **complete bypass**, where no usage is recorded
- A **partial bypass**, where some usage is recorded

Partial bypasses may involve intermittent tampering or certain appliances wired directly. In such cases, only the unrecorded portion must be assessed, which may require estimating total usage and then deducting recorded consumption.



DECIDING WHICH CALCULATION TYPE TO USE

When using the **REC Theft Assessment Calculator**, you must first select a calculation type on the **Customer Information tab** and complete the customer details along with the **theft start and end dates**.

Electricity calculation types include:

- Baseline
- Clamp Meter Readings
- Domestic
- Commercial
- Industry
- Cannabis Farm

Gas calculation types include:

- Baseline
- Domestic
- Non-Domestic

The calculation type you choose should reflect:

- **The information available** (e.g., reliable baseline, clamp readings, site visit data)
- **The nature of the theft** (e.g., type of property, appliances, industry type, or cannabis cultivation setup)

Correct selection ensures that the calculator applies the right assumptions and inputs for an accurate assessment.

Read more about the different types of calculation methodology on the following slides.

BASELINE CALCULATION TYPE

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Use the **baseline calculation** if you have a **reliable period of recorded consumption** before the theft that reflects expected usage during the theft. It is the most accurate method and works for domestic and non-domestic supplies.

You can also use baseline with post-theft readings, **provided circumstances haven't changed** (e.g., no change of occupants or business closure).

If you lack reliable consumption data or don't have the inputs for other calculation methods, **you can still use baseline by entering EAC/AQ or Ofgem TDCVs** for a one-year period.

For partial or intermittent bypasses, you can enter recorded usage so it can be deducted. The baseline must reflect all usage during the theft, so if an appliance was wired direct-to-mains from installation, only a post-resolution baseline will capture it. Single unmetered appliances with known typical consumption (e.g., electric showers) can also be assessed this way.



Gas: Baseline defaults to metric readings with a correction factor of 1.022600. This can be changed by scrolling up in the baseline tab to kWh or cubic feet. You can also change the correction factor – the standard is 1.02264.

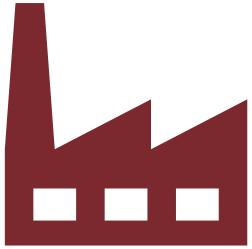


Electricity: For multi-rate meters, you may either assess each rate separately or do one total assessment and split it afterwards

DOMESTIC, COMMERCIAL/NON-DOMESTIC AND INDUSTRIAL CALCULATION TYPES

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You can use these **property-type calculation methods** when no reliable baseline is available, if you have sufficient site-visit information. This includes details such as appliances, heating and hot water systems, and for non-domestic premises; opening hours and floor area.



For electricity industry assessments, a detailed appliance list isn't required; the calculator instead uses the industry type, clamp/ammeter readings, and power inputs, or floor space for warehouses.





You can also deduct recorded usage where necessary (e.g., intermittent theft).

The calculator uses assumptions based on the technical guidance but still relies on **accurate, detailed site-visit data** to produce a valid assessment.

If you don't have the needed inputs, or the property/appliances differ significantly from what the calculator expects, you will need to use an **alternative calculation type**.

CANNABIS FARM CALCULATION TYPE

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To accurately assess unrecorded usage for a **cannabis farm**, investigators should gather as much detail on the cultivation as possible. This includes **equipment** (lights, fans, ventilation, etc.) along with the grow **duration/number of crops**. The calculator assumes a default 91-day crop cycle split into two lighting periods, but these inputs can be adjusted.

If investigators couldn't attend while equipment was present, **information may need to be obtained from the Network Operator or Police**.

Depending on the information available, either use pre-set defaults or enter known details such as light wattage, timer schedules, etc. **If detailed equipment data is missing, the calculator can estimate** lighting requirements from floor area, which can be taken from site visits or online sources (e.g., floor plans). Clamp Meter data can also be used but note that the cannabis-specific clamp calculator differs from the general Clamp Meter Readings option.

You can also assume a minimum amount of standard equipment for each room if a detailed list is not available.

Investigators must also determine whether the bypass supplied **only the grow area or the entire premises**.

- If only the cannabis rooms were unmetered, only the cannabis assessment is needed.
- If the whole property was unmetered (e.g., two upstairs grow rooms plus normal domestic use elsewhere), a separate assessment is required for the remaining unrecorded usage beyond the grow

CLAMP METER READINGS CALCULATION TYPE

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You may take a clamp meter reading for the whole premises if the bypass is complete or intermittent or any load that is unrecorded if it is partial.

Clamp or ammeter readings give a **quick snapshot of electrical load** at a single moment, so the context (season, appliances in use, whether a premises is occupied) is important. For three-phase supplies, each phase must be measured. Voltage and power factor are set to defaults but may need adjusting for industrial/commercial sites with lots of motors or transformers.



Because the reading reflects only one point in time, **you must decide how many hours or what proportion of the day it represents**. You can set a standard duration (e.g., 8 hours or 25%) or align it with business opening times. If you have multiple readings (e.g., open vs closed), you can assign hours to each and create up to five profiles, totalling 24 hours.

If one reading cannot reasonably represent the full day, you must add another profile, either for the remaining hours at 0 or at a lower assumed load (e.g. 16 hours at 20% of measured load) to account for base usage.

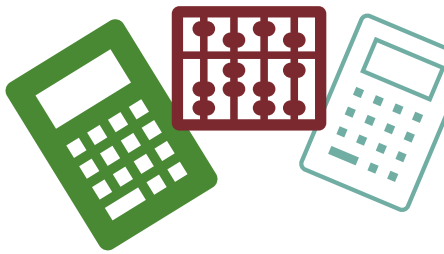
OTHER CONSIDERATIONS

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If a site has been illegally reconnected but the original meter is still in place and recording, you can use the meter's start and end readings to calculate consumption - but only if the meter hasn't also been tampered with. In these cases, you don't need the assessment calculator, though you can still record the theft period in it for documentation by entering the recorded consumption and theft period dates into the Baseline Meter Readings section whilst setting the same dates in the Theft Period Meter Readings with 0 consumption.



You can run multiple calculation types to check assumptions or accuracy. When estimating unrecorded energy, you often won't have full information, so reasonable assumptions are acceptable if they are clearly recorded with justification. This transparency supports investigations, complaint handling, and any court proceedings.

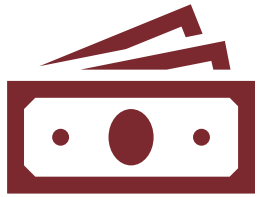


Occasionally, the assessment may legitimately be zero, for example, if theft occurred before you became the Supplier and the property has been vacant since, or where tampering of a pre-payment meter results in continued metered consumption, known as fiscal theft. Zero assessments still require strong justification.

It is **best practice** for companies to have clear policies and processes outlining how assessments are carried out and what assumptions should be made in different scenarios to ensure consistency.

OTHER CHARGES THAT CAN BE RECOVERED

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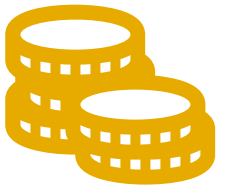


Recover not only the value of stolen energy but also any reasonable, **directly incurred costs** caused by meter interference or theft. Recoverable costs may include:

- Repairing or replacing damaged metering or equipment
- Installing theft-prevention equipment
- Warrant costs
- Investigation costs (e.g., external contractor fees, internal staff time clearly linked to the incident)



These charges can be billed to the perpetrator or the account holder who benefited from the interference at the time it occurred. **You cannot apply punitive charges or fines - only genuine, evidenced costs**. VAT at the applicable rate must be applied to both the energy value and all recoverable costs.



For commercial premises, calculate and bill any applicable **Climate Change Levy (CCL)** on the value of the stolen energy.

If a consumer inherited the interference, they are only billed for **the energy loss during their occupancy**.

If multiple consumers occupied the property during the theft period, each should be **billed for their respective share**, including determining who is liable for the original interference and associated repair/investigation costs.

BILL THE CHARGES AND INFORM THE CONSUMER

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Include the **full, evidenced theft period when assessing loss** (up to the Supplier's registration start date). This is also the amount submitted to TDIS, as it reflects what was stolen (rather than what is recoverable).

Consumers must be informed of the charges, how the assessment was made, a breakdown of the costs, and what to do if they disagree. Bills must clearly show charges for stolen energy, associated costs, and separately state VAT and Climate Change Levy (where applicable). If the supply is disconnected due to theft and not just temporarily for remedial work, you must tell the consumer what payment is needed before reconnection, taking vulnerabilities into account.



They should also be provided information regarding their rights to contact the **Energy Ombudsman,** and independent advice services such as Citizens Advice. **REC Schedule 8** (Section 10) sets out required information to provide to a consumer when leaving the premises or soon after.



For **vulnerable domestic consumers**, you must consider their ability to pay and whether full recovery or an extended repayment timeframe is appropriate.



Any company policy that limits **back-billing must comply with REC Schedule 8** requirements for accurate assessments and reasonable cost recovery. Remember, for unregistered domestic sites, recovery is limited to six years (or five years in Scotland).

RE-ASSESSMENT AND NEGOTIATION

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Re-assessment

After issuing an assessment and bill, **new information may emerge** which can happen when the consumer disputes the charges. You should review any new details they provide and verify them where possible (e.g., receipts, tenancy agreements, or anything affecting the theft period or consumption level). If the new information is valid, you can complete a re-assessment to revise the theft period or energy volume. The consumer should be re-billed accordingly, with the previous assessment effectively cancelled and replaced.

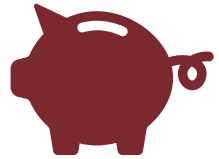
Negotiation

Sometimes, although there is no valid information that substantiates the need for a re-assessment, the **Consumer may request to pay less**. This could be due to financial vulnerabilities or an offer to pay a large proportion of the charges immediately with the remainder to be written off. In these instances, the assessment doesn't need to be changed as it is correct. Any offer of reduced payments accepted is a billing and debt recovery decision and the bill should be credited with the agreed amount or remaining charges written off rather than the assessment changing.

RECOVERY

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Once theft-related charges have been billed, **any unpaid amounts move into debt-recovery processes**. REC Schedule 8 sets out the specific rules for theft-related debt. Suppliers should have appropriate credit-management policies, trained staff, and controls to avoid incentives that could encourage inappropriate behaviour.



Consumers in debt must be treated on a **case-by-case basis**, considering individual circumstances, with tools such as affordability checks, payment plans, pre-payment meters, and direct debits used to support repayment. If valid charges remain unpaid for 28 days, a Supplier may object to a switch where there is no genuine dispute. A switch **cannot be blocked** simply because a theft occurred or is under investigation.



If the responsible person has left the property, **tracing tools or specialist agencies** may be used to try to recover the debt. However, recovery should be reviewed against cost-effectiveness and write-off decisions will depend on value and likelihood of recovery.



Where a court case leads to a **Compensation Order**, the court collects payments and forwards them to the Supplier, often in small instalments. If compensation is awarded, the Supplier must avoid double-recovering costs, though civil recovery can continue for any shortfall.

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KNOWLEDGE CHECK

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Congratulations, you have completed Module 6!

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

