RETAIL ENERGY CODE

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01	Initial Assessment Report
02	Preliminary Change Report
03	Final Change Report

INITIAL ASSESSMENT REPORT

R0163 – THEFT DETECTION INCENTIVE SCHEME (TDIS) REPORTING PERIODS

DOCUMENT VERSION	V1.1
DATE ISSUED	16/04/2024
DOCUMENT APPROVAL STATUS	APPROVED

RESPONSIBLE COMMITTEE	CHANGE PANEL	CHANGE PATH	SELF GOVERNANCE
PRIORITY STATUS	MEDIUM	URGENCY	STANDARD

DEADLINE FOR ALTERNATIVE CHANGE PROPOSALS	12/04/2024

LEAD CHANGE ANALYST



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CHANGE OVERVIEW

This Change Proposal seeks to alter the Theft Detection Incentive Scheme (TDIS) reporting cycle from an annual to a quarterly cycle.

	High Impact: N/A
	Medium Impact: Code Manager, RECCo
	Low Impact: Energy Suppliers

1 BACKGROUND

Energy Suppliers have an obligation under their standard licence conditions to prevent, detect and investigate theft. However, even when energy theft is detected and proven, there is no certainty that the Supplier will be able to recover any money from the Consumer. The TDIS is intended to offset the costs of Suppliers undertaking these activities.

Under the TDIS, each Supplier is allocated a proportion of an overall Theft Target, proportionate to their share of domestic and non-domestic sectors of the market across both fuels. Suppliers who outperform their competitors receive an incentive payment while those who underperform become net contributors.

There is a growing concern regarding both the performance of Energy Suppliers and the overall efficacy of the scheme in reducing levels of Energy Theft. The current design of the scheme including the annual reporting cycle limits the ability of Energy Suppliers to continually monitor their performance and the ability for the Code Manager to enable incremental improvements of the scheme.

The TDIS reporting cycle as specified in Schedule 7 – Energy Theft Reduction, determines the cadence of setting theft targets, the reconciliation of Supplier performance against targets and the settlement of payments into and out of the scheme. This Change Proposal seeks to alter this cycle from annually to quarterly. This alteration is limited to the administration of the scheme will not have a direct operational impact on how Suppliers submit their TDIS reports. However, there will be an impact for Suppliers needing to process invoices/credit notes quarterly rather than annually.

2 PROBLEM STATEMENT

The current annual TDIS Reporting Cycle does not support the effective cost recovery for Suppliers in year, enable Suppliers to monitor their TDIS performance or enable the Code Manager to flexibly adopt improvements to the scheme.

3 USER STORIES

REF.	USER STORIES
MARKET PARTICIPANT USER STORIES	
M1	As an Energy Supplier, I want the ability to effectively monitor my TDIS performance so that I can optimise my theft detection operations.
M2	As the Code Manager, I want the TDIS to continually evolve so that performance against the scheme can be improved.
M3	As RECCo, I want the TDIS to continually evolve to support the Theft Reduction Strategy.

4 IMPACTS

CONSUMERS
Energy Consumers

RECCO / REC CODE MANAGER
Code Manager
RECCo

REC DOCUMENTS / PRODUCTS
Schedule 1 – Interpretations and Definitions
Schedule 7 – Energy Theft Reduction

REC PARTIES AND SERVICE USERS
Energy Suppliers

5 CROSS CODE IMPACTS

No cross-code impacts have been identified.

6 CHANGE PATH AND RESPONSIBLE COMMITTEE

CHANGE PATH	SELF GOVERNANCE

RESPONSIBLE COMMITTEE	CHANGE PANEL

Changes are proposed to Schedule 1 – Interpretations and Definitions and Schedule 7 – Energy Theft Reduction which are under the responsibility of the Change Panel.

7 PRIORITY STATUS AND URGENCY

Category	Significance / Resource impacts / Urgency	Further selection / breakdown	Score (0-3)	Weighting	Weighted Score
Impacts	Consumer Impact	Indirect	1	27	27
	Retail Markets Impact	Retail Risk(s)	1	17	17
	RECCo / REC Party / REC Service Provider Impact	Operational Effectiveness and Efficiencies	2	7	13
		Legal and Regulatory Compliance	1	14	14
Resource	Complexity / Effort / Duration		3	9	28
Strategic Alignment	Contribution to/ Alignment with the objectives of the REC		1	17	8
	Contribution to/ Alignment with RECCo's Forward Work Plan		1		8
Urgency *(The need to progress a change to meet a targeted date)*		Other Planned Activity	2	10	20
				Overall Priority Score (rounded)	135

Priority Status	MEDIUM
Change Proposal Type	STANDARD

The Priority Status of this Change Proposal is medium based on a priority score of 135.

Retail Markets Impact - A score of 1 as this change ensures the ongoing efficacy of the TDIS that addresses risk drivers 11.1, 11.2 and 11.3 on the REC Portal Retail Risk Register.

Operational Effectiveness and Efficiencies - A score of 2 was provided as this change seeks to address the current timescales of the TDIS Reporting Period and ensure these are effective.

Urgency - An urgency score of 2 was given as targeting a June 2024 release may allow the April-June 2024/25 period to be reconciled early.

8 SUMMARY OF CHANGE PROPOSAL PLAN

As the basis of this Change Proposal has links to C3-0061 – Theft Target Methodology which was Consulted on in February 2024, this will proceed directly to Preliminary Change Report on 12 April 2024 alongside a 15 Working Day Consultation.

The Final Change Report will then be issued on 10 May 2024 in preparation for the Responsible Committee decision on 21 May 2024.

	FROM	TO
PRELIMINARY CHANGE REPORT AND CONSULTATION ISSUED	12/04/2024	12/04/2024
CONSULTATION	12/04/2024	03/05/2024
FINAL CHANGE REPORT ISSUED	10/05/2024	10/05/2024
RESPONSIBLE COMMITTEE DECISION	21/05/2024	21/05/2024
APPEAL WINDOW CLOSURE	05/06/2024	05/06/2024

9 GLOSSARY

TERM	DEFINITION
Consumer	means any person supplied (or seeking a supply) of Energy at an RMP (whether or not that person also exports or is seeking to export electricity at an RMP).
Energy Supplier	means a person which is either or both an Electricity Supplier and/or a Gas Supplier.
Energy Theft	includes: (a) circumstances described in Paragraphs 5(1) (Restoration of connection without consent) and 6(1)(a) (Damage to electrical plant etc) of schedule 6 to the Electricity Act (in so far as they relate to an electricity supplier; (b) circumstances described in Paragraph 6(1)(b) (Damage to electrical plant etc) of schedule 6 to the Electricity Act; (c) circumstances described in Paragraph 11(1) (Interference with meters) of schedule 7 to the Electricity Act; (d) circumstances described in Paragraphs 10(1)(a) and 11(2) of schedule 2B to the Gas Act (in so far as they relate to a gas supplier); and (e) circumstances described in Paragraphs 10(1)(b) and 10(1)(c) of schedule 2B to the Gas Act.
Theft Detection Incentive Scheme (TDIS)	is described in Annex 3 of the Energy Theft Reduction Schedule
Theft Target	means the target number of Confirmed Energy Thefts to be identified by each Energy Supplier, to be determined in accordance with Paragraph 3 of Annex 3 of the Energy Theft Reduction Schedule.