RETAIL ENERGY CODE

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R0163 – THEFT DETECTION INCENTIVE SCHEME (TDIS) REPORTING PERIODS

REBASELINED CHANGE PLAN

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1 CHANGE PROPOSAL SUMMARY

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 and 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. Avoidance of doubt, this Change Proposal does not seek to revise the theft targets previously communicated to Suppliers but simply to divide these by an equal quarterly amount. It will also not change the Theft Detection Values.

2 CHANGE PLAN UPDATE

A Preliminary Change Report and Consultation was published on 12 April 2024 and the Consultation closed 03 May 2024.

Six Energy Suppliers (five non-domestic only) and one Trade Association responded and based on the responses, the Code Manager does not, at this time, have sufficient evidence to support the change nor enough of an understanding of the scale of impact on Parties.

The Code Manager will seek input from the newly formed Theft Issues Group to gather more information alongside approaching those who have already responded to understand more detail about the impacts given within their responses.

The Code Manager will determine if it recommends that R0163 should continue to be progressed, either as a standalone change or as part of a future TDIS change proposal raised by the Theft Issues Group. The Code Manager will revisit the Preliminary Change Report with an updated and refined business case. If it is determined that R0163 does not have enough identified benefits to be progressed, the Proposer may consider withdrawal of the change.

The following Change Plan provides the additional time required to develop the business case alongside future changes to the TDIS Scheme.

	FROM	TO	FROM	TO
PRELIMINARY CHANGE REPORT AND CONSULTATION ISSUED	12/04/2024	12/04/2024	06/09/2024	06/09/2024
CONSULTATION	12/04/2024	03/05/2024	06/09/2024	27/09/2024
FINAL CHANGE REPORT ISSUED	10/05/2024	10/05/2024	08/10/2024	08/10/2024
RESPONSIBLE COMMITTEE DECISION	21/05/2024	21/05/2024	15/10/2024	15/10/2024

3 COMMITTEE ACTIONS

Change Panel Members approved the revised Change Proposal Plan on 10 May 2024.