RETAIL ENERGY CODE

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NON-CONFIDENTIAL CONSOLIDATED CONSULTATION RESPONSES

R0163 THEFT DETECTION INCENTIVES SCHEME (TDIS) REPORTING PERIODS

On 27 November 2024, the Code Manager issued a consultation to industry to seek feedback on the Change Report for R0163.

The purpose of this document is to consolidate the responses and for the Code Manager to answer any questions raised within those responses.

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RESPONSE TYPE	**NON-CONFIDENTIAL**
DATE ISSUED	
RESPONSIBLE COMMITTEE	Change Panel
LEAD ANALYST	Flo Monea

DATE CONSULTATION ISSUED	27/11/2024
RESPONSE DEADLINE	18/12/2024

Question 1:	Do you agree with the updated benefits case?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
CONFIDENTIAL Corona Energy (Energy Supplier)	[CONFIDENTIAL]	
Brook Green Supply Limited (Energy Supplier)	It is possible any potential cash flow benefits of more frequent reconciliations for Energy Suppliers and REC are outweighed by the additional administrative burden and cashflow risk. This increased frequency could lead to more errors and further reconciliations. Settlement frequency does not impact a supplier's ability to meet obligations, as confirming energy theft is a long-term process. Annual reporting is more suitable. We have raised concerns about the current TDIS scheme, noting that as more theft is detected, the average payment to suppliers decreases. Payments are only made after theft is confirmed, regardless of the costs incurred in the process, which varies significantly across supplier portfolios. We believe that shortening the reconciliation period will not resolve this issue significantly. Dividing annual theft targets into quarters is arbitrary, as theft detection is not uniform. Quarterly updates could create unstable detection patterns, impacting payment levels and leading suppliers to prioritise detection over resolving theft. Additionally, quarterly reconciliation is	Noted. Thank you for your response.

	likely to add significant volatility to payments, as claims and payments under the scheme are unlikely to be synchronised. This will create cash flow risks and increase administrative overhead for managing more frequent and volatile payments.	
Yu Energy Retail Limited (Energy Supplier)	No, the intangible benefits are highly subjective and could be achieved by other means. Many of these benefits can be achieved today through targeted performance assurance conversations or with the existing monthly reporting and annual process of target setting and pooling of costs, without the need for this change.	Noted. Thank you for your response.
ENGIE (Energy Supplier)	The updated benefits case has not persuaded us to change our original view of this change, which we do not support. We believe there are better routes to improving the TDIS (some of which are currently in play) than increasing the complexity of the scheme by introducing shorter reconciliation periods. It is not obvious that reducing the reconciliation period will increase supplier engagement with the TDIS, and there are measures in place already to encourage engagement via the Performance Assurance regime. In fact, the added complexity of managing four reconciliation periods could be a barrier to effective participation by diverting resource away from theft detection and towards scheme administration.	Noted. Thank you for your response.
Ecotricity Limited (Energy Supplier)	Ecotricity has no objections to changing TDIS reporting cycle from annually to quarterly.	Noted. Thank you for your response.

ICoSS (Trade Body)	We believe that this change will have a negative impact on suppliers by increasing administration overhead and cashflow risk, providing little benefit in return. We have previously indicated concerns with the current TDIS scheme in that the average payment for a supplier reduces as more theft is found, a fixed payment is made only after theft is found (irrespective of costs incurred or costs in seeking but not finding theft) which significantly varies in occurrence across supplier portfolios. We do not believe that shortening the reconciliation period will address these substantial deficiencies and will add additional challenges (see below).	Noted. Thank you for your response.
SSE Energy Supply Ltd (SSE Business Energy) (Energy Supplier)	SSE agree with the majority of the benefit descriptions outlined; however we do not feel these changes will achieve the goal of improving the amount of theft detection. The primary benefit is to allow more fluid updates to the TDIS to implement changes that could later improve the level of theft detection.	Noted. Thank you for your response.
ScottishPower Energy Retail Limited (Energy Supplier)	We do not support the updated benefits case. As stated in our previous response, we believe that the Theft Detection Incentive Scheme is most effective as an annual scheme. we also believe that a change to a quarterly reporting cycle would incur additional operational costs, costs that will be ultimately borne by the consumer. Thus, we do not see any potential to deliver positive outcomes for the consumer. In reference to the R0173 consultation, we do not see how moving the TDIS to a quarterly scheme will help reduce gaming. The Code Manager has not provided any evidence to buttress this point.	Noted. Thank you for your response.

	We also suggest this should not be on self-governance path and should be referred to the authority for final decision.	

Question 2:	Do you agree with the implementation date of 27 June 2025?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
CONFIDENTIAL Corona Energy (Energy Supplier)	[CONFIDENTIAL]	
Brook Green Supply Limited (Energy Supplier)	No as the change of TDIS reporting from annual to quarterly for the 27 June implementation date is not adequate for the required changes in updating the system and processes required for reporting alongside changes in cashflow risk.	Noted. Thank you for your response.
Yu Energy Retail Limited (Energy Supplier)	No, we don't agree with this change but were it to go ahead we would want it to be no sooner than the expiry of the then current TDIS year.	Noted. Thank you for your response.
ENGIE (Energy Supplier)	No, as we do not support the proposal overall.	Noted. Thank you for your response.
Ecotricity Limited (Energy Supplier)	Yes	Noted. Thank you for your response.
ICoSS (Trade Body)	Suppliers should not be seeking to maintain a consistent level of theft detection; they should be seeking to resolve all potential thefts identified in their portfolio. We are concerned that this change seems to go	Noted. Thank you for your response.

	against this principle as it will instead facilitate suppliers “optimising” their theft processes by benchmarking against other suppliers more regularly.	
SSE Energy Supply Ltd (SSE Business Energy) (Energy Supplier)	SSE have no issue with the start date 27.06.2025	Noted. Thank you for your response.
ScottishPower Energy Retail Limited (Energy Supplier)	We do not agree with the June implementation date. If however, REC decides to proceed with this change, we would suggest December 2025, to enable us to make the required operational arrangements in line with the change.	Noted. Thank you for your response.