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By email only

Dear Rachel,

**Re: The Retail Energy Code - proposals for version 1.1**

Thank you for the opportunity to provide our comments on Ofgem's latest consultation on proposals for REC v1.1 as part of the Switching Programme and Retail Code Consolidation. We continue to support the introduction of the Retail Energy Code (REC) and proposals for Retail Code Consolidation to fully take effect by September 2021. This letter and the attached Appendix A together form Utilita's response to the consultation.

Utilita has been operating successfully in the market since 2008. We have a predominantly smart prepay client base, many of whom have a high level of vulnerability. We provide a high-quality service to a sector of customers who are traditionally poorly served and the continuation of excellent energy retail services to our prepayment customers is paramount.

Over the last few years, several organisations with various business models have developed and evolved in the retail and smart energy markets, including code bodies. Utilita feels strongly that RECCo learns from them and sets a best in class model for the future.

Utilita supports Ofgem's proposals for RECCo to be required to develop a Strategy that is designed to result in cost effective outcomes for industry and end consumers. As the REC is integral to an effective retail energy market, changes should be joined up, at minimal cost, and drive outcomes for consumers.

In a market constrained by price caps, we expect RECCo to regularly keep under review and challenge both the effectiveness and cost effectiveness of its Strategy and supporting code arrangements. Where code arrangements are deemed ineffective, inefficient or unjustified, RECCo should act decisively to remove or replace arrangements with Ofgem's support.

We note RECCo Board's progress in procuring REC Code Manager Services and the innovative approach taken to adopt a "best in market" approach through awarding contracts across three separate lots. We hope this will significantly improve industry code governance practices for market participants in the most cost-effective way. For example, the REC must demonstrate a highly agile and efficient change process that promotes industry accessibility and is an enabler for innovative practices across REC Parties and improved consumer outcomes, while ensuring efficient costs for consumers.

Utilita supports the majority of change management proposals within the consultation however we have several concerns that require addressing before REC v1.1 is baselined.

We note current proposals for Service Provider Impact Assessments (IAs) seem to mirror arrangements under the Smart Energy Code (SEC) i.e. IA timings. SECAS is currently undertaking an end-to-end review of the SEC Change Process. The SEC consultation states that the current IA process is inefficient in cases and requires industry expenditure to complete full IAs which in cases are high in cost and 'act as a blocker' to completing assessments of solutions to known issues.

We believe that with the REC, we have the opportunity to set the example for other codes to follow in terms of the efficiency and cost effectiveness, and we therefore urge Ofgem to reconsider how IAs should work under the REC when proposed timeframes are overly long without justification and act to contradict Ofgem's vision for timely change progression under the REC. We are also concerned that there appears to be no controls in place to protect REC Parties funding of Service Provider IAs and the knock-on impact this may have for end consumers.

In the spirit of improving consumer outcomes and ensuring consumers are well represented, we are supportive of an independently appointed Consumer Advocate with strong customer background on the RECCo Board, and the general inclusion of Citizens Advice as an observer at the Performance Assurance Board. It is not yet possible to make a fully informed comment on the proposals for performance measures and monitoring as it appears these are yet to be fully developed.

Should you have any questions or if you would like to discuss any of the points above, please do not hesitate to contact us.

Your sincerely,

By email

Alison Russell  
Director of Policy and Regulatory Affairs

## Appendix A – Consultation question responses

### Section 2: Company and Code governance

#### **Q2.1 Do you have any comments on the process for appointing additional RECCo directors?**

Yes. The concept that the Interim Board should evolve into the enduring Board is important to provide necessary consistency and continuity, to support the success of the REC as it initially develops. Gradually retiring Board members over time rather than appointing a completely new Board could help achieve this. It would be reasonable to cap the time that interim Board members can serve, to 24 months, to allow for this gradual evolution.

However, there are risks also associated with this approach. For example, no ‘fresh start’ such that assumptions could be unintentionally carried forward without scrutiny or challenge. As such, the enduring approach of the ‘evolution of the Board’ should be reviewed to ensure that it is continuing to achieve its aim after transition, without negative consequences.

Consumer advocacy is vital for the effective operation of the REC, and as such, we support the immediate appointment of a consumer advocate as a RECCo Non-Executive Director. While the consumer advocate must have direct, robust, and relevant experience in consumer advocacy. Whether that means direct energy market experience or not, the important point is that they should be able to apply their consumer advocacy experience to the energy market.

In order to achieve this, the consumer advocate should be well versed in the impacts of change, cost evaluation, and the potential of the energy market, e.g. forward-thinking, technology driven innovation is vital to drive toward net zero and the way that many consumers will interact with the market in the future. However, the late adopters are likely to be the financially vulnerable, more transient customers for whom simple, inexpensive interaction with the market remain of utmost importance. Both of these ends of the market need to be fairly and consistently represented, and costs assessed from the perspective of both ends of the market.

The consumer advocate should also have demonstrable skills of:

- making a business case for change with funding proposals where necessary and be able to present a case to the regulator when needed;
- delivering innovation in a cost-effective way; and
- striking a balance between the energy market as a competitive market and the wide-reaching consequences of energy industry change.

For all RECCo Director roles, including the consumer advocate, it is important that the criteria for the roles are published to ensure transparency. Where the criteria are proposed to be amended, there should be a consultation process to ensure criteria remains fit for purpose.

#### **Q2.2 Do you agree that MEMs should be Party to the REC?**

Yes. Bringing metering agents (MEMs) into the REC as Parties rather than relying on their contractual relationships with Suppliers to effect change is an important contribution to supporting the functioning of an effective energy market. As this change has an impact on metering agents, and their obligations, this proposal relies on appropriate representation of metering agents in appropriate REC forums.

As such, should metering agents become party to the REC, it makes sense that there is metering agent representation on the PAB and a technical group to assist with governance of more technical

metering elements of the REC. It is important that the relevant Parties have ownership and responsibility for the relevant topic areas, e.g. schedules and processes.

**Q2.3 Do you agree in principle that the obligations currently placed upon metering agents by the BSC could be integrated with the REC performance assurance framework, subject to certain conditions being met?**

Although there are obvious benefits of integrating some metering agent obligations currently held in the BSC into the REC, this could have significant impacts.

Should all metering agent obligations be held in a central location, then this would potentially make it easier to participate in the market, leading to benefits on competition.

However, there are fundamental issues to overcome, such as the fact that MEMs would be independent parties in the REC and Supplier agents in the BSC. There may be opportunities to take learnings from other codes and models. An example may be where a 'Shared Services' audit has been completed under the SEC, parties can place reliance on the audit already undertaken rather than completing a timely and costly second audit. This could be applied to allow reliance on a successful and properly conducted audit under the BSC, to apply to the REC in given circumstances. This could support an efficient and joined up approach.

Given this is such a complex area, the impacts of extracting and shifting obligations must be well known before any proposal can be seriously considered. A detailed cost benefit analysis and impact assessment must be undertaken, since the impact of getting it wrong has wide reaching consequences for the integrity and stability of the markets, e.g. via settlements.

**Q2.4 Do you agree that the RECCo should be required to develop and maintain a Strategy for the REC, including but not limited to digital transformation of REC processes and data?**

Yes. RECCo should develop and maintain a Strategy for the cost effective and successful operation of the REC so that it can best serve its customers. The REC is integral to an effective retail energy market, which means it must give due attention to future changes, whether that be general global changes like digitalisation, or to future policy or consumer behaviour changes such as roll out of EVs. RECCo should consider how the REC can best deliver its scope by complementing and supporting these changes in the most cost-effective manner, and this is best done via a REC Strategy.

In developing this Strategy, it is important that RECCo take a top down approach, by considering energy market trends, and appreciate that the energy market, although heavily regulated, is a competitive market. This means that market participants (including RECCo's own Service Providers) may use the REC Strategy to inform and help shape their own commercial goals and plans within the retail energy market.

Regarding whether the requirement is codified or not, while there is precedent for non-codified strategies to be developed and maintained, there are key differences between the precedents and this case.

As referenced in the consultation, the regulator requests network companies publish data digitalisation strategies and asks them to evolve in response to ongoing feedback. However, the relationship between the regulator and that of a directly licenced, regulated network company, is different to that of the regulator and RECCo Board. RECCo Board is not a licensed entity, consisting of representatives across industry. Network companies are one private entity, regulated via licence.

As such, the precedent given may not reflect the expected behaviour when applied in this case.

To ensure the outcome of a well-developed and maintained REC Strategy – which is integral to supporting an effective retail energy market – the obligation to deliver the REC Strategy above should be codified. Once codified, the RECCo should be empowered to meet their obligation in the way they see fit.

#### **Q2.5 Do you agree that RECCo should adopt zero based budgeting from 2021/22?**

Yes. Starting from the default being budget of 'zero' and then justifying the budget accordingly means the budgeted costs are more likely to be accurate, realistic, and relevant.

However, it is important that costs are not too over- or under-estimated and kept realistic to best reflect the accuracy of the actual costs. This is important for parties' budgeting purposes.

In some cases it may be difficult to accurately estimate and provide justification for costs, without taking a bench mark from past performance or external information, e.g. Service Providers invoicing RECCo for Impact Assessments may need to rely on past performance, and contractual KPIs (although scrutiny is expected). Lessons must be learned from the previous budget so that the costs remain accurate. One method to achieve this is to review and assess the accuracy of the previous budget setting and associated assumptions, e.g. how close was the final actual spend against the budgeted costs? What assumptions could be challenged for the next budget?

Utilising a 'zero' based budgeting approach could also bring benefits such as cost efficiencies and savings. While we expect services to become more efficient, we also expect services to grow and develop over time. Although the overall charges may remain similar, we expect there to be significant movement between high efficiency and quantity and quality of service delivery, supporting cost-effective delivery of the strategy.

#### **Q2.6 Do you agree that future RECCo budgets should be decided upon by the RECCo Board, subject to appeal by REC Parties?**

Yes. Future RECCo budgets should be decided upon by the RECCo Board, subject to appeal by REC Parties. There are two additional points which should be considered:

1. It is important that the draft budget which is circulated not only sets out the RECCo Board's good faith estimate of the costs, but also provides an opportunity for REC Parties to respond to the draft, and RECCo Board must have due regard to that feedback such that if it is not actioned, it must be justified and explained transparently by RECCo Board as to why not.
2. The budget should be aligned with, and complementary to, the REC Strategy.

While consultation with REC Parties on the budget is an implicit requirement in the proposed drafting (RECCo Board are not obliged to consult, but a REC Party can appeal to the Authority where a cost item was not consulted upon), it should be explicitly drafted to ensure there is clear expectation and obligation. Explicitly stating the requirement provides sufficient assurance that REC Parties will have the opportunity to feed in without having to wait for approval then seeking a formal appeal, as the current drafting implies.

In addition to the explicit requirement to consult, there should also be an explicit requirement for RECCo Board to:

- have due regard to views of others via consultation; and
- must evidence that they have had regard to feedback; and

- demonstrate how said feedback was considered, and/or justify why feedback was not implemented; and
- all in a timely manner.

Without this requirement clearly stated, the consultation process may not be as transparent as it otherwise could be.

There is currently no requirement or obligation linking the budget and the REC Strategy. This link should be made to ensure that the two outputs are complementary and reflect each other, supporting a cost-effective approach.

**Not specific to question posed:**

**Shareholding:**

Utilita notes that the consultation outlines suggestions for a change to the Shareholding of RECCo (to an optional model). Should this be formally proposed, there must be formal consultation with the case for change clearly laid out and assessed. Without proper, thorough analysis – including the case for change – it is difficult to understand how the suggestion could work in practice and therefore evaluate.

At a high level, Utilita have concerns with an optional shareholder model as suggested, including the consequences of being a funding party without shareholder rights, and little incentive of holding a share which could lead to a small number of shareholders.

**Recoverable costs:** If RECCo are entitled to ‘recover charges and other costs and expenses under, or in relation to each of its contracts with REC Service Providers and the Code Manager’, there must be a link to the scrutiny and management of these costs. As drafted, there is no explicit link to this type of scrutiny or cost management such that a REC Service Provider could file an expense, which RECCo passes through without scrutiny.

While there is reference to the Performance Assurance Schedule, this is insufficient to cover such a situation, since the Performance Assurance Schedule relates to the performance of a Service Provider, not necessarily the costs associated with that performance.

**Section 3: Performance Assurance**

**Q3.1: Do you agree with the proposed composition of the PAB, as set out in the Terms of Reference published with this document (see Appendix 2).**

Utilita broadly agrees with the proposed composition of the PAB. We believe it is important to have representatives from various sized suppliers, to provide a range of opinions from the sector.

We support the inclusion of Citizens Advice and believe this will go some way in ensuring that consumers best interests are well represented. However, we are concerned that making the Citizens Advice representative part of the quoracy arrangements may result in non-quorate meetings as Citizens Advice cannot be compelled to attend nor will they have items of interest at all meetings. Rather, PAB meetings should be arranged to give sufficient notice so that Citizens Advice have the opportunity to plan attendance but should not be obligated to attend.

Citizens Advice should offer challenge and act as a critical friend. The PAB should be required to have due regard to Citizens Advice views and a duty to respond appropriately. If the views are not implemented, the PAB should provide appropriate explanation as to why this was the case.



We recognise external input from performance assurance experts whom provide value and additional insight into the adherence of performance measures. We understand this is already provided under the REC Performance Assurance Code Manager role responsibilities which should provide sufficient external expertise without needing additional expertise at an additional cost for Suppliers.

**Q3.2: Do you agree that any organisation undertaking an activity governed by the REC would be within scope of the performance assurance framework in respect of those activities?**

Yes. All activities governed by the REC should be within scope of the performance assurance framework as:

1. This approach ensures the integrity of the REC; and
2. Under performance and/or failure to meet obligations needs to be identified quickly and addressed to prevent adverse effects to other organisations.

**Q3.3 Do you agree that at least one of the PAB's priorities should be determined by Citizen's Advice?**

Utilita fully support active participation from Citizens Advice and welcome the consumer focus they will bring to the table. PAB priorities, however, should be set as a collective group of experts rather than any one member/organisation having directive power to determine a priority. Citizens Advice should be able to contribute to the formation of all priorities rather than set one priority. This approach would utilise a range of expertise including consumer focused expertise to create ensuring that each objective is fair and appropriate for the PAB and the industry.

Instead, Citizens Advice should act as a critical friend, offering challenge across all topics which are relevant to consumers. The PAB, therefore, should have due regard to Citizens Advice views, to the extent that where views are not implemented, the PAB must explain and justify why that is the case.

Citizens Advice should be entitled to comment or bring forward proposals across all priorities, such that Citizens Advice influence all the priorities proposed, rather than determine one priority.

**Q3.4: Do you agree that the PAB should have discretion to escalate liabilities within a defined range if the earlier application of charges does not achieve the desired effect?**

The nature of successful performance management involves an escalating intensity of penalisation. It seems sensible that the PAB have some discretion to escalate liabilities (on the basis of Citizens Advice being an influencer on the PAB). The more delegated authority the PAB has from the RECCo Board, the more control the RECCo Board should have over the PAB to ensure that escalations are fair, proportionate, and consistent.

However, until the performance measures and subsequent monitoring (both at the PAB and RECCo Board levels) is set out in detail, it is not possible to comment further.

**Q3.5: Do you agree that suppliers with serious performance issues should face restrictions on their ability to acquire new customers until those issues are resolved?**

Utilita agrees that the PAB should have the ability to place restrictions on Suppliers regarding new registrations when Supplier performance issues affect customers, until said issues are resolved.

The circumstances and mechanisms by which this will be done has not been set out yet and thus it is not possible to comment on the practicalities or proposed use of such a method. It is vital that this ability is made when it is in the best interest of consumers and is used consistently and fairly. There needs to be checks, balances, and controls as to how and when this is used.

Any drafting and subsequent actions taken by the PAB should be cognizant of exceptions to the registration restrictions. Restricting new registrations has potential to cause unforeseen issues and may not always be in the best interest of the customer.

**Other comments:**

In the performance assurance schedule, it is not clear how the Performance Assurance Methodology is updated. The schedule infers that the PAB can make changes as and when (clause 3.3) but also implies that changes will need to go through the change process (clause 7.22d).

Section 7.3 sets out the process for updating the Performance Assurance Methodology. The section implies that the Code Manager consults with the industry without the PAB reviewing the changes. It would be sensible for the PAB to pass comment on any Performance Assurance Methodology changes before industry comment on them. Both the PAB and industry should be able to pass comment on the PAB Methodology.

10.2 does not finish.

It appears 'Retail Risks' is not a defined term. This is crucial to the entire schedule, so should be consulted on as part of its implementation into the REC.

**Section 4: Change Management**

**Q4.1: Do you support our proposals regarding the production of preliminary and detailed IA?**

The creation of the REC provides an opportunity for Ofgem and RECCo to develop best in class arrangements, learning from the experience of other codes.

Utilita notes that certain proposals seem to replicate arrangements under the Smart Energy Code (SEC) which we consider to contain a burdensome and obstructive industry code change process. For example, the proposed timescales for producing a preliminary and detailed IA within 15 and 40 Working Days are too slow. Without clear justification to why these timescales are required, Utilita cannot support this proposal when the SEC contains an overly complex and time-consuming change process in comparison to the Codes in which the REC is consolidating.

To support our concerns, we understand SECAS are currently reviewing the end-to-end SEC change process<sup>1</sup> including ways to streamline Service Provider IAs. We urge Ofgem to consider the revisit the REC IA timescales and conclude with fair, unfettered, and ambitious timescales that support a "best in class" code before the REC Change Management Schedule is baselined.

Utilita notes that preliminary IAs are proposed to be completed free of charge under the REC, however we are concerned with proposals for detailed IAs conducted by RECCo Service Providers are chargeable without any details on how costs for REC Parties will be controlled. In our experience, a barrier for efficient change under the SEC has been the cost of change provided by Service Providers, including IAs which can range up to £500,000.

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<sup>1</sup> SEC Section D 'Modification Process' review - Request for Information



The SEC consultation states that the current IA process requires industry expenditure to complete full IAs which in cases are high in cost and ‘act as a blocker’. In another example, Utilita raised SECMP0032 to improve smart prepay customer experiences however DCC advised it would incur an estimated cost of £1bn to implement the solution which halted any further Modification discussion. We welcome clarification from Ofgem in how it intends to prevent Service Provider costs becoming a barrier for change under the REC.

Utilita has several further observations in review of change management proposals:

1. We note that in the instance where the Code Manager requests an IA from an existing Service Provider who cannot meet the requirements or timescales of the IA, then the Code Manager may procure an independent assessment from an alternative Service Provider.
  - a. There needs to be proportionate action taken against the Service Provider failure – Utilita assume this would be contractually agreed but should be transparent for REC parties. Furthermore, any independent assessment needs to be triggered as soon as possible to deliver the IA as close to the deadline as possible. Utilita would support the production of further detail as to how the Code Manager is expected to achieve this.
2. The Change Management Schedule details the quality assurance role that the Code Manager shall undertake when a Service Provider IA is not deemed fit for purpose and is sent back to the Service Provider for further work.
  - a. If an IA is below the required standard and sent back for further work there needs to be some, proportionate penalty. Either a reduction in charge for the IA (this only works for detailed IAs) or punitive turnaround timescales. Without this the incentive of placing timescales on work is negated, as Service Providers could provide sub-standard work on time to prevent penalties (time or financial).

**Q4.2: Do you agree that the Change Panel should be appointed by the RECCo Board, following a process overseen by the nominations committee?**

Utilita believes that all Change Panel members should be elected by the constituencies in which they are to represent. Utilita does not support proposals for Change Panel members to be chosen by a Nominations Committee without elections taking place beforehand.

Utilita’s main comments relate to the balance of voting and the spread of input across different size and types of organisation, particularly in the supplier community. As demonstrated regularly across the industry, at other code change panels and on many of the faster switching design programme forums, different types of suppliers have different challenges and interests. Utilita would be strongly in favour of dividing the supplier representation into small, medium, large and I&C constituencies with proportionate representation from each constituency required at change meetings.

Utilita agrees that the Chair of the Change Panel should remain within the RECCo executive rather than a Code Manager to retain independence and we have no further comments on this proposal.

Standing for election at the Change Panel is a business commitment and Utilita agrees that members should receive some financial reimbursements however only in the form of paid expenses. We do not agree that parties should be funding independent consultants or advisers to sit on the Change Panel due to the operational nature of discussions to take place at the Change Panel.

**Q4.3: Do you agree that the REC should encourage shorter and more frequent Change Panels, to be held remotely where possible?**

Additional meetings place additional cost and pressure on parties. If the intention is to create a more agile and responsive change process, Utilita would support this. However, additional burden and pressure on the Change Panel when considering the proposed Service Provider IA timescales render fortnightly meetings somewhat pointless.

Taking the learning from COVID-19 and organisations own responsiveness to operational change, Utilita agrees with proposals for the meetings to be held via teleconference (e.g. Microsoft Teams). We believe this will enable greater ease of attendance and participation however teleconference facilities must be of a high quality and accessible by all organisations

**Q4.4: Do you agree with the proposed categorisation of REC documents and associated change paths?**

Utilita agrees with the categorisation of documents as proposed, however there needs to be greater clarity of how change is progressed where it affects multiple documents held across different categories. If a change is proposed to a Category 1 document for instance and the change is agreed in principle by the Code Manager and Change Panel but requires a change to a technical Category 2 document, how would the change be progressed if a Technical Group disagreed with the change?

Current proposals are also unclear as to how Category 3 document changes will be made transparent to REC Parties, and whether changes to these documents will still require oversight from RECCo to ensure the integrity of the REC and RECCo's Strategy is maintained. Although Category 3 documents do not include any obligations on market participants and will be maintained by the Code Manager or relevant REC Service Providers, the cost of any change will still fall on REC parties, so it is important the costs and benefits of any change are clearly outlined to REC parties.

**Q4.5 Do you agree that code administrators and managers should be able to raise any changes identified as necessary by the CCSG?**

Utilita supports proposals for code administrators and code managers to raise code changes as identified as necessary by the CCSG however clear criteria should first be developed which must be met each time a change is raised. For example, we would expect any REC Code Manager Change Proposal to another code as a minimum to clearly facilitate the REC objectives whilst outlining clear value for money and benefits to industry and consumers. It is important that REC Code Manager changes have at least the support from enough REC parties to warrant progression – it is vital that this does not facilitate a cottage industry within the REC Code Manager.

**Section 5: Theft Arrangements**

**Q 5.1: Do you agree that we should extend the valid reasons for an objection to include ongoing and time-bound theft investigations, and subject to monitoring by the PAB? Do you have any suggestions for the period of time during which it should be possible to maintain investigations as a reason for an objection and what should trigger the start of that period of time?**

Yes, Utilita considers that a genuine active on-going theft investigation should be a valid reason for an objection, subject to the right controls and monitoring being in place. Being able to object to a switch where there is sufficient evidence of a theft taking place would aid us, in some cases, to carry out required investigative activities before we can attempt to recover subsequent debt from a customer.

Ahead of the valid reasons for an objection being extended, regular theft investigation reporting must be in place. Currently, Suppliers are obligated under code to report the status of energy theft investigations into the Theft Risk Assessment Service (TRAS) on a monthly basis. However, we understand that the TRAS contract is not being extended beyond April 2021. We would want to see similar mandatory Supplier reporting in place to deter Suppliers from objecting to a switch unjustifiably, creating detriment to consumers.

As part of PAB monitoring, we would recommend Supplier behaviours such as sudden rises in active or prolonged energy theft investigations or increasing objection rates to be further investigated where disproportionate. It may also be worthwhile to assess Suppliers theft status conversion rates where an objection is raised. For example, theft statuses moving from being 'Under Investigation' to 'Confirmed Theft' to be confident that Suppliers are only objecting to a switch request where they have sufficient evidence of a theft taking place.

We recommend the point in which a Supplier changes a theft investigation status to 'Under investigation' which is currently reported into the TRAS, could act as the trigger to start a permitted theft investigation timeframe.

**Q5.2: Do you consider that the RECCo should be required to periodically review the effectiveness of the incentive scheme(s)?**

Utilita agrees that RECCo should be required to periodically review the effectiveness of the incentive schemes and any other theft related initiatives that involve resource commitment and investment from REC Parties. Utilita feels strongly that in a market constrained by price caps, obligations on energy Suppliers must be evidenced-based and justifiable. Energy theft should be looked at holistically by RECCo, starting with a evidence-based strategy which identifies the key problems associated with energy theft and cost effective measures to address the specific problems identified which can be monitored and revised based on their effectiveness.

**Q5.3: To what extent, if any, do you consider that the Theft Target should be reduced pending the replacement of the Theft Risk Assessment Service?**

We do not believe the loss of the TRAS will detrimentally impact on our ability to detect theft. Therefore, we do not consider that the Theft Target should be reduced pending the replacement of the TRAS. We would support Ofgem in further reviewing Supplier theft investigation behaviour i.e. reviewing TRAS reporting to understand what proportion of Confirmed Thefts were as a result of a TRAS generated lead ahead of making a decision.

Utilita would welcome further clarity on whether Suppliers will still be required to report on its monthly theft investigation status and whether anonymised reporting will be made available to understand Suppliers collective performance against the incentive schemes Theft Targets.

**Q5.4: Do you agree that the RECCo should procure a theft methodology, and use that to assess the effectiveness of a Theft Reduction Strategy, which it should also develop?**

Yes, we believe that placing an obligation on RECCo to develop a theft methodology to help assess the effectiveness of a Theft Reduction Strategy seems appropriate. RECCo should be empowered to deliver against its obligation in consultation with impacted parties.

The creation of REC and RECCo provides an opportunity to re-assess current theft reduction practices within the industry and Ofgem should support any significant calls for change to the REC where current arrangements are deemed ineffective, inefficient or unjustified by RECCo.