

Press Release

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OFGEM REINVIGORATES INDUSTRY EFFORTS TO TACKLE GAS THEFT

- **Ofgem sets out new regulatory framework to give industry new impetus to double its detection of gas theft**
- **New rules will be enforceable through suppliers' licences**
- **Ofgem welcomes industry initiatives including a 24-hour gas theft hotline**

Ofgem has today announced a new regulatory framework to reinvigorate industry efforts to tackle gas theft. This will protect consumers by giving incentives to gas suppliers to detect and prevent theft and to establish minimum standards for theft investigations.

Gas theft puts lives at risk and also increases costs for consumers. New research suggests theft could cost around £138 million a year or around £6 per household. Just under 3,000 gas thefts are detected each year which is likely to be a minority of cases. Ofgem wants to see this detection rate at least doubled.

That is why Ofgem is adding fresh impetus to industry proposals and has put forward measures to strengthen arrangements to tackle gas theft, including:

- Introducing enforceable obligations on suppliers through a new licence condition.
- Requiring suppliers to set up a cross industry theft risk assessment service to help them target investigations.
- Developing principles for an incentive scheme to give suppliers new impetus to detect theft.
- Supporting development of an industry code of practice on conducting theft investigations.

Ofgem has also given the green light for a series of industry measures, including:

- A 24-hour theft hotline to report suspected theft.
- A stolen meters register to identify where meters have been illegally switched.
- A forum for sharing best practice between suppliers and better coordination with other agencies.

Andrew Wright, Senior Partner for Markets, said: "We want to see suppliers take more action to reduce gas theft, which threatens the safety of consumers and industry workers as well making gas more expensive. This announcement today sets out a package of reforms that will help ensure the industry takes all reasonable steps to detect, investigate and prevent theft. We are pleased that the industry is also putting forward its own initiatives to tackle this problem."

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Notes to editors

1. Ofgem's proposals

The new licence condition will require suppliers to detect, prevent and investigate theft. It will also set minimum standards for theft investigations, in particular the treatment of consumers when theft is identified.

Introduction of a theft risk assessment service will help suppliers to better target investigations. It will use data analytics to identify potential theft in the same way as other markets such as water, insurance and telecommunications.

Ofgem is supporting the industry in developing a new code of practice, which will build on the proposed new licence obligations. It will provide more detail for suppliers on the appropriate standards for investigations, and subsequent actions when theft is identified, which will apply for all gas consumers.

2. Timetable for reforms

Ofgem consulted on proposed changes to the regulatory framework in August 2011. It has today set out its final proposals including a consultation on new licence obligations we hope to have in place by summer 2012. Link: <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=100&refer=Markets/RetMkts/Compl/Theft>

Ofgem expects industry to put in place the incentive scheme and code of practice by the end of the year and for the risk assessment service to be operational by the end of 2013.

3. What to do if gas theft is suspected?

If people suspect gas theft they are advised to contact their supplier (or network operator). If people smell gas they should phone the gas emergency number on 0800 111999 whether they suspect theft or not as safety must always come first.

4. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's functions are set out mainly in the Gas Act 1986, the Electricity Act 1989, the Competition Act 1998 and the Utilities Act 2000. In this note, the functions of the Authority under all the relevant Acts are, for simplicity, described as the functions of Ofgem.

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