

A vertical strip on the left side of the slide shows a close-up of electrical components, including a blue three-pronged plug and a meter with a digital display, all in a blue-tinted, slightly blurred style.

Regulatory Overview

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Contents

- Introduction
- Key themes
- Role of Incentives
- Obligations to detect and investigate theft
- Summary of arrangements in electricity and gas
- Conducting an investigation

1. Introduction

- Concerns raised to Ofgem
 - Incentives and obligations not correct?
 - Changes to market structure

- Impact on honest customers
- Safety implications

- Discussion Document Published April 04
 - No specific proposals
 - Draft principles
 - Project timetable

2. Key themes

- Scale and impact of theft?
 - Proportionality of response
 - Does the industry know?
- Industry to deliver solutions
- Ofgem principles as guidance
- Incentives and obligations correct?
 - Identify suspected theft incidents
 - Investigate and take appropriate action
 - Role of regulation and enforcement
- Justification for gas and electricity differences?

3. Incentives to detect and investigate theft?

- Are the roles and responsibilities clear?
- Are there (sufficient) commercial incentives?
- If not the case:
 - Provide incentive mechanism
 - Set regulatory obligations
 - Realistic
 - Enforceable
- Cost effective arrangements
 - Take into account cost and safety implications for customers

4. Obligations to detect and investigate theft

- Electricity Suppliers
 - Detect and prevent theft
 - Inspection read (every 2 years if continuously supplier)

- Gas Suppliers
 - Provide GT with information on suspected theft,
 - Estimate volume/amount of gas taken
 - Investigate on request from GT
 - Inspection read (every 2 years)

Continued.

- GT / DNO
 - Investigate theft in conveyance
 - GT request shipper / supplier to investigate

- Do the obligations sit on the correct parties?
- Are they clear?
- Understanding of compliance requirement?

5. Process Diagrams

6. Conducting an Investigation

- Specialised role?
 - Technical expertise
 - Customer interface
 - Evidence collection / court proceedings
- Role of local knowledge?
- Provided “centrally” by DNO or GT?
-or suppliers make own arrangements?

Continued.

- Codes of Practice
 - How mandated?
 - Relevant and up-to-date?

- Relationship between Supplier (or RPS) and customer
 - What action taken
 - Burden of proof
 - Role of revisit?
 - Energywatch complaints

Customer View

- Believe that they are likely to be caught?
Or...
- The sanctions taken against them will be meaningful?
Or...
- Both?
- Integrity of investigation

GT / DNO RPS Provision

- A licence requirement?
- Price control implications
- New DNOs
- Link to Meter Operator
 - Competition in MOP provision
- DN sales

Supplier RPS Responsibility

- 3rd Party provision (electricity and gas) vs. internal team (gas)?
- How mandated?
 - Inferred through licence
 - Explicit requirement
- Importance of local knowledge
 - Inter-supplier coordination?
 - Multi-site customers

7. Summary

- Obligations should be clear
- Commercial incentives to meet requirements
- Regulatory safeguards where necessary

- Look to industry to develop cost effective and proportionate solution

- Responses by 24th June!



Promoting choice and value for all
gas and electricity customers