

Energy Theft Seminar

Operators Perspective

David Bown - Siemens

Clarification of Issue

- Exceptions distort main issue
- Excessive complication
- Obsession with detail prevents progress.
- Different operating scenarios Gas / Electricity

Application of the 80-20 rule

Focus on the management of

'Energy theft at a single metering point'

Deterrent and Detection

Reason / Timing of change

- Emerging energy market (different gas / electricity solutions)
- Competition in metering, broken the data chain
- Business separation weakens the evidence trail
- Encouragement of self ownership
- OFGEM review of Distribution losses
- Social / Economic factors:
 - Others are getting better, e.g. Vehicle Tax Evasion, Benefit Fraud
 - Inaction is not an option -

Non detection will lead to proliferation.

Corrective logistics

Incentivisation or Enforcement

- Correct Incentivisation is self perpetuating
- Enforcement requires 'Policing' / Licensing obligations
- Incentivisation establishes a pro-active approach to the issue

Distributor or Supplier

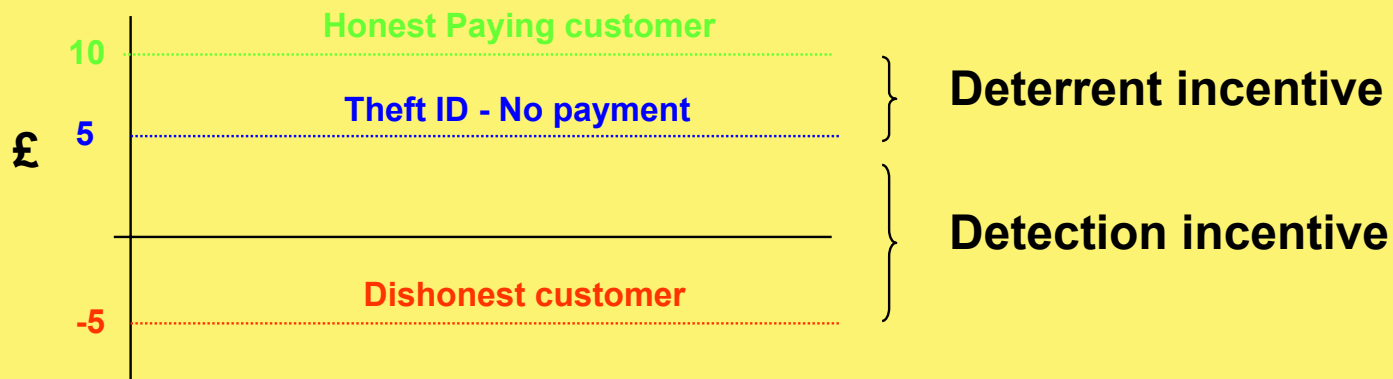
- Supplier maintains the Customer contract
- Supplier is the loser in law
- Active identification through positive DC / MO contracts
- Main contracts managed through supplier hub principle
- Supplier in best position to Punish Customer (Prevention)
- Settlements system encourages DNO more than Supplier

Implementation Considerations

- Common solution across Gas / Electricity
- Utilisation of best existing practises
- Establishment of Pro-active Recovery of Non Technical losses
- Open service provision (DNO, Agent, Supplier)
- Encouragement of RPS Code of Practice
- Recognition for proactive effort & long term corrective action

Implementation Option

- Supplier keeps monies recovered
- Review of 'Settlement re-adjustment'
 - Incentivise - Supplier short term gain, Distributor long term gain
- Where 'No recovery' costs / partial revenue from DNO / Insurance
 - Incentivise - Supplier short term gain, Distributor long term gain



- National network of operators
- Key skills identified (NVQ)
- Agree fundamentals, e.g. industry position, formula for measuring loss
- UKRPA
- Conference on 3/4 November 2004