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Dear Andrew,

Theft of electricity and gas – discussion document

Thank you for the opportunity to respond to this discussion document. BP's response is not confidential and may therefore be placed on Ofgem's website and in its Research and Information Centre. This response relates only to theft of gas.

Further to our close review of the document and attendance at Ofgem's Theft of Gas and Electricity seminar, and with the imminent implementation of metering competition, BP believes that now is an appropriate time to review the current gas industry arrangements.

As an I&C gas supplier BP has not experienced any tangible theft of gas issues as yet, however it is evident from the statistical information provided both in the discussion document and at the seminar that there is a need to update the current theft detection model.

BP believes the industry should be responsible for its own performance and therefore the industry should demonstrate a commitment to tackling the issue of theft so that this activity does not become more widespread, given the cost to customers and the potential safety risks.

Although the enforcement of Licence requirements may lead to improvements in the current detection, investigation and prevention arrangements, BP believes that other industry-based solutions should be sought. One such alternative solution, subject to review, may be to make signatory to the Theft of Gas Code of Practice a mandatory requirement. BP regards the Theft of Gas Code of Practice as a strong framework in the management of suspected and actual theft.

The overall objective should be to develop cost-effective arrangements that provide incentives to allow the industry to focus on detection of theft. Therefore, a review of the 'Reasonable Endeavours Scheme' and current cost recovery mechanisms is required in order to secure the appropriate incentives whilst simplifying current onerous procedures.

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In conclusion, BP is committed to the review of the current Theft of Gas arrangements and supports the creation of industry working groups, following the publication of Ofgem's further document in September 2004, to evaluate the scale of changes required to the existing structure.

I hope that you find our comments helpful. If you would like any further information regarding our response please do not hesitate to contact me on the number above or Costas Kolatsis on 01908 854047.

Yours sincerely,

Beverly Ord
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