

Information Note

31 August 2011

OFGEM PROVIDES FRESH IMPETUS TO INDUSTRY EFFORTS TO CUT GAS THEFT

Energy regulator Ofgem is today publishing analysis of proposed industry measures to tackle gas theft more effectively.

The industry has developed three broad options on how it can better tackle gas theft. Ofgem has analysed these options in terms of their costs and benefits from the perspective of consumers and is now consulting on these options.

Ofgem is backing these reforms with a proposed new licence condition which will ensure suppliers put in place the chosen solution or risk breaching their licences. A decision is expected by the end of the year.

As well as putting lives at risk, gas theft costs all consumers money. Industry estimates of the value of stolen gas vary widely from £64m to £220m a year (£2.70-£9.80 per customer per year).

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Notes to editors

1. The three industry proposals Ofgem is consulting on are:

A) Supplier Energy Theft Scheme (SETS)

SETS has been proposed by British Gas and would involve placing financial incentives on suppliers to detect and report gas theft.

B) Enhanced SETS

Also proposed by British Gas, this addition to SETS would set up a body to better coordinate industry response to gas theft, for example by providing management data to suppliers on gas theft and the setting up of a National Gas Theft Hotline.

C) Setting up a National Revenue Protection Scheme (NRPS)

This proposal from the Gas Forum aims for the industry to collectively tackle gas theft. It would involve setting up a central database to better target possible gas theft and would also include a theft hotline. Suppliers would then have to investigate suspected cases of theft when asked to.

2. Ofgem is the Office of 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 powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002 and the Energy Act 2004, as well as arising from directly effective European Community legislation.

For further press information contact:

Mark Wiltsher 020 7901 7006

Alison Wright 020 7901 7217

Out of hours 07766 511470