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Margaret Coaster  
Smarter Markets  
Ofgem  
9 Millbank  
London  
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By Email only

26 October 2011


Dear Margaret,

**Tackling gas theft: Response to Ofgem Consultation 112/11**

Thank you for the opportunity to respond to your consultation on tackling gas theft. Whilst we are primarily concerned with tackling electricity theft, there are strong parallels between gas and electricity and some of the proposals outlined in your consultation should also be applied to the electricity market.

Our detailed responses to the questions raised in the consultation are attached and if you would like to discuss these in more detail please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in blue ink that reads "Tony McEntee".

Tony McEntee

**Head of Commercial Policy**

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## **CHAPTER: Two**

### **Question 1: Do you agree with our proposals to introduce new gas supply licence obligations in relation to theft?**

We support the proposed licence amendments for gas suppliers which are more robust than those that currently apply in electricity. Similar licence obligations should be introduced on electricity suppliers as soon as possible. The obligation to keep records should be extended to providing these records to the gas transporter (electricity distributor) on a monthly/ quarterly basis.

### **Question 2: Do you agree that our drafting proposals set out in Appendix 3 meet the policy intent described in this chapter?**

Yes, we agree the drafting proposals meet the policy intent.

### **Question 3: Do you consider that our proposal for gas suppliers to make reasonable efforts not to disconnect vulnerable customers should apply throughout the year or be restricted to the winter months?**

It is better for consistency with other obligations on suppliers to restrict this obligation to the winter months only. It is inappropriate to have more restrictive arrangement when someone has stolen gas compared with someone with general difficulties to pay.

### **Question 4: Do you consider that gas suppliers should be required to offer vulnerable customers and customers that would have genuine difficulty paying, a wide range of methods for the repayment of charges associated with gas theft as an alternative to disconnection?**

We agree that suppliers should have alternatives to disconnection, but we recognise that disconnection may be the only option for persistent offenders. Consideration should also be given to have this is addressed when a gas transporter (electricity distributor) wants to disconnect such premises. It may be appropriate for the supplier to agree to taking on any debt to a gas transporter for previous theft and then recovering this through its range of payment methods. Disconnection should only be a last resort but must remain as an ultimate deterrent.

### **Question 5: Do you consider that Ofgem should include a licence requirement on all suppliers to establish a code of practice on, among other things, theft investigations and the detailed arrangements for compliance with our proposed consumer protection measures?**

We agree this would be appropriate. It should also include standardised arrangements where theft should be reported to the police for possible prosecution. This should not be at the discretion of individual suppliers but should be consistent across the market.

**Question 6: Do you agree that our proposed new gas supply licence should be introduced as soon as reasonably practical?**

Yes, and a similar arrangement introduced for electricity.

#### **CHAPTER: Four**

**Question 9: Which, if any, of the three proposals to increase theft detection should be implemented and why?**

The National Revenue Protection Scheme appears too onerous and it is not clear whether the problems in revenue protections are a shortage of leads or a lack of follow up by suppliers. The costs appear high and there are significant data protection issues that have still to be resolved. Whilst this approach may be needed in the future, it is not clear whether it is needed now.

The SETS scheme has merit in that suppliers who do the right thing are not penalised. A similar scheme should be introduced in electricity. Whilst there may be a justification for excluding British Gas from windfall benefits in gas, there is no reason why this should happen in electricity. Electricity suppliers should already be actively detecting theft in order to comply with their licence obligations.

The Enhanced SETS approach should not be progressed, however there is nothing to stop the additional services being provided on a commercial basis by any organisation.

**Question 10: Do you consider that there are any alternative proposals, or variations on existing proposals to improve theft detection that should be considered?**

A key aspect on theft is greater visibility across the market on leads identified and whether these are being progressed in a timely manner. Published performance information on data collectors and suppliers should be introduced so that poor performance can be more easily identified and addressed, through enforcement action if necessary.