



Harpal Bansal
Smarter Markets
9 Millbank
London
SW1P 3GE

Monday 28th May 2012

Re: Tackling Gas Theft: The Way forward

Dear Harpal,

WINGAS UK is grateful for the opportunity to present its view on the current gas theft proposals, we concur that there is scope for improvement to the current regime and are pleased to note that there is provision to protect vulnerable customers within the licence condition changes.

We do have cause to raise concerns over some of the specifics regarding the licence condition changes presented in the consultation. Specifically, while we support the intention to co-ordinate efforts to uncover incidences of theft of gas, so far there has been little in the specifics on how this is to be achieved and what costs would be associated. This point is especially relevant to WINGAS UK as our portfolio is comparatively small comprising of I&C gas customers over a small number of supply points that consume large amounts of gas. The customer profile normally associated with our portfolio is atypical of that of a profile of a customer suspected of gas theft.

In consideration of our small portfolio and the comparative ease it takes to monitor it, we have concerns that any further measures imposed upon us to detect gas may have costs associated that we would deem unbalanced and unjustified.

In the text of the consultation Ofgem have stated:

“We have clarified in the proposed new licence condition that suppliers must provide the information collected under the licence condition to the Authority on request. We will continue to work with the industry, under the proposed new Gas Theft Code of Practice, to help define Licensees likely reporting requirements under this condition.”

WINGAS UK would prefer to see significantly more detail to the specific mechanisms to be put in place to detect gas theft and the associated costs in compliance before we endorse any licence condition changes to enable cost/benefit analysis.



With regards to the Theft Risk Assessment Service (TRAS) and the incentives proposed, WINGAS considers that customers suspected of theft of gas do not typically ever switch supplier and therefore reasonably assume that a disproportionate amount by comparison to the rest of the UK supply market of gas theft lies within significantly longer established supplier's portfolios.

In light of this assumption, WINGAS would not favour a licence change to force contribution to an evenly proportioned investment scheme as it would create a biased incentive in favour of Suppliers who have been present in the market longer.

WINGAS considers that its current contribution to the AUGE is a reasonable payment towards the industry's duties to mitigate loss/theft of gas. Due to the nature of our portfolio and the extremely unlikely probability that any theft of gas could occur within it, any further contributions would be wholly unreasonable.

WINGAS UK hopes that Ofgem takes these views into careful consideration.

Rob Johnson
Metering and Regulation Manager