

Press Release

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OFGEM PROPOSES NEW RULES FOR SUPPLIERS TO TACKLE ELECTRICITY THEFT

- **Electricity suppliers could face new rules requiring them to detect, investigate and prevent theft**
- **National theft risk assessment service could be set up by suppliers**
- **Up to one third of the electricity stolen each year goes towards powering cannabis farms**

Ofgem has today put forward proposals for new rules requiring suppliers to clamp down on electricity theft.

The industry detects up to 25,000 cases of electricity theft each year and estimates that the annual cost to consumers is at least £200m or around £7 per electricity customer. According to figures provided by electricity suppliers, up to one third of the volume of electricity stolen each year is used to power cannabis farms.

Ofgem is proposing new rules that would require suppliers to detect, investigate and prevent electricity theft. These rules will be enforceable, meaning suppliers could face fines if they break them.

Suppliers would also have to set up a national theft risk assessment service to help them target premises where there are strong suspicions that electricity is being stolen. Besides the new rules, Ofgem's proposals would require suppliers and network companies to take further steps to combat electricity theft, including:

- Setting up an industry code of practice governing how theft investigations should be carried out to ensure there is a consistent approach across the industry.
- Coordinating efforts to tackle theft relating to cannabis farms with other agencies such as the Home Office and local police forces.
- Sharing best practice across industry about how cases of theft have been identified.

Andrew Wright, Ofgem Chief Executive, said: "Ofgem wants to make sure that consumers are paying no more than they need to for their electricity, and lives are not put at risk. It's critical that suppliers do all they can to clamp down on electricity theft. This is why Ofgem is introducing new rules to encourage better theft detection.

"The reforms build on similar obligations we introduced at the start of this year for suppliers to address gas theft more vigorously. All these measures will help to improve the confidence of consumers, who want reassurance that the energy market is fair."

Ofgem is pressing suppliers to introduce a 24-hour hotline for customers to report suspected theft. Suppliers are also required to bring forward proposals to Ofgem for a financial incentive scheme which will further encourage them to detect and prevent theft.

An initial consultation on Ofgem's proposals has been published today and the deadline for responses is 28 August. Ofgem anticipates having the licence condition in place for suppliers to detect, investigate and prevent theft early next year and is proposing that the theft risk assessment service will be up and running in the first quarter of 2015.

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Notes to editors:

1. Ofgem's consultation on the new obligations for suppliers to tackle electricity theft is available on this link:
<http://www.ofgem.gov.uk/Markets/RetMkts/Compl/Theft/Pages/Theft.aspx>

2. The obligations on suppliers to tackle gas theft are set out in this release:

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=20130108-Gas-theft-licence.pdf&refer=Media/PressRel>

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