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Chiara Redaelli
Smarter Markets
9 Millbank
London
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By email: smartermarkets@ofgem.gov.uk; chiara.redaelli@ofgem.gov.uk

28 August 2013

Dear Chiara,

Re: Tackling electricity theft – Consultation (ref 100/13)

ElectraLink welcomes the opportunity to respond to this consultation and is supportive of Ofgem's intentions to address this issue.

In our capacity as Code Administrator for the DCUSA we have been closely involved with the development of the theft of electricity arrangements, facilitating the development of 'Revenue Protection Code of Practice'¹ which is currently awaiting Authority Consent and the implementation of DCUSA Change Proposal 080A 'Theft in Conveyance'.

As Code Administrator for the SPAA we have also engaged in the development of the theft of gas arrangements and have worked with SPAA Parties to develop the 'Theft of Gas Code of Practice'² which was implemented in March 2013.

ElectraLink has also been appointed as the Project Manager for the requirements gathering, procurement, testing and implementation of the gas Theft Risk Assessment Service (TRAS)

¹ DCUSA DCP 054

² SPAA CP 12/226





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on behalf of SPAA Ltd. From developing robust project governance and a fit-for-purpose procurement strategy to the development of TRAS requirements and supporting SPAA Change Proposals, we understand the complexities that come with executing collective industry party initiatives against their obligations when time and quality is of the essence.

Recognising the importance of sound planning and ensuring service requirements are agreed prior to embarking on a formal procurement, we are soon to issue a Request for Information (RfI) to the service provider market for the gas TRAS. Intelligence gathered from this exercise will be harnessed to ensure the TRAS requirements in the subsequent Request for Proposal (RfP) phase provide for innovative solutions and reflect good practice.

We believe the gas TRAS project has and will continue to generate a wealth of learning from which the electricity TRAS will benefit. Therefore, whilst we consider it more appropriate for impacted industry parties to answer the specific questions asked in the consultation, we have set out some key points which, based on our experience, we consider may be of relevance to Ofgem in the continued development of the proposed obligations.

Licence Obligations

Our experience indicates that mandating requirements through licence is an appropriate and effective way of placing common obligations on groups of parties. It is important that the obligations are developed in an open and consultative manner in line with Ofgem's standard practices. We consider that early sight of the proposed licence obligations is always of value, as is allowing a lead time with any implementation to allow parties to become compliant.

We recognise the importance of making the licence obligations as detailed and unambiguous as possible. This will allow the detailed operational processes required to discharge the obligations to be effectively developed by industry. A lack of clarity can lead to differences in interpretation or create uncertainty which can result in delays in the development of any industry solutions which enable the licence conditions to be met.





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Where any industry developed solution requires the procurement of a new service where there are few benchmarks for success, it is especially important to ensure neither the licence obligations nor prescribed solution stifle the ability of potential service providers to innovate in their service offering.

Robust Governance

Identifying a robust governance vehicle, e.g. one of the existing industry codes, for the development of the enduring arrangements offers a number of advantages including: inclusivity of all relevant licenced parties; established industry forums for debating and developing issues; established decision making and change processes; and agreed funding mechanisms. In our experience, mandating requirements through licence, with defined delivery timescales, for discharge through a prescribed code, is the most effective way of realising objectives and delivering operational practices.

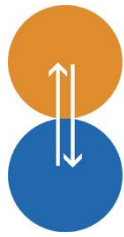
Ofgem's continued involvement in the development of the electricity theft obligations will be critical. We consider that Ofgem would have a key role to play in guiding industry parties on matters which they were unable to firstly resolve between themselves, to provide direction, advice and clarify the proposals where necessary and to track the progress of developments in a transparent and open manner.

Timescales

With the potential benefit of leveraging off the gas TRAS, we believe the proposed milestone for implementation of the electricity TRAS in Quarter 1 of 2015 is demanding but achievable. The electricity TRAS will need to be supported by vigilant project management. Having a clear plan, tracking critical path activities, risks and issues and sharing this information on a "no-surprises basis" with key parties is of utmost importance.

We would also encourage electricity TRAS stakeholders to consider translating their licence obligations in existing industry codes at an early stage in the TRAS' development. This will





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help parties to identify issues up-front and mitigates the risk of compromising the procurement resulting from changing service requirements at a later date.

Impact on Theft of Gas Arrangements

Following instruction from Ofgem, the gas TRAS project has been working to the Direction issued pursuant to paragraph 8 of Condition 12A of the Standard Conditions of the Gas Supply Licence. The gas TRAS RfI includes a statement to say that whilst the rationale for the gas TRAS and electricity TRAS are effectively the same, nothing in the proposal for an electricity TRAS will affect progress of the gas TRAS procurement.

Should Ofgem consider that its proposals, or responses to the consultation, for tackling electricity theft have any impact on the procurement of the gas TRAS service, e.g. a dual fuel solution, we would request this be brought to the attention of the SPAA Executive Committee as a matter of urgency in early October, prior to the scheduled release of gas TRAS RfP.

Should you require any further information please contact me directly.

Yours Sincerely,

Elizabeth Lawlor

Governance Services

Development Manager

