



## **Ofgem Consultation – Tackling Electricity Theft The Way Forward**

### **Response from E.ON**

#### **General Comments**

We continue to be supportive of efforts by Ofgem to reduce the occurrences of electricity theft in the market.

The proposed suite of measures collectively would seem to support this aim although we note from the accompanying Impact Assessment that all measures suggested need to be implemented for a positive business case for customers to be realised.

Some of the measures have been left with industry participants to implement and these will need the continued support and involvement from Ofgem to ensure that they are successfully delivered.

#### **Answers to consultation questions:**

- 1. Do you agree with the drafting of our licence condition on:**
  - a) the objective for tackling theft of electricity**
  - b) the Theft Arrangement**
  - c) our proposed standards for theft investigation?**

Mostly these seem reasonable and in line with the stated policy intent. However we note there are differences between the drafting regarding vulnerable customers in the electricity and gas licences with regards to managing theft (e.g. SLC 12.A.1 (b) (ii)). This is unhelpful for dual fuel suppliers were it creates unnecessary potential compliance risks.

We believe that it would be better for the electricity supply licence conditions to mirror those that already exist on this issue in the gas supply licence.

- 2. Do you agree with our proposal to direct the implementation of the Theft Risk Assessment Service (TRAS)?**

Yes, the implementation of a TRAS service should aid the industry in identifying cases of electricity theft and will ultimately act as a deterrent to future potential thieves.



**3. Do you agree with our proposed requirements for the TRAS and the related drafting of the proposed direction?**

Yes, these seem in line with those for the gas TRAS service and therefore allow for the industry to implement a dual fuel service which will be more efficient.

**4. Do you agree we should require the TRAS to be implemented by 31 March 2015?**

The proposed Licence condition to '*implement*' the electricity TRAS by the end of March 2015 is preferable to that used in the gas licence which requires the service to be '*operational*' by a specific date.

As this is a new service for the industry we are uncertain as to the exact length of time it will take for the service provider to become established. Although it is within the ability of suppliers to appoint a TRAS service provider we are not able to directly control the time when services will become operational. We therefore agree with the proposed wording of the electricity Licence condition and believe that it will stop suppliers inadvertently being collectively in breach of the TRAS regulations.

We are concerned around the proposal for the electricity TRAS to be implemented by the end of March 2015. A SPAA workgroup (with the assistance of DCUSA) has been developing a high level plan for the implementation of a dual fuel TRAS service to allow the industry to successfully deliver against the new obligations.

This work has suggested that implementation in March 2015 may be challenging. Particularly as discussions to date regarding the requirements for the gas TRAS has demonstrated that there are significant differences in opinion between stakeholders regarding some of the detailed specifications for the service. This is also the first time that the energy sector has collectively contracted for a service such as this and therefore the procurement process may take longer than usual.

We would therefore recommend that the implementation date be amended to the 1<sup>st</sup> July 2015 to recognise the level of activity that will be required from industry parties in agreeing the specification for the service and appointing a service provider.