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2 April 2014

Tackling Electricity Theft - The way forward: final decision and notice of modifications to the electricity supply licence

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

We share Ofgem's view that theft of electricity has serious cost implications for honest customers who bear the cost of theft. Electricity theft also impacts suppliers who lose revenues, incur costs in tackling theft incidents, and have to manage the associated safety risk to their employees and agents. Theft of electricity can also have serious safety consequences for customers as well as other individuals in close proximity.

We agree that improved arrangements to detect and prevent theft are likely to have consequential benefits for customers and the market more widely and we welcome the action that Ofgem is taking in this area.

Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the issues raised in our response or have any queries, please contact Dan Simons on 07875 113701, or myself.

I confirm that this letter and its attachment may be published on Ofgem's website.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Paul Delamare'.

Paul Delamare
Head of Downstream Policy and Regulation

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Attachment

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EDF Energy's response to your questions

Chapter two

Q 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?**

Broadly speaking, EDF Energy agrees with the proposed amendments to the electricity Supply Licence Conditions (SLCs). The proposed licence obligations should help to ensure that all suppliers undertake activity to detect and prevent electricity theft in a consistent manner. In particular we welcome the decision from Ofgem to seek to align the new electricity theft SLC with the gas theft SLC 12A wherever possible.

However, we also note that the drafting of SLC 12.A.1 (b) (ii) has not been amended to reflect its counterpart in the gas SLCs (also 12.A.1 (b) (ii)). As a result, not only does the draft electricity SLC continue to propose a broader definition of vulnerability than the gas SLC, but now also a broader definition than proposed for the Standards for Theft of Electricity Investigations (12A.11 (a) (i)) detailed later in the draft electricity SLCs.

Any inconsistency between the gas and electricity definition of vulnerability could lead to a situation where customers are treated differently by the supplier dependent on whether gas or electricity theft is identified. If Ofgem is to avoid such unintended consequences and deliver effective theft arrangements it is vital that SLCs are consistent and deliver a coherent regime for customers and suppliers across both electricity and gas.

We would, therefore, urge Ofgem to bring the drafting of 12A.1 (b) (ii) into line with gas SLC 12A.1 (b) (ii) and proposed drafting for electricity SLC 12A.11 (a) (i).

Finally, 12A.11 (h) requires some minor typographical amendment as the sub clauses presently start at (iii) rather than (i).

Chapter three

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

Yes.

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

Yes.

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

No. We would urge Ofgem to withhold direction of an implementation date, at least for the time being.

As noted in the consultation document, a dual fuel TRAS working group has been set up under the auspices of SPAA and DCUSA to facilitate the procurement of a joint TRAS. This working group is currently developing a revised project plan, including timetables up to the award of a dual fuel TRAS contract.

It is imperative that the procurement of a TRAS service provider takes place over a realistic timeframe if the service is to be effective, proportionate and strike a reasonable balance between the benefits to consumers and the cost of implementation.

We would therefore, welcome Ofgem engagement with the working group to ensure the timelines proposed in the project plan are reflected in the delivery dates included in the direction to electricity licensees and any revision to the direction previously issued to gas licensees.

**EDF Energy
April 2014**