

**To: All holders of a electricity supply licence**

**Electricity Act 1989  
Section 11A(1)(b)**

**MODIFICATION OF THE STANDARD CONDITIONS OF THE ELECTRICITY SUPPLY  
LICENCE UNDER SECTION 11A OF THE ELECTRICITY ACT 1989**

**WHEREAS**

1. Each of the companies to whom this document is addressed (a "Licence Holder") holds a electricity supply licence granted, or treated as granted, pursuant to section 6(1)(d) of the Electricity Act 1989 ("the Act").
2. In accordance with section 11A(2) of the Act the Gas and Electricity Markets Authority ("the Authority") gave notice on 4 March 2014 ("the Notice") that it proposed to insert a new standard licence condition 12A and modifications to standard licence conditions 1 and 27 the electricity supply licences and requiring any representations to the modification to be made on or before 2 April 2014.
3. In accordance with section 11A(4)(b)(ii) of the Act, the Authority gave such notice of its intention to make the modifications to the Secretary of State and has not received a direction not to make the modification.
4. Prior to the close of the consultation period in respect of the Notice, the Authority received 10 responses. All non-confidential responses have been placed on the Ofgem website.
5. The Authority has carefully considered in relation to the proposed modifications all representations received.
6. The reasons for the modifications are to protect consumers' interests by putting in place proportionate arrangements to proactively tackle electricity theft. Further detail, including the reasons for any differences between the modifications set out in Schedule 1 and those set out in the Notice, have been published by the Authority in the letter accompanying this Notice.
7. The effect of the modifications will be to ensure that each Licence Holder makes reasonable efforts to detect, prevent and investigate theft and protect consumers' interests in undertaking this activity. This will be achieved by including an overarching objective and detailed requirements to detect, prevent and investigate theft, requiring the introduction of a Theft Arrangement as directed by the Authority, introducing specific standards for theft investigations and for the treatment of customers once theft is detected and introducing supporting definitions.
8. Minor changes were made to the licence drafting consulted on and these are highlighted in Schedule 1 to this modification direction.
9. Where an application for permission to appeal the Authority's decision is made to the Competition and Markets Authority under section 11C of the Act, Rule 5.7 of the Competition Commission's Energy Licence Modification Appeals Rules, as adopted by the Competition and Markets Authority, requires the appellant to send to any relevant licence holders who are not parties to the appeal a non-confidential notice setting out the matters required in Rule 5.2. The attached Schedule 2 provides a list

of the relevant licence holders in relation to this modification direction. The meaning of "relevant licence holder" is set out in section 11A(10) of the Act.

**THEREFORE**

In accordance with the powers contained in section 11A(1)(b) of the Act, the Authority hereby modifies the standard licence conditions of the electricity supply licences in the manner specified in the attached Schedule 1. This decision will take effect on and from 3 July 2014.

This document constitutes notice of the reasons for the decision to modify the electricity supply licences as required by section 49A of the Act.

**The Official Seal of the Gas and Electricity Markets Authority  
here affixed is authenticated by the signature of**

A handwritten signature in black ink, appearing to read 'Rob Church', written in a cursive style.

**Rob Church, Associate Partner Smart Metering and Smarter Markets - Duly  
authorised on behalf of the Gas and Electricity Markets Authority**

**7 May 2014**

## **SCHEDULE 1**

### **Condition 12.A. Matters relating to Theft of Electricity**

#### **Objective**

12.A.1 The objective of this licence condition (the “Objective”) is to ensure that:

- (a) the licensee and any Representative individually and/or in cooperation with other licence holders where necessary:
  - (i) detect Theft of Electricity;
  - (ii) investigate suspected Theft of Electricity;
  - (iii) prevent Theft of Electricity once detected;
  - (iv) prevent Theft of Electricity by other means such as deterrence and the security of the supply in respect of any premises supplied by the licensee; and
- (b) when taking the steps mentioned in sub-paragraph 12.A.1(a), the licensee and any Representative:
  - (i) behaves and acts towards Customers in a manner which is fair, transparent, not misleading, appropriate and professional; and
  - (ii) takes into account whether Domestic Customers and/or the occupants of Domestic Premises are of Pensionable Age, disabled or chronically sick and/or Domestic Customers at Domestic Premises will have difficulty in paying all or part of the Charges for the Supply of Electricity resulting from Theft of Electricity.

**Deleted:** in a vulnerable situation, such as customers

12.A.2 The licensee must take (and ensure that any Representative takes) all reasonable steps:

- (a) to secure the achievement of the Objective; and
- (b) to avoid doing anything which jeopardises its ability to achieve the Objective.

12.A.3 The steps which the licensee must take (and ensure that any Representative takes) to secure the achievement of the Objective include, without limitation, the steps

which are detailed at paragraphs 12.A.5 to 12.A.15 of this condition, and the obligations set out in Clause 30.9 (Damage or Interference) of the Distribution Connection and Use of System Agreement.

- 12.A.4 In respect of premises not supplied by the licensee, its obligations under paragraphs 12.A.1 and 12.A.2 are limited to the provision of notification required by Clause 30.9 (Damage or Interference) of the Distribution Connection and Use of System Agreement.

#### **Requirement to detect, prevent and investigate Theft of Electricity**

- 12.A.5 In respect of any premises supplied by the licensee, the licensee must take (and ensure that any Representative takes) all reasonable steps to detect and prevent Theft of Electricity.
- 12.A.6 Where, in respect of any premises supplied by the licensee, the licensee has reasonable grounds to suspect Theft of Electricity, it must take (and ensure that any Representative takes) all reasonable steps to investigate that suspected Theft of Electricity.

#### **The Theft Arrangement**

- 12.A.7 The licensee must be a party to, comply with, and maintain such arrangement to give effect to the Objective, as the Authority may direct (the "Theft Arrangement").
- 12.A.8 The licensee:
- (a) must take such steps as are necessary and within its reasonable control; and
  - (b) must not take any unreasonable steps to prevent or delay,
- to ensure that the Theft Arrangement is implemented by such a date as the Authority may direct.
- 12.A.9 The licensee must take all reasonable steps to secure and implement changes required by the Theft Arrangement and its systems, procedures and processes which are necessary to give full, timely and practical effect to the Theft Arrangement.
- 12.A.10 The licensee must take all reasonable steps to cooperate with other licence holders where necessary, to facilitate the achievement of the Theft Arrangement.

#### **Standards for Theft of Electricity investigations**

- 12.A.11 The licensee must ensure (and ensure that any Representative ensures) that the following standards are met when it is taking any of the steps referred to in paragraphs 12.A.1, 12.A.2, and 12.A.3 of this condition at particular premises:

- (a) The licensee must take (and ensure that any Representative takes) all reasonable steps to identify whether
  - (i) the Domestic Customer and/or the occupants of those premises which are Domestic Premises (in this condition “the relevant premises”) is of Pensionable Age, disabled or chronically sick; and/or
  - (ii) a Domestic Customer at the relevant premises will have difficulty in paying all or part of the Charges for the Supply of Electricity resulting from Theft of Electricity;
- (b) The licensee must take (and ensure that any Representative takes) into account the Domestic Customer’s ability to pay all or part of the Charges for the Supply of Electricity resulting from Electricity Theft when calculating instalments, giving due consideration to:
  - (i) relevant information provided by third parties, where it is available to the licensee; and
  - (ii) where instalments will be paid using Prepayment Meter, the value of all of the charges that are to be covered through that meter;
- (c) Where the licensee or any Representative has identified persons of a category described in sub-paragraphs 12.A.11(a)(i) and/or (ii), the licensee or any Representative must before seeking to Disconnect the relevant premises, as a minimum offer the Domestic Customer to pay those Charges for the Supply of Electricity by using a Prepayment Meter, where it is safe and reasonably practicable in all the circumstances of the case for the Domestic Customer to do so;
- (d) Where the licensee or any Representative knows or has reason to believe that there may be persons of a category described in sub-paragraph 12.A.11(a)(i), the licensee or any Representatives must take all reasonable steps not to Disconnect the supply of electricity to the relevant premises in Winter;
- (e) The licensee must have (and ensure that any Representative has) sufficient evidence to establish (on the balance of probabilities) the Statutory Disconnection Power before stopping the supply of electricity to the premises on grounds of Theft of Electricity;
- (f) Where Theft of Electricity has been established, the licensee must comply with the relevant requirements of the Distribution Connection and Use of

System Agreement and the Balancing and Settlement Code in respect of that Theft of Electricity;

- (g) The licensee must have (and ensure that any Representative has) sufficient evidence to establish (on the balance of probabilities) that Theft of Electricity has occurred as a result of that Customer's intentional act or by culpable negligence before requiring payment of all or part of the Charges for the Supply of Electricity relating to that Theft of Electricity; and
- (h) The licensee must provide (and ensure that any Representative provides) in plain and intelligible language, clear, timely and accurate information and advice to the Customer about:
  - (iii) the basis of any assessment made by the licensee (or its Representative) that Theft of Electricity occurred;
  - (iv) the basis for the calculation of any Charges for the Supply of Electricity associated with the Theft of Electricity made to the Customer;
  - (v) what steps the Customer should take if they wish to dispute that Theft of Electricity occurred; and
  - (vi) the steps a Customer may take to reinstate supply if the licensee (or its Representative) has exercised the Statutory Disconnection Power.

12.A.12 The licensee must keep (and ensure that any Representative keeps) a record of its compliance with its obligation under this licence condition.

12.A.13 The licensee must take all reasonable steps to establish management arrangements that facilitate the licensee's compliance with its obligations under this condition, including, as appropriate, steps to ensure that any Representative, agent and subcontractor of the licensee establish equivalent arrangements.

12.A.14 The licensee must provide to the Authority, in such manner and at such times as the Authority may reasonably require, such Information as the Authority may require or deem necessary or appropriate to enable the Authority to monitor the licensee's compliance with this condition.

12.A.15 The licensee is not required to comply with paragraph 12.A.14 if it could not be compelled to produce or give the Information in evidence in civil proceedings before a court.

**Definitions for Condition**

12.A.16 In this condition:

<b>Theft of Electricity</b>	includes, but is not limited to; (a) circumstances described in paragraphs 5(1) (Restoration of connection without consent) and 6(1)(a) (Damage to electrical plant etc) of Schedule 6 to the Electricity Act 1989 in so far as they relate to a electricity supplier;  (b) circumstances described in paragraph 6(1)(b) (Damage to electrical plant etc) of Schedule 6 to the Electricity Act 1989; and  (c) circumstances described in paragraph 11(1) (Interference with meters) of Schedule 7 to the Electricity Act 1989
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**Condition 27. Payments, Security Deposits, Disconnections and final Bills**

*[Introduce new paragraphs after SLC 27.11B]*

27.11C Paragraphs 27.5 to 27.11B shall not apply where the licensee is considering exercising its Statutory Disconnection Power.

**Condition 1. Definition for standard conditions**

*[Insert new definition in SLC 1.2]*

<b>Statutory Disconnection Power</b>	means paragraphs 5(3)(Restoration of connection without consent) and 6(3) (Damage to electrical consent etc) of Schedule 6 and paragraph 11(3) (Interference with meters) of Schedule 7 to the Electricity Act 1989
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## **SCHEDULE 2**

Addito Supply Limited  
Altitude Energy Supply Limited  
Angel Energy Limited  
Axis Telecom Limited  
AXPO UK Limited  
Barbican Power Limited  
Better Energy Supply Limited  
BizzEnergy Limited  
British Gas Trading Limited  
Co-Operative Energy Limited  
Coulomb Energy Supply Limited  
Crown Oil Limited  
Dong Energy Power Sales UK Limited  
Donnington Energy Limited  
E.ON Energy Solutions Limited  
Economy Energy Supply Limited  
Economy Energy Trading Limited  
Economy Power Limited  
EDF Energy Customers Plc  
Electricity Plus Supply Limited  
Emexconsult Limited  
Energy COOP Limited  
ETUL Limited  
Europa Energy Supply Limited  
Extra Energy Supply Limited  
Farmoor Energy Limited  
First Utility Limited  
Flow Energy Limited  
GNERGY Limited  
Good Energy Limited  
Green Energy Limited  
Haven Power Limited  
Holborn Energy Limited  
Home Counties Energy Plc  
Hudson Energy Supply UK Limited  
I Supply Electricity 2 Limited  
I Supply Electricity 3 Limited  
I Supply Electricity Limited  
ICS Energy Limited  
Jetstream Energy Supply Limited  
KAL-Energy Limited  
Kensington Power Limited  
Lightning Energy Supply Company  
Limited  
Loco2 Energy Supply Ltd.  
Lorimer Power Limited  
Marble Power Limited  
Nationwide Electricity Limited  
Neas Energy Limited  
Npower Direct Limited



Npower Limited  
Npower Northern Limited  
Npower Northern Supply Limited  
Npower Yorkshire Limited  
Npower Yorkshire Supply Limited  
Open4Energy Limited  
Opus Energy (Corporate) Limited  
Opus Energy Limited  
Opus Energy Renewables Limited  
OVO Electricity Limited  
Paddington Power Limited  
Pan-Utility Limited  
R Electrics Limited  
Regent Power Limited  
Reuben Power Supply Limited  
Scottish Power Energy Retail Limited  
SEEBOARD Energy Limited  
Simply Electricity Limited  
Sirocco Energy Supply Limited  
Smart Electricity Limited  
Smarter Eco Energy Ltd  
South Wales Electricity Limited  
Spark Energy Supply Limited  
SSE Energy Supply Limited  
Supply Energy Limited  
Symbio Energy LLP  
The Renewable Energy Company  
Limited  
UK Healthcare Corporation Limited  
Utilita Energy Limited

AMRECS LLC  
BES Commercial Electricity Limited  
Better Business Energy Limited  
Blizzard Utilities Limited  
BP Energy Europe Limited  
Brilliant Energy Limited  
British Energy Direct Limited  
Dual Energy Direct Limited  
E.ON UK Plc  
Eco Green Management Limited  
Ecotrade Solutions Limited  
Electricity Direct (UK) Limited  
Eneco Energy Trade BV  
Energy Data Company Limited  
EPG Energy Limited  
ETUL Limited  
F & S Energy Limited  
Gazprom Marketing & Trading Retail  
Limited  
GDF Suez Marketing Limited  
IPM Energy Retail Limited  
Krave Management Limited  
Lourdes Associates Limited  
MA Energy Limited

Morgan Stanley Capital Group Inc  
Nordjysk Elhandel A/S  
Power4All Limited  
Rocpower Limited  
S. C. Isramart SRL  
SmartestEnergy Limited  
Statkraft Markets GmbH  
Team Gas and Electricity Limited  
The Nuclear Decommissioning Authority  
Total Gas & Power Limited  
Tradelink Solutions Limited  
Universal Bioenergy Limited  
Utility Partnership Limited  
Uttily plc  
Vattenfall Energy Trading GmbH  
VPI Immingham LLP  
Wilton Energy Limited  
Winnington Networks Limited

Please see <https://www.ofgem.gov.uk/publications-and-updates/all-electricity-licensees-registered-addresses> for further information