

Chiara Redaelli
Ofgem
9 Millbank
London
SW1P 3GE

2 April 2014

Dear Chiara,

TACKLING ELECTRICITY THEFT - THE WAY FORWARD

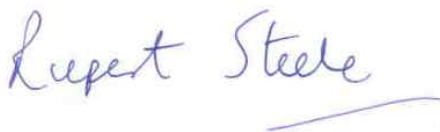
We are pleased to respond to your statutory consultation on a new supply licence condition on tackling electricity theft and your accompanying consultation on proposals for a Theft Risk Assessment Service (TRAS).

With regard to the proposed licence condition, we welcome Ofgem's clarification of its policy intent, that 'vulnerability in cases of theft should be considered by looking at the impact of a disconnection from electricity supply, rather than considering the challenges faced by an electricity consumer in engaging with energy markets'. However, we are unsure whether the revised drafting of proposed SLC 12A.1(b) does reflect this policy intent. This depends on the extent to which the use of the words "such as" limit the categories of vulnerability to those close to the examples given or whether other categories (such as lack of internet access) might be caught.

We would be grateful for clarification of this by Ofgem and believe the policy intent could be more clearly reflected by adopting the exact wording of the gas licence condition 12A, or alternatively by replacing "such as" with "of such a nature as" or perhaps inserting the word 'relevant' before 'vulnerable situation'.

We support the proposal to direct the implementation of the TRAS and we agree with Ofgem's proposed requirements for the TRAS and the relating drafting of the proposed direction. We believe that industry should be given sufficient time to procure, develop and thereafter implement a TRAS solution which will support the detection and future prevention of theft. We would therefore suggest that Ofgem should consider not specifying an implementation date for the TRAS at this stage but instead require that periodic updates are provided by the Project Team to inform Ofgem of progress in securing the services of a TRAS.

Yours sincerely,



Rupert Steele
Director of Regulation

**TACKLING ELECTRICITY THEFT - THE WAY FORWARD
SCOTTISHPOWER CONSULTATION RESPONSE**

Question 1: Do you agree with the drafting of our licence condition on:

a) the objective for tackling theft of electricity

The proposed objective for tackling electricity theft includes a requirement in Condition 12A(b)(ii) that (emphasis added):

- (b) when taking the steps mentioned in sub-paragraph 12A.1(a), the licensee and any Representative:
 - (i) [...]
 - (ii) takes into account whether Domestic Customers and/or the occupants of Domestic Premises are **in a vulnerable situation, such as customers** 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.

This contrasts with the equivalent condition in the gas theft objective which requires that:

- (b) when taking the steps mentioned in sub-paragraph 12A.1(a), the licensee and any Representative:
 - (i) [...]
 - (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 Gas resulting from Theft of Gas.

Ofgem's previous draft (July 2013) used the phrase "such as – but not limited to –". Ofgem has removed the words "but not limited to", in response to concerns about the broad scope of 'vulnerable situations', acknowledging that 'vulnerability in cases of theft should be considered by looking at the impact of a disconnection from electricity supply, rather than considering the challenges faced by an electricity consumer in engaging with energy markets.'¹ Whilst this clarification of the policy intent is helpful, it is unclear whether the change to the licence drafting is sufficient to match this policy intent. Removing the words "but not limited to" changes the emphasis, but it is unclear how far the phrase "such as" limits the types of vulnerability or whether the following items are no more than examples.

We believe the policy intent could be correctly reflected by omitting the words "in a vulnerable situation, such as customers" so as to match exactly the wording of the gas licence condition 12A. This would be consistent with Ofgem's view that 'the new electricity theft SLC should be aligned as much as possible with the gas theft SLC 12A.'²

Alternatively if Ofgem considers there are situations other than those listed where consumers may be vulnerable to disconnection, the policy intent could perhaps be achieved by replacing "such as" with "of such a nature as" or inserting the word 'relevant' before 'vulnerable situation'.

¹ Condoc para 2.12

² Condoc para 2.13

b) the Theft Arrangement

We agree with the proposed drafting.

c) our proposed standards for theft investigation?

We agree with the proposed drafting.

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

We support the proposal to direct the implementation of the TRAS.

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

The proposed Direction replicates that already in place for Gas Suppliers. We therefore agree with Ofgem's proposed requirements for the TRAS and the relating drafting of the proposed direction.

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

ScottishPower has proactively participated within the development of the TRAS Project managed under the Supply Point Administration Agreement Executive Committee (SPAA EC). Currently SPAA EC (Gas) and the Distribution Connection Use of System Agreement Panel (DCUSA Panel) are jointly drafting the dual fuel TRAS Project Plan outlining key milestone and deliverables for a dual fuel TRAS solution. We believe it is fundamental to the success of the TRAS that an innovative solution is delivered to support Suppliers' existing initiatives aimed at enhancing the opportunity to detect and prevent theft occurrences.

The TRAS Project Plan will include an outline of estimated delivery timescales for reaching Contract Agreement with the Service Provider and implementation of the full TRAS solution. However until such time as the exact details of the proposed TRAS solution are known including the extent of Supplier interaction with the TRAS and the timing and extent of data that Suppliers will have to provide, the exact date of proposed implementation cannot be finalised. However we believe that while the TRAS and Suppliers are working towards full implementation, following the appointment of the TRAS, other supporting aspects of the TRAS solution can be scheduled, eg development of the theft tip-off line, stolen meter databases and alliances with third parties.

We believe that industry should be given sufficient time to procure, develop and thereafter implement a TRAS solution which will support the detection and future prevention of theft. We would therefore suggest that Ofgem should consider not specifying an implementation date for the TRAS at this stage but instead require that periodic updates are provided by the Project Team to inform Ofgem of progress in securing the services of a TRAS.

ScottishPower
2 April 2014