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Tackling Electricity Theft - The way forward

Dear Chiari,

SmartestEnergy welcomes the opportunity to comment on Ofgem's second consultation on tackling electricity theft.

SmartestEnergy is a supplier in the half hourly electricity market and an aggregator of embedded generation. We have recently entered into the NHH market (as of October 2013).

As we have previously stated our main concern with these proposals is that if the focus is on domestic theft, we would question whether this is really an issue for HH or non-domestic suppliers.

Ofgem have noted our concerns about non-domestic suppliers paying disproportionately more because most theft happens at domestic premises and consider that this risk could be addressed by setting different targets for the domestic and non-domestic sectors. However, this does not go far enough because there is likely to be much more theft in the SME market than in the I&C market.

We note that Ofgem state that the scheme should allow NHH and HH theft volumes to be reported separately, but profile class also needs to be used as a means of fair allocation. In our view the simplest way of doing this in the short term is to direct for fair allocation (not just reporting) within the following groups: PC 1-2, PC, 3-4, PC 5-8 and HH. However, in the longer term it is important that the original grouping is known as more meters become half hourly through Smart Metering and AMR.

The proposals are still too ill-defined for us to know exactly how we will be impacted. The risk remains that particularly small suppliers would be negatively affected by the smearing of costs related to undetected theft and that the regulatory burden to monitor these matters, if not properly controlled, could far outweigh the disbenefit Ofgem have identified.

We are also surprised why there are no proposals for greater co-ordination between suppliers which could help trace bad payers who have flitted elsewhere.

We answer the questions in the consultation document in order below:

Question 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?

We have no comment on the drafting save that we believe that the methodology for the Theft Target should explicitly direct for fair allocation between and within the following four categories: PC 1-2, PC, 3-4, PC 5-8 and HH. In the absence of this there is a risk of inequality between different classes of supplier.

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

No comment

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

No comment

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

No comment



If you have any questions, please do not hesitate to contact me.

Please note that our response is not confidential.

Yours sincerely,

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