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Richard Hume,
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6th April 2017

Dear Richard,

Energy Theft Code of Practice – UR Second Consultation

Thank you for the opportunity to comment on the second consultation on the Energy Theft Code of Practice.

SGN Natural Gas are supportive of the proposals set out in the consultation document as we believe they will ensure that energy theft is addressed in a co-ordinated and co-operative way. We agree with the approach that more detailed industry procedures should be developed during the period between the consultation process being finalised and the implementation of licence modifications currently proposed for the end of March 2018. We would however suggest that the need for a collaborative approach between Distribution Operators and Gas Suppliers might impact on the timeline for delivery and some provision should be included to allow for a review of the timelines when the process to develop the industry procedures is underway.

Section 2.35 of the consultation relates to the industry costs for implementation;

2.35. We would also propose that this concept is applied to the development of the gas industry procedures. However given that there are three gas DNOs we propose that the DNOs share the co-ordinator role and that they could decide between themselves to nominate one DNO to be overall co-ordinator. In relation to the issues regarding costs, at this stage our view is that the Energy Theft Code is re-structuring and improving activities that are already being carried out. We do not expect that this will lead to any additional costs. If roles, responsibilities are clarified and procedures are streamlined across the sectors we would expect that this could reduce overall costs.

As we outlined in our response to the previous consultation provided on 12th September 2016, SGN Natural Gas have concerns about how this activity will be funded. GB experience has been that significant costs have been incurred by the industry with only a portion being recovered from the

offending customers. Until decisions have been made in relation to the detailed industry procedures, as a Distribution Network Operator it is difficult to determine the actual cost impact.

SGN Natural Gas believe further discussion will be required as part of this process to ensure costs incurred by the industry are proportionate to the need and that an appropriate cost sharing mechanism is employed. We reiterate the views outlined in our first response that the processes implemented should not in themselves place an additional cost burden on existing consumers that is greater than that imposed by the theft costs themselves.

In addition to the high level concerns we have outlined above we have also commented on the drafting of the code of practice below. We note a number of minor typos within the Draft Code of Practice for the Theft of Gas provided alongside the consultation document. Firstly there is an inconsistent use of the abbreviation 'DNOs' throughout the document, the plural is omitted in some instances where it should be included. The term 'customer' has been replaced with the term 'consumer' throughout the draft code of practice, however this has not been consistently applied; there are still references to 'customer' within the document.

Finally in paragraph 5.11 of the Draft Code of Practice for the Theft of Gas appears to be missing a reference. The sentence states:

However where Theft of Gas is evident, or where further inspection and/or testing are required to confirm, then the licensees must comply with the following requirements set out in the following steps.

The document does not list the steps to comply with but appears to move straight into listing the information that a licensee must provide while any investigation into suspected theft is ongoing. Perhaps this is the intention, but it is not clear to the reader.

I hope you find these comments useful.

Yours sincerely



Chris Shine

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