



**Energy Theft Code of Practice
(Second consultation)**

April 2017

1 Introduction

- 1.1 The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (NI) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland (NI).
- 1.2 The Consumer Council has specific statutory duties in relation to energy, postal services, transport, and water and sewerage. These include considering consumer complaints and enquiries, carrying out research, and educating and informing consumers.
- 1.3 The Consumer Council welcomes the opportunity to respond to the Utility Regulator's (the Regulator) second consultation on an Energy Theft Code of Practice (CoP).

2 Revised proposal for the requirements of, governance arrangements for, and compliance with, the Energy Theft Code

- 2.1 The Consumer Council expressed its support for a single set of NI industry proposals for the gas industry in the original consultation. As such we welcome that it is the favoured approach. We are committed to working with the gas industry to help ensure that this approach delivers clear and effective procedures.

- 2.2 The proposal to give NIE Networks the role of principle co-ordinator in drafting the electricity industry procedures is in our view, a common sense approach. The proposal for gas DNO's to share drafting responsibilities should ensure a co-ordinated and sharing of best practice that will hopefully deliver clear and effective procedures, with a single DNO adopting a principle co-ordinator role like that of NIE Networks. The Consumer Council would very much welcome the opportunity to be part of these proposed working groups.
- 2.3 The Consumer Council acknowledges the Regulator's work in seeking to develop and implement industry wide Energy Theft Codes. It is therefore clear in our view that it should adopt an adjudication role if specific concerns arise during the development of industry procedures.
- 2.4 The Regulator's proposal to delay publishing licence modifications until industry procedures are near completion is clearly the best approach. More importantly in our view, the proposal to monitor licence compliance through retrospective submission of reports from each licensee is a valuable and necessary element. As outlined in our original consultation submission, the Consumer Council values transparency and such reports enable stringent monitoring to ensure licence compliance.

3 Revised proposals for the principles underpinning the Energy Theft Code

3.1 Where feasible, the Consumer Council welcomes openness and transparency. As previously acknowledged, we understand certain aspects on energy theft must remain confidential. However in our view, it is disappointing that the principle “Collect and report data associated with Theft of Energy” has been removed from the proposals.

3.2 We acknowledge licensees will be required to complete Compliance Reports for the Regulator under the principle of “Communication and reporting”. This however differs from the principle of “Collect and report data associated with Theft of Energy”. Its objective was to enable the collection and collation of data in usable reports that can be shared throughout industry and to the Regulator as and when required. In essence it provided real time information.

3.3 In our view the retrospective reporting offered by the principle of “Communication and reporting” will offer means of review and evaluation. However it differs from sharing of real time reporting that could help industry specifically identify and target energy theft as it happens. As the Regulator and industry is aware, the Consumer Council is seeking to achieve a unified Energy Theft

deterrent message through an awareness campaign. The potential benefits of real time data sharing is that industry could identify and issue deterrent media messages that target energy theft in real time when trends are identified.

- 3.4 The Consumer Council does not believe the revised principle of “Customer Vulnerability” is as comprehensive as the original proposal:

Customer Vulnerability – *In all interactions with customers in relation to Theft of Energy, each licensee must take 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 Relevant Costs resulting from Theft of Energy. Licensees must give appropriate consideration to the needs of these customers.*

- 3.5 The Consumer Council is strong in its belief that energy theft has a whole household impact. We therefore disagree with the proposal to remove reference to “and/or occupants of domestic premises...” We note the Regulator outlines that this principle also applies to the household if there is any member of the household defined as vulnerable. Therefore we see no basis for the removal of this stipulation.

4 Revised proposals for high level design of the Energy Theft Code of Practice

- 4.1 The Regulator has welcomed suggestions of appropriate measures for vulnerable households and referenced tailoring communications and providing electric heaters if disconnected as examples. The Consumer Council would prefer maintaining supply to consumers identified as being vulnerable or in a vulnerable situation.
- 4.2 We understand that there will be instances when disconnection is necessary, especially for safety reasons or repeated theft. We would however seek a commitment that all reasonable steps are taken to avoid the disconnection of supply for vulnerable consumers. We believe that disconnection of supply being the absolute last resort would provide the strongest measure to protecting genuinely vulnerable households.
- 4.3 In respect of objections to switching in cases of suspected meter tampering, we acknowledge network operators and suppliers favoured Option 1, whereas consumer groups, including the Consumer Council favoured option 2.
- 4.4 We note the argument was presented that the system works well in gas and there is no evidence it is being abused by suppliers. It is

important to note that domestic gas prices in Greater Belfast where competition exists have been non competitive and there is a lack of enthusiasm from consumers to switch supplier, unlike electricity. The Regulator's most recent Quarterly Transparency Report for Quarter 4, 2016 shows 32,295 domestic electricity switches in the period compared to only 148 for gas. We therefore do not believe that the example of natural gas is an appropriate yardstick to use.

- 4.5 The Consumer Council remains supportive of Option 2 whilst also recognising there may be a risk of it being abused, especially if those accused of energy theft regularly switch supplier. It would therefore be necessary for suppliers to place stringent monitoring upon consumers accused of energy theft.
- 4.6 In light of the Regulator's proposal to make no current changes; we fully agree that this issue requires further debate and consideration by the electricity industry. Especially if as highlighted in the first consultation paper, there is a risk of supplier objections on unreasonable grounds.
- 4.6 If you would like further information or to discuss any issues in this paper, please contact Mark Crawford on 028 9025 1640 or mark.crawford@consumercouncil.org.uk.



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