

NIE Networks' Response to the Utility Regulator's Second Consultation on the Energy Theft Code of Practice

7 APRIL 2017

Introduction

Northern Ireland Electricity Networks (NIE Networks) welcomes the opportunity to respond to this consultation published by the Utility Regulator on 7 February 2017. Our response is set out below.

A. General issues raised in the Consultation Paper

We recognise the importance of the Code of Practice setting out clearly defined roles and responsibilities with regard to Energy Theft, as well as the value in these roles and responsibilities being streamlined. We note however that the Utility Regulator (in paragraph 2.35) does not expect that the introduction of the Code of Practice will lead to any additional costs, which we consider should be an important principle for all parties to keep in mind in developing the associated industry procedures. As a general principle, were the introduction of the Code to lead to a material increase in costs borne by NIE Networks, we would expect that this would be recoverable through an appropriate adjustment to NIE Networks' price control arrangements.

As an indication of timings, the Utility Regulator refers (in paragraph 3.27) to the new industry procedures and the new licence condition being in place by 31 March 2018. NIE Networks considers this timescale will be challenging and welcome the Utility Regulator's commitment (in paragraph 6.4) to align implementation of the new licence condition with the completion and implementation of industry procedures.

B. Detailed drafting - Appendix 1: Draft Code of Practice for the Theft of Electricity

We are generally supportive of the proposed arrangements set out in the draft Electricity Code of Practice and have confined our comments by exception to a small number of areas where we consider change or further clarity is required.

1. Technical advancements Paragraph 3.2

This paragraph requires the DNO to where possible adopt technical advancements in equipment aimed at deterring and preventing electricity theft. As per our comments to the first consultation, we consider this obligation is too widely drafted and could potentially leave NIE Networks exposed to major cost increases. For example, smart metering technology would potentially improve resilience to electricity theft, however any decision to adopt this technology is clearly subject to wider regulatory agreement and price control considerations. This and similar strategic metering decisions should fall outside the remit of this Code of Practice.

This second consultation paper remains silent on this point. For the avoidance of doubt, we suggest that the following clause is added to the end of paragraph 3.2 of the Code of Practice:

'Any material increase in costs borne by the DNO – for example, in respect of smart metering and/or any other significant technical development that is aimed at deterring or preventing electricity theft – will be subject to approval by the Utility Regulator and be recoverable through adjustment to the DNO's price control arrangements.'

2. Keeping up-to date Paragraph 3.5, 4.6 and 5.21

The drafting of these paragraphs solely places a requirement on the DNO to keep up-to-date with the latest methods for preventing, detecting and investigating electricity theft. We consider these requirements should also be placed on Suppliers consistent with the obligations set out in paragraph 1.3.

3. Prioritising Investigations Paragraph 5.2

The drafting places a requirement for each instance of suspected theft to be investigated promptly. As per our comments to the first consultation, it is our concern that this may suggest each instance should be investigated in order against a defined timeline i.e. each treated equally, rather than each being prioritised on their merit in light of an initial assessment of safety considerations and the strength of evidence available. This established approach aligns with the first principle of the Code of Practice, that safety is a key consideration, and in our view should be clearly articulated within paragraph 5.2 for the avoidance of doubt.

We would suggest the drafting of paragraph 5.2 should be amended to read ‘where an instance of suspected theft is identified the DNO and suppliers must take all reasonable steps to promptly *assess from the information provided, the risk presented to safety and the potential for theft of electricity and on that basis prioritise investigation* of that suspected Theft of Electricity and must have procedures in place setting out the arrangements for such investigations.’

4. Repeat site visits Paragraph 5.4

The intent of the current drafting of the final part of the final sentence is unclear and we would suggest is removed.

‘To meet reasonable endeavors, if the DNO cannot gain access to the relevant electricity equipment on the first site visit, the DNO must make at least one other site visit to the premises to attempt to gain access, ~~except where a second or subsequent visit would represent a safety concern.~~’

5. Consumer Council literature Paragraph 5.12 and 5.18

The draft Code of Practice requires licensees to provide customers with a specifically named Consumer Council information sheet, ‘Support and advice in Northern Ireland’. This raises the potential for the Code of Practice (and its requirements on licensees) to become out of date if this information sheet were to be replaced, discontinued or renamed by the Consumer Council. We would suggest that this requirement is expressed more generically e.g. ‘this will include relevant Consumer Council information as specified by the Consumer Council from time to time and’