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Dear Richard,

Energy Theft Code of Practice, Second Consultation

Power NI welcomes the opportunity to respond to the Second Consultation on the Energy Theft Code of Practice published by the Utility Regulator (UR).

As stated in our response to the first consultation on this topic, Power NI believes that energy theft, particularly in the electricity sector has become an increasing problem in recent years. Energy theft is a criminal activity and not a victimless crime. The costs associated with the stolen units in large part are borne by the generality of consumers, including vulnerable customers. It is therefore inherent upon the Utility Regulator, mindful of its statutory duties, to ensure the energy industry has robust and effective policies and procedures in place to ensure the prevention, detection and resolution of fraud cases.

The updated draft of the Theft of Electricity Code of Practice has positioned the Code at a principle level with detailed procedures to be drafted by industry. While Power NI welcomes and supports this approach we remain concerned that the Code neither requires nor facilitates the creation of any tangible downside to energy theft. As the UR is aware, historically, only a limited number of illegal abstraction of electricity cases have ever been taken. It is assumed that this is because a remedy exists in the form of repayment. Power NI is concerned that consumer education and innovative metering solutions will not provide sufficient preventions or deterrents. As stated above, failure to adequately prevent energy theft costs all customers, including vulnerable customers.

It is in that context that Power NI is disappointed that the UR has not seen merit in immediately aligning switching arrangements in gas and electricity. As stated in our initial response, Power NI considers giving suppliers the right to object to a customer switch where there is a reasonable suspicion of tampering as entirely appropriate. The procedure should be such

that it is now open to abuse by suppliers however believes that the role of NIE Networks as the 'common services provider' provides an independent route for assessment. It is unclear and therefore the UR has not made the case as to why it believes that the gas arrangements are working well yet the same arrangements in electricity would be open to abuse.

Power NI is equally disappointed that the UR has without explanation not approved a mechanism to allow an electricity supplier to process an erroneous transfer in relation to a customer who has switched away and NIE Networks subsequently have proven theft has taken place i.e. force a switch back of a customer who has committed electricity theft and has switched in attempt to avoid charges, commonly referred to as 'debt hopping'.

The UR position facilitates a window of opportunity, whereby a customer who knows that a meter will test positive for fraud can switch away before testing is complete and avoid the charges from their old supplier. Evidence exists of customers who have switched to avoid debt flagging between suppliers during the period of investigation and billing. Such debt hopping is only discovered after debt chase commences and the use of an erroneous transfer process would allow suppliers redress against customers who abuse the market procedures. Again, the UR should be anxious to avoid debt hopping as the costs associated for this are ultimately paid by the generality of customers.

The UR has also mandated that additional information sheets including the Consumer Council's support and advice in Northern Ireland information sheet should be given to customers by suppliers. While not opposed to the idea Power NI would welcome the UR sharing any evidence it has to the usefulness and/or effectiveness of this information requirement. This is important due diligence as the provision of information and its associated printing and postage does incur cost and therefore a cost benefit analysis is merited.

In general terms however Power NI welcomes the use of a principled based approach and utilisation of the helpful common services model in the electricity context. Addressing the above issues could improve the effectiveness of the Code even further.

Power NI remains committed to assisting the UR in developing an effective Code of Practice in relation to Energy Theft and will engage with the industry workshops charged with developing procedures in an open, transparent and constructive manner.

Yours sincerely



William Steele
Power NI