



Consultation: Consultation on proposed transactional charges associated with electricity metering activities

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Introduction

The Consumer Council welcomes the opportunity to respond to the Utility Regulator's (UR) consultation on proposed transactional charges associated with electricity metering activities. The Consumer Council recognises that meter tampering poses a problem in Northern Ireland, with the majority of consumers being impacted through higher unit prices as a result of the small minority of those who engage in meter tampering. The Consumer Council is also concerned at the safety risks posed by meter tampering which endanger not only the individuals directly involved in tampering, but also those living in homes with tampered meters and neighbours living next to properties with a tampered meter.

This document will outline the Consumer Council's responses to the consultation questions in order, with additional information provided where it is relevant.

Question 1 – No response.

Question 2 – The Consumer Council believes it is appropriate for NIE to levy a transactional charge in instances of meter tampering. Where criminal activity has occurred, it would not be appropriate for the body of consumers to bear the cost of meter replacement, nor should electricity suppliers or NIE have to pay for the cost of work undertaken. It is therefore appropriate that the charge should be paid by the individual proven to have tampered their meter. If the cost of meter replacement was shared across the entire consumer base, the risk of having to pay the transactional charges if caught meter tampering would not be present, weakening the deterrent to engage in the activity.

It is essential, however, that the amount recovered is reflective of the costs incurred by NIE and that the money is recovered in a non-punitive manner. The Consumer Council recognises it is standard practice for suppliers to recover lost revenue via prepayment meters with a percentage of each vend collected by the supplier to make up for lost funds. It would be appropriate for any individuals proven to have tampered their meters to be offered the choice to pay the transactional charge either as an upfront payment, in instalments, or via a prepayment meter. While the electricity suppliers' licences prevent

them from recovering more than 40% of each vend, special attention should be afforded to the financial situation of each individual concerned, recognising that in many cases, individuals who have tampered their meter will be in poverty or be at risk of poverty. This issue is addressed in greater detail in response to question 5.

The Consumer Council believes it is essential that the licence conditions which prevent suppliers from recovering more than 40% of each vend for debt accrued through the non-payment of bills, also apply to the recovery of debt accrued as a result of meter tampering.

Question 3 – It is of fundamental importance that transactional charges are only passed on to bill payers where meter tampering has been proven following forensic analysis of the meter by NIE. Suppliers must not, under any circumstances be permitted to interpret reductions in use, no matter how drastic, as proof of meter tampering. There are many reasons why consumption could drop significantly, for example, children leaving home, or a return to work after an extended period of sickness or unemployment. It is also not sufficient that it is proven that a meter has been tampered with, it is necessary that it is proven that the tampering occurred during the period in which the current occupant of a property was resident. There could be instances in which an individual moves into a property where the meter has been tampered by a previous occupant and in such circumstances it would be wrong to require the current occupant to pay for the criminal activity of a predecessor.

It is stressed in the response to question 2 that it would be unfair for transactional charges to be shared across all consumers, and the Consumer Council believes it is equally unfair that the consumer base should bear the costs of mistakes made by electricity supply companies. The Consumer Council is firmly of the opinion that where a supplier suspects tampering but on analysis of the meter the consumer is found not to have engaged in tampering, the supplier should pay the transactional charges involved, not pass the cost on to the consumer base. The supplier should also be required to offer redress to consumers to reimburse them for time taken off work to facilitate visits from NIE staff in instances where meter tampering is investigated and found not to have occurred.

Question 4 – Where it is proved that an individual has tampered with a meter, the costs associated with the investigation and replacement of the meter should be passed on to the individual guilty of the tampering. The individual should be offered the opportunity to pay the charges up front, in instalments, or via a prepayment meter.

To avoid the need for repeat visits and therefore duplication of potential charges NIE should take all reasonable steps to inform an individual suspected of meter tampering of the need for NIE operatives to visit the property to examine whether meter tampering has occurred and replace the meter if tampering is evident or remove the meter for testing if tampering is not evident but magnetic interference is suspected. The Consumer Council believes it is essential that NIE and the electricity suppliers work on the premise that the individual may not be guilty of meter tampering and therefore the visit should be arranged at a time convenient to the individual, outside standard office hours if required. On initial contact, the individual should be informed that if no one is present to grant access to the NIE operatives at the time agreed for the visit, additional visits will be required and the cost of the additional visits will be borne by the individual if they are found guilty of having tampered their meter.

Question 5 – The Consumer Council recognises that in many instances of meter tampering the individuals involved are in poverty or at risk of poverty. It is important that where individuals are proven to have tampered with their meter the supply companies ensure they recover lost revenue and transactional charges at a rate that is manageable for the individual concerned. If an individual engages in meter tampering because they are in a financial situation where they cannot afford to pay for the electricity they use, placing that individual on a high percentage recovery rate will place the individual in an impossible position. It must also be recognised that in many instances where a meter has been tampered, children living in the property will be disadvantaged when revenue is recovered, despite the fact they have not been responsible for the tampering and the revenue recovery rate should be determined in light of this factor.

The Consumer Council agrees with the UR that it is essential that suppliers provide consumers with clear information regarding next steps following the identification of meter tampering. In addition to the

information which the UR indicates suppliers should provide, the Consumer Council believes information should also be included concerning organisations which offer advice and support regarding debt issues, housing services, and health and social services. The Consumer Council has worked with the gas network operators to develop a “household alert” list containing this information to be provided to gas customers at risk of disconnection and believes it would be useful to develop a similar document in conjunction with the electricity suppliers and NIE.

The Consumer Council believes there is a need for the UR to develop a code of practice on energy theft. The Consumer Council welcomed both the UR’s identification of the need for such a code of practice in its Forward Work Programme for 2015-16 and its commitment to work with stakeholders on the prevention of, and processes for dealing with meter tampering outlined in the recent Consumer Protection Strategy consultation.

It would be very helpful for the various energy suppliers to be required to follow standardised rules when investigating instances of meter tampering and recovering revenue when meter tampering is proven to have occurred. The code of practice should also determine the rates at which revenue can be recovered via prepayment meter vends in instances where the individual found guilty of meter tampering is a vulnerable consumer, for example, if the individual is elderly, disabled or caring for disabled dependents, in fuel poverty, or unemployed. The code of practice should also set terms of redress for consumers who are investigated on suspicion of meter tampering and found not to have tampered their meter.

The consumer Council would welcome the opportunity to work in partnership with the UR, the electricity suppliers, and NIE to develop a code of practice on gas and electricity meter tampering which provides a uniform and fair approach to dealing with meter tampering in Northern Ireland.

Question 6 – The Consumer Council considers that where a consumer who is in the process of switching supplier is suspected of tampering their meter, the switch should be temporarily halted until it is determined whether or not tampering has taken place. If it is proven

that tampering has occurred, the supplier from which the consumer sought to switch should recover the cost of the transactional charges and lost revenue from the consumer. The Consumer Council is of the opinion that once a meter has been replaced with a tamperproof meter, the consumer should be permitted to complete the switch. A mechanism should be agreed between the suppliers to ensure the revenue lost by the initial supplier is returned to it by the supplier to whom the consumer has switched via a percentage of each vend made by the consumer.

Where a consumer has completed a switch and it is found that their meter has been tampered, the supplier to whom they have switched should pass the transactional charges on to the consumer. A mechanism should be agreed by the suppliers to reimburse the revenue lost to the supplier from whom the consumer has switched if forensic analysis of the meter determines that electricity was stolen while the consumer was with the previous supplier.

Additional issues for consideration

Metering programme

The Consumer Council recognises NIE is required to undertake a programme of meter replacement and recertification over the period of the RP5 price control with approximately 142,000 credit meters and 72,000 keypad meters to be replaced. The Consumer Council is concerned that this work has begun prior to the Department for Enterprise, Trade and Investment (DETI) making a decision concerning whether to roll out smart meters to 80% of consumers by 2020 to comply with the requirements of the European Union Third Internal Energy Package (IME3). If DETI decides to proceed with the Smart Meter roll out, and the recertified and replaced meters are considered insufficiently “intelligent” to meet the requirements of IME3, consumers in Northern Ireland will have paid needlessly for the replacement and recertification of existing meters. Therefore the Consumer Council believes NIE should be permitted to postpone the meter replacement and recertification programme until DETI makes its decision regarding the smart meter roll out and NIE should be permitted additional time to complete the programme if DETI decides not to proceed with the introduction of smart meters.

Awareness raising

The Consumer Council believes there is a need for an awareness raising campaign to highlight to consumers that meter tampering is an illegal activity, and where tampering is proven to have occurred, the revenue lost to the suppliers and the transactional charges will be recovered.

If you would like further information or to discuss any issues raised in this paper please contact Andy McClenaghan on 028 9025 1621 or andy.mcclenaghan@consumercouncil.org.uk.



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