

Information Note

31 October 2012

OFGEM SETS NEW RULES TO TACKLE GAS THEFT

New rules meaning that gas suppliers will have to be much more proactive at stamping out gas theft are set to come into force from January 2013.

Gas theft puts lives at risk and also increases costs for consumers. Research suggests theft could cost around £138 million, or around £6 per household per year. The new regulations require gas suppliers to detect, prevent and investigate gas theft.

As well as meeting the new rules, suppliers will also be required to set up a cross industry theft risk assessment service to help them target investigations. This body will analyse and identify when theft may be happening. Similar bodies already exist in the water, insurance and telecommunications sectors.

At present, almost 3,000 gas thefts are detected each year and Ofgem wants to see the new theft risk assessment service help suppliers to at least double this figure to 6,000.

Ofgem's decision on the new regulations has been published today. These are due to come into force on 7 January 2013. From this date suppliers will be required to be more proactive at tackling theft. They will also have until 31 March 2014 to implement the theft risk assessment service. Ofgem is also currently consulting on applying this approach to the electricity market.

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Notes to editors

1. Besides the package announced today, suppliers and stakeholders are also taking forward other initiatives that will help theft detection. These include:

- A scheme to provide stronger commercial incentives for gas suppliers to detect theft. This will give them more certainty of recovering the costs of investigating theft.
- A code of practice for theft detection to help gas suppliers. It will include minimum standards for how investigations should be conducted to ensure a consistent approach across the industry.
- A 24-hour theft hotline to report suspected theft.

2. What to do if gas theft is suspected?

If people suspect gas theft they are advised to contact their supplier (or network operator). If people smell gas they should phone the gas emergency number on 0800 111999 whether they suspect theft or not as safety must always come first.

3. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's functions are set out mainly in the Gas Act 1986, the Electricity Act 1989, the Competition Act 1998 and the Utilities Act 2000. In this note, the functions of the Authority under all the relevant Acts are, for simplicity, described as the functions of Ofgem.

4. Tackling Gas Theft - New requirements for gas suppliers

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=136&refer=Markets/RetMts/Compl/Theft>

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