



By email only

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Your ref

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Proposed Incentive Arrangements for Gas Distribution Networks

Dear Jacob,

npower welcomes the opportunity to respond to the Ofgem consultation on the proposed incentive arrangements for Gas Distribution Networks (GDN) in relation to theft in the course of conveyance and unregistered sites. We are supportive of new measures to improve the current situation and agree that there is a need for GDNs to investigate theft to protect the interests and the safety of all consumers. Theft is not only costing consumers but also places them at risk of danger. It is our duty to make a positive difference by protecting consumers from the costs associated with theft and the impact it has on consumers from a health and safety perspective by ensuring there are effective measures in place. Please see below our responses to your consultation questions.

Question 1: Do you think that our proposal better incentivises GDNs to investigate theft than the existing arrangements?

Yes, we do generally agree that the proposal better incentivises GDNs to investigate theft. Although GDNs may be taking more of a risk, there is potential for them to profit through this incentive scheme. However, this is wholly dependent on whether GDNs are willing to take that risk. There is currently very little data concerning theft and the increase in data concerning GDNs investigations would provide a better insight into the impact of this incentive.

Question 2: Do you have an alternative suggestion for incentive arrangements?

No.

Question 3: Are GDNs able to provide any historical information on your costs and recoveries in relation to theft investigations?

N/A

Question 4: Would the information we have set out above be sufficient to monitor the operation of the proposed new arrangements?

We feel that more needs to be done in order to monitor the operation of the proposed new arrangements. We owe a duty of care to our customers to protect them from the consequences of theft. We feel that it is important to collect data to examine the benefits derived from this incentive. This would provide a simple method of determining whether further changes are required to protect consumers and businesses from theft.

There are also some specific points, which we wish to make:

- I. **Data:** It would be beneficial to publish reporting highlighting how many cases of theft have been investigated by GDNs and their current success rate in order to see the benefits derived from this incentive. The increased financial incentive is expected to have an impact on the number of theft cases investigated by GDNs and we would like to see data in terms of number of cases investigated and success rates when this incentive is in place. GDNs should submit information concerning their investigations more frequently to effectively monitor the operation of this incentive in order to analyse the benefits of the proposed incentive and to make any necessary amendments to improve the proposed arrangements or introduce further arrangements. We also feel the importance of publishing data to improve transparency in the energy market and for other parties to be aware of the benefits from this incentive.
- II. **Benchmarking Performance:** We can appreciate that there is currently very little data available relating to theft in conveyance. An appropriate future development could be to benchmark GDNs performance on theft to ensure everything is being done to protect consumers and the energy market as a whole. The collection of data on theft investigations will provide the ability to monitor performance and determine whether GDNs are investigating all possible cases of theft. This could better incentivise GDNs to investigate theft.
- III. **Law:** We would like to stress the need for further development and the importance of deterring theft of both gas and electricity. Although section 13 of the Theft Act 1968 creates a specific offence of abstracting electricity, we would like to see this amended to include gas. We would also like to see real consequences for repeat offenders and greater enforcement of the law.

Yours sincerely

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Regulation