National Energy Action Northern Ireland’s response to the Utility Regulator’s Energy Theft Code of Practice Consultation

September 2016
About NEA

NEA is the national charity working to ensure affordable warmth for disadvantaged energy consumers. NEA’s strategic aims include influencing and increasing strategic action against fuel poverty; developing and progressing solutions to improve access to energy efficiency products, advice and fuel poverty related services in UK households and enhancing knowledge and understanding of energy efficiency and fuel poverty.

NEA seeks to meet these aims through a wide range of activities including policy analysis and development to inform our campaigning work, rational and constructive dialogue with decision-makers including regulatory and consumer protection bodies, relevant Government Departments, the energy industry, local and national government and develops practical initiatives to test and demonstrate the type of energy efficiency programmes required to deliver affordable warmth. Our educational and training initiatives have recently won the National Ashden Award which recognised the importance of improved knowledge and understanding of domestic energy efficiency among consumers and communities and their work to upskill the workforce across the energy industry.

Fuel Poverty in Northern Ireland

The latest Northern Ireland House Condition Survey, while carried out in 2011, indicated that 42% of all households in Northern Ireland were in fuel poverty. This by far outstrips the rest of the UK and the size and scale of the problem here makes it one of the biggest issues facing our society today.

The adverse health consequences of cold homes are well recognised and documented, in particular cardio-vascular and respiratory illnesses impact greatly on the older population. In Northern Ireland last year (August 2014-July 2015), there were 870 excess winter deaths in Northern Ireland, the highest since 2009/10. The total number of deaths registered increased by 8%, winter deaths by 11% and non-winter deaths by 7%. On average, 218 more deaths occurred each month between December 2014 and March 2015, than occurred in each of the remaining months of the year in question. The cold does kill.
Our Response

NEA welcomes the opportunity to respond to this consultation. We acknowledge that energy theft is a growing problem that has safety consequences and impacts on all consumers. We have heard that the size and scale of this issue, where undetected, could be applying a cost of up to £18 on all household bills which is unfair and impacts disproportionately on vulnerable and low income households.

That said we have a few observations which we believe should be considered when setting up the processes to deal with the problem. We believe that in understanding some of these issues a softer approach should be taken, in the first instance, to deterring the practice and enabling households to voluntarily stop using magnets or any other tampering method.

It is our understanding that the growth in energy theft has occurred mainly around the use of electricity and prepayment meters which have been installed in circa 40% of all households.

While we reiterate our position that no one should be acquiring energy through deception, we believe that the current practice of acquiring a magnet and attaching it to a meter appears so inoffensive and non-invasive, that it is conceivable to assume that many people undertaking this practice may not be aware that indeed a theft has occurred. Additionally, anecdotally the practice seems so wide spread that there is an ambivalence within households and communities leading to a sense that no crime has been committed. We have also heard that funding applications have been made to funding bodies for magnets for prepayment meters to improve energy efficiency. If these magnets are being confused for energy efficiency measures then there clearly exists confusion within communities.

We also know that many households undertaking the practice may be struggling due to low income and a stressed household budget. As such these individuals and families believe that taking energy via this method is the only way to make ends meet and put food on the table.

Sensitivities should be incorporated into the response to energy theft and we understand that this level of detail will be consulted upon in the formation of the CoP. It is imperative that vulnerable households are provided with protection in the design and outworking of this CoP.
It is with this in mind that we believe that in the first instance, an awareness raising campaign should be undertaken to ensure householders understand that any practice outlined above or indeed any direct tampering of meters is indeed theft and not a victimless crime. This awareness raising campaign should go hand in hand with advice provision around genuine energy efficiency/switching advice, benefit maximisation etc.

We also believe that to truly understand the key issues presented in this paper and any proposals around the design of any new CoP, a working group should be established. This working group should include all relevant stakeholders and include the views of those who have succumbed to energy theft.

**List of Consultation Questions**

1. **Do you agree that where this consultation has an impact on the groups listed, those impacts are likely to be positive in relation to equality of opportunity for energy consumers?**
   
   It is somewhat difficult to answer this question in the light of the fact that we do not have information on how the CoP will play out for people with disabilities or households with dependents. For example if a single parent mother is found to have tampered with a meter and has young children:
   
   - will she have her supply cut off?
   - will she be required to pay an upfront charge to have supply?
   - will she have a criminal record?

   It is possible that the CoP could have a negative impact on some energy consumers.

2. **Do you consider that the proposals for the development of the Energy Theft Code of Practice need to be refined in any way to meet the equality provisions? If so, why and how? Please provide supporting information and evidence.**

   As above, it is difficult to make an informed judgement until we have more information on the outworking of the CoP.

3. **What is your view on the proposed arrangements for the industry procedures resulting from the Energy Theft CoP?**

   We agree with the overall objective of the Energy Theft CoP to protect domestic and business consumers from safety issues and costs related to energy theft. We believe that there should be a campaign to increase awareness of the problem which, if pitched
correctly, could significantly reduce the occurrence in the first instance. We also agree
that clear roles and responsibilities should be established and monitoring of the
processes, actions and outcomes should be carried out in a timely fashion. This
monitoring should enable the Utility Regulator (UR) to react to any adverse issues in a
swift manner. The practices emerging from the CoP should also be open and
transparent for all. If it can be demonstrated that this cannot be the case, it should be
clear why and as best practice ensure that as a minimum standard, the Consumer
Council are involved.

4. **What is your view on the proposed arrangements compliance with the Energy
Theft CoP?**
We believe that compliance should be mandatory.

5. **What is your view on the proposed arrangements for future reviews of the Energy
Theft CoP?**
We agree with the position outlined in the document.

6. **What is your view on the proposed principles underpinning the Energy Theft
Code of Practice?**
We understand that it is pragmatic to have a high level principled approach to the
Energy Theft CoP. However, we would like to see more detail on how the energy
companies propose to put these principles into practice. While a lot of this should be
demonstrated during the compliance stage, we need to know that it will be monitored,
how it will be monitored and who will monitor that these principles are being adhered to.
The monitoring and outworking of the principled approach is fundamental to ascertaining
the success of this model. Interpretation of the principles will vary and it will be
imperative that adequate training is provided to the industry to ensure that the principles,
in their truest sense, are adhered to.

7. **What is your view on the proposal for mandatory compliance with the Energy
Theft CoP through the introduction of new licence modifications?**
We believe that the UR has rightly proposed that the introduction of the new licence
modifications should be mandatory. The seriousness of the issue warrants this
approach.
8. What is your view on the proposals deterring theft within the Energy Theft Code of Practice?
We agree with the proposals to deter energy theft. Installation of the tamper resistant meters will go some way in deterring customers as will an improved awareness campaign which should be Northern Ireland wide. A more detailed action plan should be devised to support this proposal. The promotion of energy efficiency and fuel poverty programmes should also feature in this approach.

9. What is your view on the proposals detecting theft within the Energy Theft Code of Practice?
We believe that the efforts should be focused on deterring but agree with the need for industry to detect. This in turn can act as a deterrent.

10. What is your view on the proposals dealing with theft within the Energy Theft Code of Practice?
This aspect of the consultation will need much further information. Clear information and advice is vital for all parties concerned and as such we welcome the information which will be provided. For some vulnerable households much more support and advocacy will be required. Disconnection should be the last resort and if this is to occur then safeguards should be established. Consequences of requiring upfront payments from households in stress should also be understood. Much more information and the close oversight of this process is crucial.

11. What is your view on the proposals for exchanging information and resolving disputes within the Energy Theft Code of Practice?
We believe that exchange of information for DNO’s and suppliers, if reasonable, is necessary. We would however need to see what constituted as reasonable. We agree that where a complaint relates to a licensee being non-compliant with the CoP, it should be referred to the UR.

12. What is your view on the proposed options relating to objections to domestic switches where there is evidence to support the reasonable suspicion of meter tampering or fraud at the property?
We fundamentally are opposed to preventing consumers from switching. Without a social tariff for households on low income, this can be one of the only options available
to drive down costs. We therefore believe that a better case for alignment would be OPTION 2.

13. What is your view on the proposal to manage switching objections through existing relevant industry documents, rather than through the Energy Theft CoP? We do not feel we have enough evidence to comment on this aspect but believe if OPTION 2 is adopted this ambiguity will be dealt with.

14. What is your view on the contents of draft Energy Theft Codes of Practice in Appendices 1 & 2? Please provide comments on the relevant sections of the codes giving consideration to any particular strengths and weaknesses. Please provide the supporting reasons for your view.
   
   • We welcome the mandatory licence requirement.
   • We welcome the principles but will need more detail on how this will be measured.
   • We welcome the training of staff and would like to see how this training is designed and delivered.
   • We need more clarity on the definition of who is a vulnerable customer and other aspects such as how is the head of household identified.
   • What evidence does industry require to carry out an initial investigation?
   • How can industry calculate a bill if a theft has been identified?
   • How will this be repaid and at what debt recovery rate?
   • What consideration will be given to household make up and ability to pay?

Once again we thank you for the opportunity to respond to this consultation. We look forward to working with the UR and other key stakeholder to ensure that a workable CoP is introduced which can protect all consumers in Northern Ireland.

Response submitted on behalf of NEA NI by:
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