



## **UKRPA Best Practice Principles**

### **Customer Protection**

#### **1. Purpose of this paper**

This paper demonstrates the UKRPA's commitment with regard to revenue loss detection and investigation and balancing this with respect to the effects on vulnerable consumers.

This paper seeks to crystallise the best practices into a single statement that will help guide UKRPA practices and aid external communication to other groups and bodies (e.g. Ofgem, Consumer Focus, Citizens Advice etc).

#### **2. Background**

Energy theft is a significant issue and its quantification in terms of safety and monetary impact difficult to ascertain. The energy industry operates within a regulatory framework that seeks to strike a balance between consumer protection at one end of the spectrum (such as vulnerability), and at the other, a desire to drive increasingly proactive theft investigation practices.

Whilst vulnerability and fuel poverty are not necessarily synonymous, recent government research (DECC (2011), Fuel Poverty Monitoring Indicators), confirms that there are approximately 3 million more households in fuel poverty in 2009 than in 2004. There were

4.5 million UK households classed as vulnerable who spent more than a 10th of their income on heating their homes in 2009, a rise of 750,000 from 2008 figures.

Smart Metering introduces a new dimension to the detection and subsequent management of energy theft. Functionality requirements will potentially enable market participants to better detect energy supply interference; for example, the Government considers that it is reasonable for smart metering systems to contain loss of supply alerts. Notwithstanding that suppliers will have more efficient means (i.e. remote) to enable and disable supplies.

It is against this backdrop that the UKRPA has developed a set of guiding principles for its member to follow. The UKRPA is uniquely positioned to provide a UK industry wide input to the evolving market arrangements, ensuring that its experience and expertise formed of its members<sup>12</sup> is brought to the forefront of UK industry discussions.

### **3. Definition of Vulnerability**

The Energy Retail Association (ERA) members have agreed a definition to provide a framework within which they can assess customers' potential vulnerability. The assessment is used to drive a 'safety net' process to help avoid disconnecting vulnerable customers. This definition is:

***“A customer is vulnerable if for reasons of age, health, disability or severe financial insecurity, they are unable to safeguard their personal welfare or the personal welfare of other members of the household.”***

### **4. Existing UKRPA practices**

The UKRPA owns the '*Manual of Information and Guidance on Revenue Protection Procedures and Practice*' focused on electricity practices for its members. And this supports

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<sup>1</sup> UKRPA Full Members consist of British Gas, EDF Energy, Electricity North West Limited, Northern Ireland Electricity, Npower, Scottish Power, and Western Power Distribution.

<sup>2</sup> UKRPA Associate Members consist of The Jersey Electricity Company, Lowri Beck Services, Manx Electricity Authority, Phoenix Natural Gas, RWE Npower, Secure Meters (PRI) Limited, and UK Power Networks.

a Code of Practice for dealing with theft of electricity (Code of Practice, V1.0 – February 2006).

Both these documents include detailed comment on vulnerable customer situations, confirming that Suppliers should be aware that the ultimate action will be the responsibility of the representative on site who may, irrespective of the general policy, de-energise if there is a serious safety concern or leave energised where a vulnerable customer is involved.

In other words, safety considerations must be the overriding guiding principle, whilst allowing for onsite discretion with respect to vulnerable customers.

## 5. The Seven UKRPA Customer Vulnerability Best Practice Principles

When undertaking the investigation and subsequent remedial actions, members will ensure that:

-  Principle 1 • The de-energisation of vulnerable customer households will be avoided unless there is a direct risk of harm in continuing to supply the premises.
-  Principle 2 • Notwithstanding Principle 1, where vulnerable customer households are de-energised, the member will ensure that steps are taken to notify relevant bodies (e.g. social services).
-  Principle 3 • Where supplies are de-energised for vulnerable customer households, the member will ensure re-energisation as soon as the safety considerations can be satisfactorily resolved.
-  Principle 4 • When a supply is de-energised and not re-energised during the same visit, the member will (where appropriate) arrange to revisit customers to reassess the safety of the installation.
-  Principle 5 • Views and opinions of government, regulators, and other related organisations will be assessed when developing revenue protection policies and their impact on vulnerable customers.
-  Principle 6 • Take into account the customer's ability to pay where a vulnerable customer has been correctly back billed for unrecovered energy when setting repayment terms.
-  Principle 7 • The prosecution of a vulnerable customer will be avoided unless there is evidence of repeat offence(s) taking place.