



ENERGY REGULATORS REGIONAL ASSOCIATION

BENCHMARK ANALYSIS:
Legal Background and Regulatory
Practices Handling Illegal Electricity
Consumption
in ERRA Member Countries

Prepared by:
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Energy Regulators Regional Association

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Legal Background and Regulatory Practices Handling Illegal Electricity Consumption
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August, 2015

The Analysis was prepared based on information collected from ERRA Customers and Retail Markets Working Group Members in the period of November 2014 – June 2015.

The following ERRA Members submitted their answers:

- Public Services Regulatory Commission of **Armenia**
- State Electricity Regulatory Commission of **Bosnia and Herzegovina (SERC)**
- Regulatory Commission for Energy in Federation of **Bosnia and Herzegovina (FERK)**
- Regulatory Commission for Energy of Republika Srpska, **Bosnia and Herzegovina (RERS)**
- **Georgian** National Energy and Water Supply Regulatory Commission
- **Hungarian** Energy and Public Utility Regulatory Authority
- Public Utilities Commission of **Latvia**
- National Commission for Energy Control and Prices of **Lithuania**
- Energy Regulatory Commission of **Macedonia**
- **Nigerian** Electricity Regulatory Commission
- **Romanian** Energy Regulatory Authority
- Federal Tariff Service of the **Russian Federation**
- Electricity and Co-Generation Regulatory Authority of **Saudi Arabia**
- Regulatory Office for Network Industries of **Slovakia**
- Energy Market Regulatory Authority of **Turkey**
- National Energy and Utilities Regulatory Commission of **Ukraine**
- Pennsylvania Public Utility Commission, **USA**

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Legal Background and Regulatory Practices Handling Illegal Electricity Consumption in ERRA Member Countries

The aim: Collecting different legal procedures and statutory power of the regulators handling illegal consumption. Analyzing typical behavior of license holders to discover and eliminate of such consumption.

Method of data collection: Questionnaire (see Appendix 1)

General information:

1. The first question of the questionnaire refers to the legal separation/ unbundling, between suppliers and DSOs¹ in order to determine who the owner of the grid is.

Legal separation between suppliers and DSOs exists in all those ERRA members countries, who were involved in the analysis except Armenia, Bosnia and Herzegovina (RERS), Bosnia and Herzegovina (SERC), Lithuania and Saudi Arabia.

**** In this document by "DSO & Supplier" we refer to a company that integrates both functions and services of the DSO and the Supplier, applied in those countries where there is no legal separation between these two entities.***

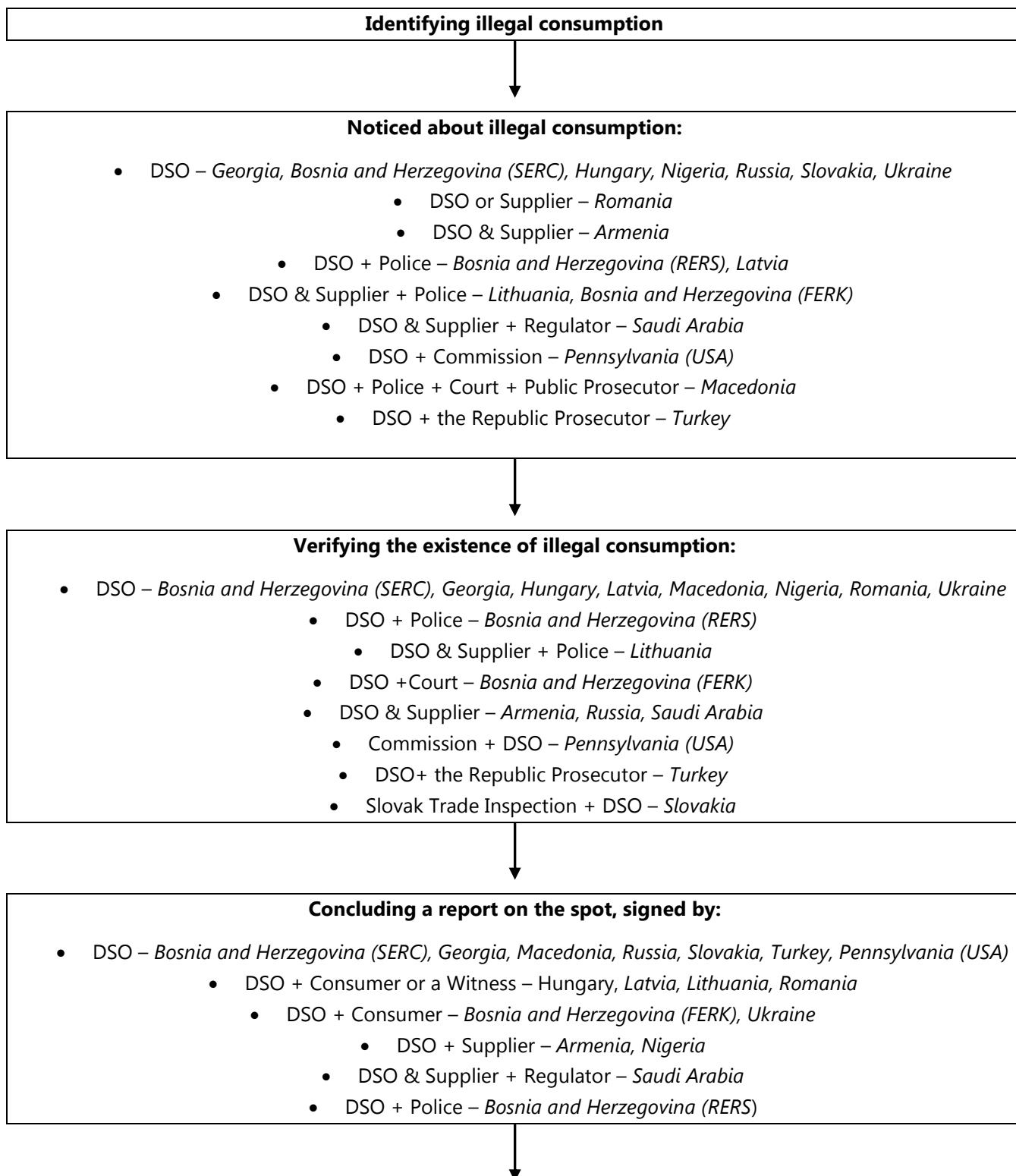
2. Illegal consumption is defined by legislation in all ERRA's members who answered the questionnaire, except for Latvia where there is no specific definition, however there are named actions that are recognized as a violation.

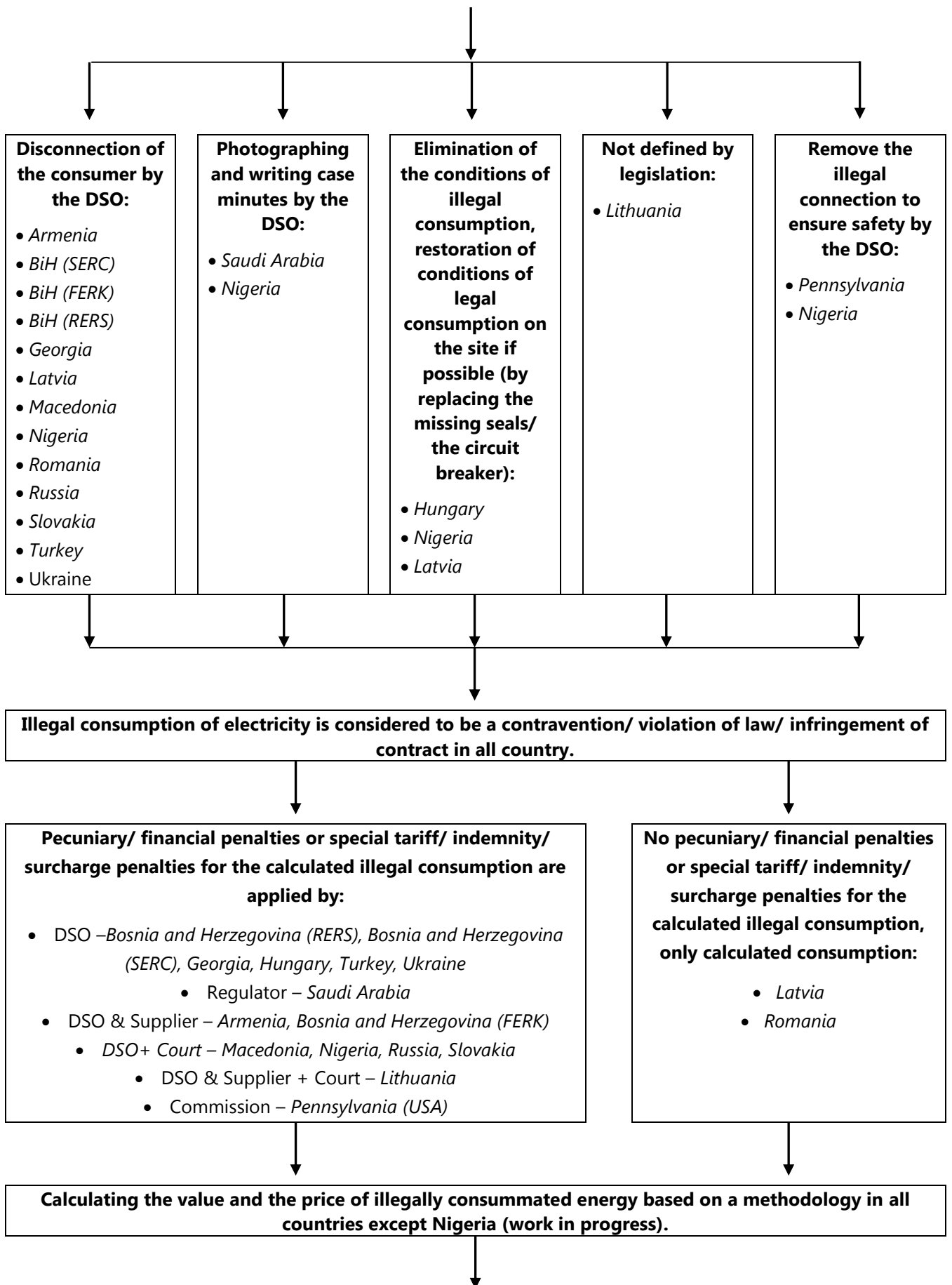
Generally the definition of illegal consumption covers the "stealing method" of physical bypass of the meter and the manipulation of the meter except Russia where the definition does not cover the manipulation of the meter.

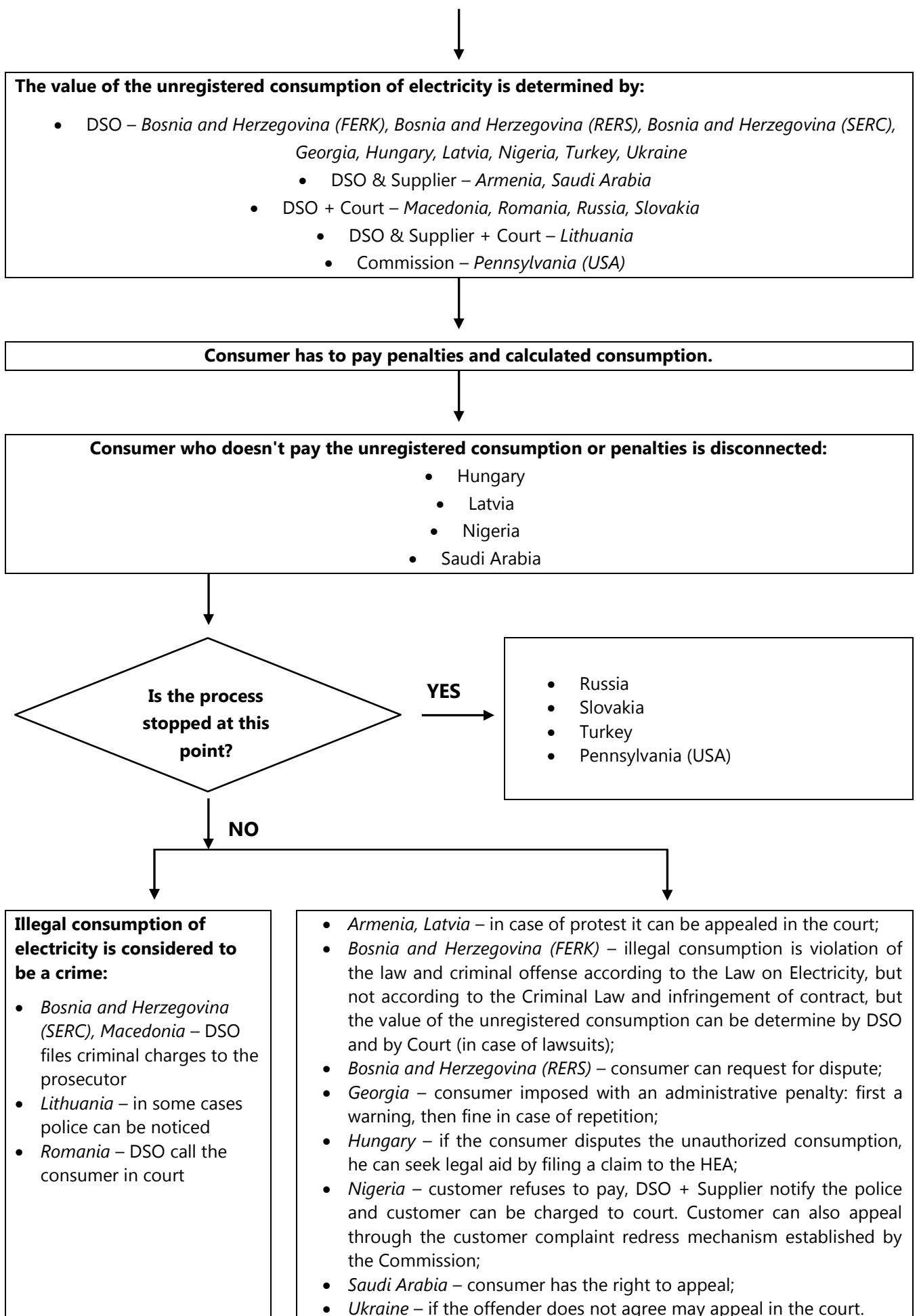
Unauthorized connection to the network, damage of the seal and/ or the meter are other actions that can be included in the category of illegal consumption.

¹ DSO = Distribution System Operator

The logical scheme of identification, corrective measures and consequences of illegal electricity consumption







Appendix 1. Questionnaire

Question		Answer (please select from the list "yes" or "no")				
1	Is there a legal separation/unbundling, in your country, between the suppliers and the DSOs?					
2	Does the definition of "illegal consumption" (unauthorized consumption or similar) exists in the national legal/ regulatory framework?					
3	Does the definition covers the "stealing method" of physical bypass of meter?					
4	Does the definition covers the manipulation of meter, as a way of stealing energy?					
5	Are there others situations covered by the definition of "illegal consumption"(please detail bellow)					
5.1						
5.2						
5.3						
		Please mark the correct answer (fill with color and/or give your notes, open answer to the cell/box coloured with yellow)				
1	Who has to be noticed in case of illegal consumption of electricity?	Supplier	DOS	DOS + Supplier	Police	Court
2	Who has the right to verify/inspect/ control if there is an illegal consumption of electricity?	Supplier	DOS	DOS + Supplier	Police	Court
3	Who has the right to establish /state/prove/assess/define/decide if there is an illegal consumption?	Supplier	DOS	DOS + Supplier	Police	Court
4	Is conclude, on the spot, a report about what was found?	Yes/ No				
5	Who has to sign this report?	Supplier	DOS	DOS + Supplier	Police	Court
6	Are there any immediate measures that can be taken when the illegal consumption of electricity is established?	Yes/ No				
7	If so, please detail this measures. (ex. disconnection of the consumer,)					
8	Who is authorized to take those measures (in case of an "yes" answer at the question 4)?	Supplier	DOS	DOS + Supplier	Police	Court
9	Is illegal consumption of electricity considered to be a contravention/ violation of law/infringement of contract?					
10	Are there any pecuniary/financial penalties or special tariff/indemnity/surcharge penalties for the calculated illegal consumption that can be applied??	Yes/ No				
11	Who has the right to apply the pecuniary penalties for this contravention?	Supplier	DOS	DOS + Supplier	Police	Court
12	Who has the right to determine the value (calculated in your currency) of the unregistered consumption of electricity?	Supplier	DOS	DOS + Supplier	Police	Court
13	Is the process stopped at this point?	Yes/ No				
14	If not, what is the next step?					
15	Is illegal consumption of electricity considered to be a crime?	Yes/ No				
16	In this case who can determine the value of the unregistered consumption of electricity?	Supplier	DOS	DOS + Supplier	Police	Court
17	Does the determination methodology of calculating the value and the price of illegally consummated energy exists in the national legal/ regulatory framework?	Yes/ No				
18	At this point is the consumer disconnected?	Yes/ No				
19	When is the consumer disconnected?					