

With Smart Meters, Electricity Theft Could Go White Collar

By: Tharp and Howell

Theft of electricity is big business. Whether it's misguided individuals trying to save on energy costs or organized crime and corrupt utility insiders conducting massive widespread fraud, the loss of revenue from electric power theft is in the billions. According to a report by the Institute of Electrical and Electronics Engineers ([IEEE](#)), the [theft of electricity in the US is estimated at \\$6 billion](#). When purchasing a commercial property, or entering your next lease, it is important to keep this in mind and keep watch on your electricity usage.

Latin America seems to be especially beset by the problem, with Brazil a major focus of the risks and opportunities presented. According to one [report](#), meter readers in Brazil are at risk of physical harm due to their work in the field, which makes them a target of criminals and organized crime concerned about being caught siphoning electric power without paying for it. Electricity theft in the country is so rampant that in "some parts of Brazil, as much as 20 percent of electricity output is pinched."

The solution: smart meters, which offer remote real-time monitoring of customer usage. One Brazilian utility has installed more than 150,000 smart meters and the nation's director of the national electricity regulator estimates smart meters could save utilities more than \$4.7 billion a year.

But with every new technology comes more sophisticated responses from those seeking to subvert the system.

A Europol report notes that wide scale adoption of smart meters can lead to a [new field of electricity fraud](#) that includes organized crime and "subversive devices and software that can override smart meters or vehicle chargers."

Amazingly, this type of fraud is already happening. Case in point, Puerto Rico, where an organized theft of electricity monitored by smart meters was aided by utility company insiders and [may have cost a major utility as much as \\$400 million in revenue](#), according to a [Krebs on Security](#) report.

Smart meter technology remains an attractive alternative for electric utilities, but widespread adoption of the devices will inevitably lead to more sophisticated schemes to steal power. Real estate professionals and property owners should keep an eye on smart meter technology as it develops, and consider these types of risks on your portfolios.

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