



Wood Howe, Keldwyth Drive, Troutbeck Bridge, Windermere, Cumbria, LA23 1NJ

Tel

21st August 2014

Smart Metering Implementation Programme – Regulation
Department of Energy & Climate Change
Orchard 3, Lower Ground Floor
1 Victoria Street
London, SW1H 0ET

By Email Only

Dear Sirs,

The Competitive Networks Association (CNA) is the trade association that represents the industry's four active IDNO Licensees - ENC, IPNL, Energetics Electricity and ESP Electricity.

CNA members have been aware of a discrepancy between how gas SEC parties and electricity SEC parties are apportioned DCC's fixed charges since January 2014. Specifically, this relates to the MPXNs provided to the DCC by registration data providers. Currently, monthly gas transporter reports contain only 'live' connections, whereas electricity distributor reports contain all Registered MPANs, i.e. those MPANs that have an Energisation Status of 'energised' and those MPANs that have an Energisation Status of 'de-energised' (Registered and Energisation Status has the meaning given to those terms in the Master Registration Agreement) Under current charging methodologies no distribution charges are levied in respect of Registered MPANs that have an Energisation Status of 'de-energised'.

Further, for new sites, properties with MPANs that are Registered, but which have an Energisation Status of 'de-energised' may not even physically exist. Such MPANs will have been created prior to construction of properties to facilitate the connections' process for developers, suppliers and customers; for example, suppliers organising and fitting meters to premises.

Levying DCC charges in respect of premises with 'de-energised' MPANs leads to the DCC charging electricity network operators and suppliers fixed charges for connections that are (1) not taking power from the grid and (2) not generating revenue.

CNA members appreciate that DECC has considered this issue in their latest consultation on SEC content (stage 4) and that legal drafting, seeking to clarify that only 'live' connections should attract a fixed DCC charge, has been proposed.

CNA members have proposed amendments to the consultation drafting. Please see the Appendix to this letter, containing the CNA's response to question 55 of DECC's *A Consultation on New*

Smart Energy Code Content (Stage 4) and consequential/ associated changes to licence conditions document.

Please contact me if you have any questions relating to the CNA's response.

Yours faithfully,

APPENDIX

Q55. Do you agree with the proposed amendment to the definition of 'Mandated Smart Metering System'? Views would be welcome whether this change has a material impact.

Response

The CNA supports the intention of the proposed amendment to the definition of 'Mandated Smart Metering System', but suggests the following further amendment:

Mandated Smart Metering System' means each MPAN or MPRN associated with a Domestic Premises (regardless of whether or not a Smart Metering System has been installed or Enrolled) where that MPAN is Registered and has the Energisation Status of 'energised' (the terms Registered and Energisation Status having the meaning ascribed to them in the Master Registration Agreement (MRA) or where that MPRN has a status that indicates that gas is off-taken at that point (as identified in the UNC).

We believe the term 'traded' is defined in the MRA. Under the MRA, an MPAN becomes Registered when a supplier is recorded as being responsible for that Metering Point. However, in order for the premises associated with the MPAN to receive a supply of electricity the supplier must set the MPAN's Energisation Status to 'energised'. It is only where an MPAN is both Registered and has an Energisation Status set 'energised' that an electricity supply is deemed to flow to the premises and where the electricity distributor levies use of system charges.

The CNA's proposed amendment ensures that only 'live' MPANs (i.e. MPANs that are both Registered and energised) are classified as Mandated Smart Metering Systems, and that DNOs and Suppliers are charged accordingly.

This amendment will have three impacts on industry:

1. Electricity Registration Data Providers will need to amend the monthly report sent to the DCC to include only MPANs that have the statuses of both 'traded' and 'energised' or to include Energisation Status as an additional field in the report. We do not see this as a material impact.
2. The DCC may have to make a system change to ensure they capture in their systems only those MPANs that are Registered and that have an Energisation Status of 'energised', in order to allow them to bill correctly. The DCC has indicated that currently, systems only hold a status for each MPAN (e.g. Registered), but not the Energisation Status.
3. As highlighted in paragraph 322 of the consultation document, the DCC will split its costs across a smaller volume of meters, which may mean a marginal increase in the per MPAN charge. For most of the large DNOs and suppliers, we do not believe that this change will have a noticeable impact on the value of their monthly invoice from the DCC. However, for those DNOs, IDNOs and Suppliers who are active in the new housing market, and therefore have a large number of MPANs which are both Registered and 'de-energised', the change will mean that they no longer receive a charge for MPANs that are neither generating revenue for that party or capable of taking services from the DCC.

4. To levy a charge in respect of Registered, but de-energised, MPANs means either that distributors will have to change their charging methodologies to recover such charges from de-energised customer; or, industry accepts that it is appropriate that customers with MPANs registered as 'energised' should unduly subsidise customers that have an Energisation Status of 'de-energised'