

Regulatory Design Team
Smart Metering Implementation Programme
Department of Energy and Climate Change
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16th May 2012

Dear Regulatory Design Team

Re: DECC Smart Metering Implementation Programme Consultation on the Draft DCC Licence and Licence Application Regulations (Ref 12D/030)

Thank you for the opportunity to comment on this consultation. Please find below National Grid Gas plc (NGG) reply to this Consultation, with reference to Questions 15 to 18. National Grid will reply to all other questions (Questions 1 to 14) contained within the Consultation on 1st June 2012 as requested.

Question Fifteen: For the initial licence application, do you agree with the Government's intention to apply the BAFO stage in all circumstances, so as to mitigate the risks associated with the changing requirements and improve the competitive outcomes?

National Grid fully supports the intention to operate a best and final offer (BAFO) stage in all practical circumstances, as this will facilitate higher quality submissions and enable competition to drive improvements to the applicant's bids.

Question Sixteen: Do you agree with the proposal not now to include a fast-track process to appoint a temporary DCC, but instead to rely upon the provisions for intervention to keep the DCC's service functioning whilst a standard licensing application process is conducted to appoint an enduring successor DCC?

National Grid agrees that the use of the intervention provisions is a proportionate mitigation to the risk of a failing incumbent DCC.

Question Seventeen: Do you have any comments on the proposed competitive application process for the DCC licence and, in particular, on the Government's stated intention to operate an extensive 'best and final offer' stage for the first licence competition?

The process seems to be considered, balanced and to have taken on board the consultation responses received to date.

Question Eighteen: Do you have any comments on the draft DCC licence application regulations and, in particular, whether they effectively implement the proposed competitive application process described in this consultation document?

National Grid has no comment on the draft DCC licence application regulations.

In relation to Chapter 5 in which the contract management approach is discussed, National Grid would welcome clarity with regards to the publication of the contract management approach document to define how the Government will manage the contract with the DCC going forward.

If you would like to discuss any aspect of this response please contact

Yours sincerely

[By e-mail]

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