

Smart Metering Implementation
Programme – Regulatory Design Team
DECC
55 Whitehall
London
SW1A 2EY

Your ref

Our Ref

Date

1 June 2012

Contact / Extension

Dear Sir/Madam

Consultation on the Draft DCC Licence and Licence Application Regulations

I am writing on behalf of _____ in response to the above consultation issued on 5 April 2012. We welcome the opportunity to comment on the issues raised.

We have responded to one question in relation to implications for distribution network operators. In particular, we are concerned about the licence condition providing for the transfer of registration to the DCC without fully understanding the implications this will have.

It is important that there are appropriate incentives on the DCC to ensure accurate and timely updating of the registration database, for example in relation to new connection points, as there are significant implications for distributors as well as suppliers if this is not the case.

Smart Metering Implementation will involve significant resources on the part of electricity distributors and we will fully engage with Ofgem as part of the forthcoming "RIIO ED1" price control review to ensure that we are able to recover the reasonable costs incurred.

Should you wish to discuss any aspect of our response or the matters raised, please do not hesitate to contact

Yours sincerely

Question 7: Do you have any comments on Chapter 4 of the licence conditions?

- iii. the proposed inclusion of a licence condition that would facilitate future transfer of registration to the DCC?

At present the electricity Distribution Licence requires that a distributor must provide Metering Point Administration Services on application by any person. Where the distributor is also a Distribution Services Provider it must also provide MPAN services where required for metering points in its Distribution Services Area that are not directly connected to its distribution network. The Meter Point Administration Service includes the updating of a record of all connected Meter Point Administration Numbers (MPANs) on the distributor's network together with metering, supplier, line loss factor and other details to facilitate the settlement process and use of system charging to suppliers. The distributor's operational, billing and other systems link to the registration system. Local distribution network registration systems were established as part of the '1998' arrangements to open up supply competition.

In order to move to a national registration system (covering domestic and small non-domestic premises only), DNOs would need to undertake a programme of reconfiguring their operational and other systems to link to the new system. The distribution licence would also need to be revisited to amend the MPAN (and Data Transfer Network) requirements, and industry codes (in particular the Master Registration Agreement)..

The draft condition 15 of the DCC licence needs to take into account that significant timescales are likely to be required to accommodate system and other changes required for both suppliers and distributors. Although the licence condition includes a requirement on the Secretary of State to consult before giving a direction, we think that it should explicitly refer to the need for an appropriate timescale to allow time for all parties to implement system and other changes required.

It should also be borne in mind that there are significant implications for distributors as well as suppliers if a national registration database is not updated in a timely and accurate way. For example, distributors are exposed through a losses incentive in price controls for unaccounted for units, and unrecorded new connection points could result in increased apparent 'losses' for the period of time concerned. Appropriate incentives and other regulatory arrangements need to apply to ensure as far as possible that rigorous standards for administration of the database are maintained.