

Subject: Comments on Electricity Distribution Price Control Review -
Second Consultation - December 2003

Dear Ms Hendriks,

We would like to make a comment on the above document, in which we see that OFGEM is clearly stating that there will be a separate price control for these regulated metering services from 1st April 2005 (in paragraph 3.100).

We have not been able to trace through to this second consultation one of the important points that we originally raised in our response to the Metering Issues: Initial Consultation - July 2003 (pasted in below). In our view this is now very significant in relation to paragraph 3.104 of the second consultation where OFGEM is currently proposing to introduce a price cap for the provision of a "basic" domestic meter. The point of concern is that while domestic gas meters could earlier be divided into just two types for price control purposes, now domestic electricity meters and metering installations exist in a much wider range of types. Apart from basic single-rate single-phase credit meters these include:

- simple 2-rate credit meters together with external time programme control means (including a separate time switch or a radio teleswitch, with or without 80 Amp load switching facilities),
- complex multi-rate credit meters with internal time programme or radio teleswitch receiver, with or without 80 Amp load switching facilities,
- meter installations with 2 credit meters (each either 1- or 2-rate) together with external time programme control (including a separate time switch or a radio teleswitch, with 80 Amp load switching facilities),
- complex integrated multi-rate twin credit meters with internal time programme or radio teleswitch receiver, with 80 Amp load switching facilities,
- prepayment meter versions of most of the above, using various "tokens" (one-way magnetic card tokens or 2-way memory keys or smart cards).

Each of these categories involves from at least 500,000 up to several million metering sites in GB.

In addition there are multi-rate import-export meters coming in to use for microgeneration sites (or separate meters and timeswitches/teleswitches may be used), and they may also need to be included.

Several of these cases also apply to smaller non-half-hour commercial and industrial sites with single-phase or polyphase metering, where OFGEM is also making requirements for price controls.

In our view these aspects now need to be taken into consideration as the metering price control proposals evolve.

Yours sincerely,

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[Extract:]

Horstmann Controls Ltd - August 2003 Response to OFGEM on:

Electricity Distribution Price Control Review - Metering Issues: Initial Consultation - July 2003.

Horstmann-Metering response to DPCR4 Dec 2003 document.txt

3. a) Basic metering. The OFGEM document raises the concept of price controls for basic metering for the period 2005-2010 (in clauses 6.30 to 6.34). This would allow separate arrangements between suppliers and metering providers for advanced or superior service, including new metering technology. In our view the precise definition of what is meant by "basic metering" as opposed to "advanced metering" needs to be clarified before proper comment can be made. For instance:

Does the price control cover basic MAP only, or also basic MAM service lines?

Does MAP cover just a meter, or a metering installation (including timeswitch)?

Does "basic" only apply to Ferraris meters, not to any electronic types? If not, are some simple meters not "basic", e.g. if with a read-out port? Are any existing prepayment meters "basic"? If so, are all existing meter types "basic", including further purchases? Does it only apply to single-phase single-rate credit meters (65% of the total)?

Does it only apply to new meters, or any mix of re-used meters too (50%)? Is it the same definition for all 14 DNO's? Would the controls be essentially the same for all 14 DNO's? Would basic MAP prices depend upon remaining meter certification lives?

We would note that the wide variation in existing DNO MAP charges in Table 1 for both single rate and E7 credit metering is partly a reflection of the somewhat different metering and tariff policies adopted by each DNO over the last 20 years, and it is not yet clear how OFGEM's proposals would address this.