

Our Ref 21.3/PM  
Your Ref

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Distribution and Financial Affairs  
Office of Gas and Electricity Markets  
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Date 23 February 2004

Dear David,

**The provision of metering services by new  
electricity distribution network operators**

Thank you for the opportunity to comment on the provision of metering services by new electricity distribution network operators.

We have considered the three options expressed in Ofgem's initial thoughts and find neither option 1 or 2 to be acceptable to EDF Energy in their proposed form.

We are confused as to Ofgem's reticence to enable full and unrestricted competition to develop in new licensed distribution areas, to which the "in area" existing distributor initially has no dominant presence. By placing obligations "of last resort" on the existing DNO in whose service area, particular parts of the new licensed operator's network is located may in fact act in the opposite direction.

Our overriding view is therefore to modify the existing DNO Licences to limit the obligation to provide meter provision and maintenance services only to customers directly connected to its network. New DNOs should have similar obligations to offer to provide, on request, meter provision and maintenance services, where metered connections are required to their networks. The existing DNO should have no obligation to assist the new DNO in meeting its obligations

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Ofgem's arguments seem to concentrate heavily on the complexity of making licence changes. As Ofgem has already needed to make similar changes in regard to MPAS provision, we are not convinced by these arguments. In addition, EDF Energy is of the opinion that there are other complexities and costs incurred as a result of requiring existing DNOs to provide these services which could be better managed by the model proposed above.

- For an existing DNO to be required to operate on a new DNO network would require knowledge of that network, appropriate training, rights of access, compliance with any local company safety rules and the agreement of appropriate commercial and legal liabilities
- The existing MAP/MAM process diagrams and data flows have not been developed or tested to enable one distributor with its set of unique identifiers to operate within the boundaries of another distributor. This is more likely to increase costs than maintaining separation and clearly needed validating within the confines of operability of the MRA, to ensure the type of problems that may otherwise have occurred with multiple MPAS domains, do not materialise with either multiple MAPs or multiple MAMs owned by the same DNO
- Existing DNOs would not wish to expose themselves to stranded costs, outside of their natural area of influence. Provision of such services at present are not price controlled and it is assumed would not be as a result of the present distribution price review. Charges by existing DNOs for meters owned by them but not connected to their networks are more likely to move to a sale only basis rather than ongoing rental or lease.
- Many existing DNOs have now outsourced their MAM obligations. It is therefore not evident that they will be able to procure such additional services at preferential rates compared to new DNOs who are more likely to better align national coverage of their networks with suppliers present in their areas and a single metering service provider offering common terms and conditions than a multitude of DNO service providers
- New DNOs will in any case, be required to possess certain metering skills in order to satisfy suppliers and Ofgem's requirement to offer Urgent Metering Services (UMets)

Ofgem clearly needs to be minded not only to supporting the development of competition in metering, but not restricting competition in supply through its decisions. It would equally be perverse to propose a solution where existing DNOs are disadvantaged though obligations not mirrored on new licensed distributors. In supporting any licence changes that may be required to our existing 3 distribution licences, to support the above changes, EDF Energy is

likely to be more sympathetic to supporting changes which create a level playing field than changes that do not.

If you would like to discuss any of the points made above, please do not hesitate to contact me.

Yours sincerely,

**Peter Merrick**  
Head of Regulatory Affairs,  
Networks Branch