

David Howdon  
Ofgem  
9 Millbank  
London SW1P 3GE

Your ref  
Our ref  
Name Stephen Rose  
Phone 01793 892068  
Fax 01793 892981  
E-Mail [stephen.rose@rweinnogy.com](mailto:stephen.rose@rweinnogy.com)

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Dear David,

■ **The provision of metering services by new electricity distribution network operators (DNOs)**

RWE Innogy, on behalf of its Npower branded electricity supply businesses and its metering business Meterplus, welcomes the opportunity of responding to the above consultation.

Having considered the two options presented in the consultation we believe Option 1 is the most beneficial one on which to base policy in this area. We also agree that it is appropriate for Ofgem to reject the third option referred to in the consultation at this stage, although this should be kept under review.

To avoid any erosion in the efficiency of the change of supplier process it is vital for private networks to be able to obtain metering services such that customers and suppliers are able to obtain metering services at reasonable rates, and on a non-discriminatory basis.

In our opinion this can be best achieved by maintaining the current regulatory arrangements whereby 'in area' DNOs are obliged to enter into agreements for the provision of metering services (MAP & MOP) to supply points on other networks within their distribution services areas.

'In area' DNOs have the economies of scale and infrastructure currently in place to fulfil this requirement in the most efficient manner as a whole. They are also best placed to offer emergency services within their host area, and it is vital, for the safety of customers and for the safe operation of the network as a whole, that there is no degradation in this service whatever the outcome of this consultation.

Option 1 represents the least cost option to suppliers and we do not believe that maintaining the current regulatory structure will add any significant additional complexity to the provision of metering services.

However, Option 2 would require suppliers to make significant system and process changes to accommodate metering provision on independent networks. Given that currently there are only a very small number of MPAN's connected to independent networks and there is no clear indication of how quickly this number will grow, the costs of implementing anything other than Option 1 would be hard to justify at this stage. In addition, major changes (P62, embedded generation, data quality projects) are taking place which will make it difficult and time consuming for suppliers to accommodate changes which are radically different to what is currently being done now.

Whilst Option 1 may initially make it difficult for an 'in area' DNO to incorporate MPANs connected to private networks within their licensed MPAN service obligation, this should not be insurmountable providing information flows between 'in area' DNOs and private DNOs are properly structured, and are undertaken on a regular and timely basis.

In our opinion it would be appropriate to review any decision to maintain the status quo in 2-3 years time. Two things would need to be considered at any future review; the growth of independent networks and more importantly, the development of the metering services market during this time. If and when the metering services market is more fully matured, i.e. most suppliers are using their agent of choice and are not reliant on provision of metering services under the JPW agreements, it may be appropriate to remove the obligations on DNOs altogether. Until then however, we believe that Option 1 should be pursued in preference to Option 2.

Yours sincerely,

Steve Rose  
Economic Regulation