

Colette Baldwin

Direct Dial: 0870 419 1452

Email: [Colette.baldwin@powergen.co.uk](mailto:Colette.baldwin@powergen.co.uk)

Arthur Cooke  
Ofgem  
9 Millbank  
London  
SW1P 3GE

15<sup>th</sup> July 05

Dear Arthur,

Regulatory Implications of domestic-scale micro-generation – Consultation Response

Thank you for giving us the opportunity to comment on the above consultation, this response is on behalf of E-on's Supply, Metering and Generation businesses.

Please contact me if you have any comments or questions in respect of any of the issues contained therein.

Yours sincerely

*Colette Baldwin*

Regulatory Analyst  
Supplier Management Development

E.ON UK plc  
Registered in  
England and Wales  
No 2366970  
Registered Office:  
Westwood Way  
Westwood Business Park  
Coventry CV4 8LG

## Summary of recommendations

**12.1. Ofgem considers that, should it become necessary to introduce any licence amendment making reference to a matter relating specifically to domestic-scale Micro-generation, a definition of ‘domestic-scale micro-generation’ consistent with both the threshold for the relevant notification provision in the ESQC Regulations and the definition of SSEG in ER G83/1 would be appropriate. It would seem sensible to adopt the same wording as appears in the engineering recommendation. (7.8)**

We agree with definitions as outlined in ESQCR.

**12.2. Ofgem’s present view is that there may be insufficient grounds for placing suppliers under an additional obligation to notify the consumer of any export MPAN. (7.18)**

We do not believe that there are robust industry processes for a supplier to determine whether there is an export MPAN and would not support the introduction of such an obligation on suppliers.

**12.3. Ofgem considers that, for the purposes of Condition 25, supply should include arrangements made under Article 10 of the RO, and that licensed suppliers should review their codes of practice on the efficient use of electricity with a view to including information on micro-generation. This would require modification of Condition 25. (7.21)**

We agree that this would be a sensible recommendation.

**12.4. The Distribution Commercial Forum will be taking forward work on standard UoS terms for distributed generation. Ofgem considers that it would be sensible for this to cover domestic-scale micro-generation. (9.14)**

This is a sensible recommendation that we would support.

**12.5. Ofgem is supportive of the idea that MPANs be ‘labelled’ in such a way as to highlight the presence of micro-generation. It would be helpful to build on the preliminary discussions that have taken place. (10.24)**

The current industry design has the opportunity to lose visibility of export capability at a site when change of tenancy and change of supply occur. Labelling an MPAN

would be helpful for all parties, and we would recommend the use of the ECOES MPAS system. Relating the MPANs would also be beneficial. Use of the MTCs is not a solution that we would support due to the data quality of this industry data item being poor and the governance surrounding its use unclear. It may be necessary to have an indicator at the import MPAN level that relates only to the presence of connected generation which all parties can view.

**12.6. Ofgem considers it to be good practice, wherever possible, to agree closing readings from the outgoing meter and opening readings on the new meter with the consumer. Ideally, the consumer should sign the meter change certificate. The register of the new meter will not read zero. There is scope for billing disputes arising from meter change. Such disputes can create costs for suppliers that considerably exceed the cost of meter change itself. (10.39)**

Where suppliers are involved in the installation of micro-generation, they understand the importance of correct data capture of meter reading and meter details and will ensure that the correct information is gathered as part of their quality processes. If they are registering the export in settlements they will have an additional incentive to collect accurate readings. Additional reassurance for the process is provided since meter changes must be instigated by the current import supplier and their Meter operator's processes for such data capture should be adequate to ensure that problems do not arise.

## 13. Summary of questions

### 13.1 Ofgem would be interested to hear from manufacturers and retailers regarding:

- **the information currently provided to customers about the legal and technical responsibilities of micro-generation operators; and**
- **any industry proposals for expanding the information and guidance currently provided. (6.8)**

The risks to customers and networks from a lack of understanding of the technical, safety and legal issues concerning the connection of micro-generation cannot be understated.

There are a number of obligations on installers and generators to notify appropriate parties of their connection, but there does not appear to be a single and fully comprehensive home for this type of information.

Depending upon the type of micro-generator Building Inspection Control may be required; the number of units being installed in a locality may also require pre-installation approval by the DNO. If the generation is renewable the generator may be able to and wish to register for ROCs which brings with it another set of requirements over and above connection and export reward. If the generator's domestic supplier wishes to purchase the export this too has implications for metering parties.

Suggested ways forward include:

- Installer training obligations which evidence knowledge and understanding of the technical and legal requirements in respect of micro-generation installation, which can be part of the Part P or Corgi accreditation.
- The introduction of an obligation on manufactures to provide better information to the customer on these issues, if on no other grounds than that of safety.
- The extension of Part P Building Regulations to include all types of micro-generation.

- When micro-generation is sold through a retailer on a DIY basis that the retailer collects information on behalf of distribution businesses/local authority (under a scheme which is similar to that of the obligations on retailers to provide details to the TV Licensing Authority when someone purchases a new Television).
- On receipt of requests for export MPANs or on receipt of G83/1 notifications that distribution provides information pack to the householder.

### **13.2 Ofgem invites comments on modification of Condition 16 or Condition 17 of the Electricity Supply Licence to ensure identification of reverse-running meters, which Ofgem considers are not appropriate for use in the case of micro-generation. (7.16)**

Other studies undertaken in respect of micro-generation indicate that there are a large volume of reverse running capable meters and it would be a costly exercise to gather and hold this information. It would increase the burden on suppliers, meter operators and data collectors and is not the most efficient mechanism for resolving what, at this stage is still a relatively small issue.

Where generating equipment is being installed in conjunction with an energy supplier (as is currently the case of Micro-CHP and Micro-Wind), the suppliers processes should ensure that reverse running capable meters are identified during the survey processes and the necessary changes are made before the unit is commissioned. Where the installation is not being made via an energy supplier, the installer will not have access to this information even if it were available and will rely on the customer/supplier relationship, for this reason it is important to ensure that there is an obligation on installers via the DNO to notify the import supplier of the presence of micro-generation upon commissioning. It is the responsibility of the import supplier to ensure that they have appropriate metering and to make any necessary changes to comply with the BSC requirement. Communication from the DNO on commissioning of the unit will facilitate this obligation.

**13.3 A modification to the licence condition 36 could be made such that it would refer specifically to domestic-scale micro-generation. However, minor modifications to the codes of practice on use of prepayment meters could suffice to give consumers the relevant information. Ofgem would be interested to hear the views of suppliers, consumer representatives and manufacturers of metering and micro-generation equipment on what the content of such modifications should be. (7.30)**

Currently pre-payment metering is unsuitable for use with some Micro-generation technology; however this is more of a technical problem for micro-generation manufacturers and meter manufacturers who are working on solutions to facilitate the installation of micro-generators where pre-payment meters are required. A change to the licence condition will not in itself solve the problem of ensuring this technology is available for use by fuel poor households, as it is not a lack of desire on the part of suppliers and meter manufacturers to solve the problem, but a technology gap. It may be that a minor modification to supplier's codes of practice on the use of pre-payment meters could suffice to take account of micro-generation.

The current generation of pre-payment meters are not suitable for measuring both import and export, however the innovations that are taking place in smart metering should address this issue before there is volume take up in the market.

**13.4 Condition 41 could be modified to cover a contract dealing with, inter alia, supply of electricity to domestic premises incompatible with the licensee's supply obligations under the Electricity Supply Licence. Ofgem would welcome views as to the desirability of such a modification. (7.33)**

Suppliers who are interested in offering micro-generation contracts to customers are unlikely to bind customers to terms and conditions which in their import supply contract they would be unable to enforce. Relating the import and export MPAN would create a mutually dependent relationship which would assist suppliers.

Since the vast majority of micro-generation take-up is expected to be in domestic CHP which does not attract ROCs there is little attraction in an export only offering to customers. The value to import/export suppliers is the longer term benefits of settlement reward and retention opportunities.

We believe that in the future Micro-generation output should not remain unregulated. However compelling all suppliers to offer terms will in reality not lead to increased choice for customers but instead will result in unattractive reward offerings being made to discourage customers from making that choice.

**13.5 Ofgem would be interested to know whether current practice of DNOs is to create an export MPAN on receipt of notification of commissioning of a Micro-generator (in accordance with the ESQC Regulations 2002), or when a licensed supplier seeks to register as responsible for exports from the premises under the BSC in the MPAS. (8.8)**

In our experience DNOs do not currently create an export MPAN as a matter of course on receipt of the G83/1 but only at the request of a licensed energy supplier.

**13.6 Ofgem would welcome views as to whether there should be a new licence obligation on DNOs to notify owners or occupiers of premises of any export MPAN created in respect of those premises. Should this be further extended to notification to the registered supplier (in case the absence of a reverse stop may mean that the meter is no longer 'appropriate')? (8.10)**

There is currently a requirement for a generation connection to be notified to the DNO under the ESQCR 2002. However, there is an equal need of suppliers to be informed of generating capability to allow them to resolve any metering issues. On receipt of a G83/1 notice a new DTC flow could be used advising the current import supplier of the presence of generation equipment, this would enable the supplier to carry out checks on the current metering to ensure that it was appropriate and did not allow net metering.

If the DNO were to hold this information on the Electricity Central On-Line Enquiry Service (ECOES) against the import MPAN and noting the details of the export MPAN (if created), it would immediately be available to suppliers searching the MPAS data. This information would then continue to be available to any future supplier, which is a gap in the current industry design.

It is believed that approximately 50% of meters currently installed do not prevent reverse running. Recognising that it would be an expensive exercise to change this metering, we would recommend that no further meters were installed that were capable of reverse running, and that the growth of micro-generation is also an opportunity to consider the benefits of smart metering.

In the interests of providing more information to the householder, it would be beneficial for the DNO to acknowledge receipt of the G83/1 to the householder and provide some further information and points of contact, the DNO could also include the export MPAN. However since this may change at some future date due to changes of tenancy and supplier it may actually create more confusion than clarity.

**13.7 It would be helpful to receive views from DNOs as to the extent to which they would be able, both administratively and legally, to advise the registered supplier of the commissioning of micro-generation in any premises. (10.23)**

We do not believe there needs to be a licence obligation on DNOs to provide the export MPAN to the supplier. If a supplier contracts with a customer for their export supply, it should remain the decision of the supplier whether to request the creation of an export MPAN. The supplier will then notify the customer of the export MPAN through its new connection process.

To create an obligation on suppliers to check metering for reverse running will require an obligation on DNOs to advise the supplier. This could be done through the introduction of a new clause to the Master Registration Agreement and the creation of a new DTC flow advising the incumbent import supplier of the presence of connected generation. The supplier would then take action to review the metering arrangements and if necessary contact the customer to discuss their metering arrangements.

**13.8 Ofgem would welcome responses from any who might wish to use a dc meter for the registration of ROCs. It would be particularly useful to receive information on the additional costs likely to be incurred if an approved dc meter were not available. (10.27)**

We currently have no plans to use DC metering at micro-generation sites for the purposes of ROCs. They would require the use of an AC transformer and would be costly and complex to deploy, requiring re-wiring of the home. During the early adoption of micro-generation this would be make them unlikely to be part of the solution.

**13.9 There is some anecdotal evidence that suppliers and domestic-scale micro-generators occasionally encounter difficulty in securing the installation of export metering and that the costs quoted can vary considerably, depending on the region. Ofgem would be interested to hear about instances in which difficulties have been experienced. (10.35)**

Different parts of the country have different practices with regard to export metering with some areas being prepared to offer a single import/export meter solution, yet some insisting on a 2 meter solution. Naturally where one supplier is involved and one customer, we would prefer to see the use of a single meter as this would be less expensive. We have not encountered any refusal to install export metering.

**13.10 Ofgem would be interested to learn from suppliers whether the data-capture units and check data available to meter readers are such as to enable them accurately to identify and record readings from import/export meters and**



**whether mechanisms exist reliably to transfer this data into the billing process. (10.38)**

The P81 solution to the BSC was implemented to enable the use of existing data flows and so it is not envisaged that there will be problems. However, since no-one is yet entering any micro-generation export data into settlements we cannot confirm the reliability of the systems. Certainly suppliers will have to make changes to their billing systems to translate the positive advances of meter reads to register as credits on their billing systems and it will be at this stage that any difficulties will be identified.