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Dear Arthur,

The Regulatory Implications of Domestic-scale Microgeneration

I am pleased to respond to your consultation paper 123/05, published in April. This helpfully set out a range of issues related to small scale generation. Most relate to suppliers of generators or of electricity, but there are a number of areas where we would like to add comments from our perspective of a Distribution licensee.

Our general view is that new developments should be managed within the existing 'supplier-hub' framework, and that obligations and responsibilities should be seen in that perspective. The comments that follow use the paragraph numbering from your paper.

6.8 We should like to see Best Practice Guidelines set down which impose an obligation on manufacturers and vendors to ensure that the legal and technical responsibilities are clearly marked on the product. It is vital that the customer is aware of these requirements especially in the DIY market. In addition we would support the use of pre-paid notices to this effect, which could be returned to both the supplier and the DNO.

To ensure that the customer complies with these obligations it is suggested that an incentive scheme be introduced which would make it financially worthwhile for the customer to comply. A discount voucher off the customer's next supply bill may be particularly effective in securing a response and would confirm the supplier hub principle.

7.5 It would be more appropriate if the obligation followed the Supplier hub principle, so that the supplier is notified. The supplier will then be in a position to drive this activity and will be able to ensure that appropriate metering is installed.

- 7.16 We agree that it is essential that both Supply Licence Conditions 16 and 17 be modified to place on the Supplier an obligation to identify and replace/rectify reverse-running meters.
- 7.17 We agree that export (and the export MPAN) are separate from the concept of supply, but fail to understand why the basic provision of the MPAN number to a customer with an export MPAN is so different from the obligation to provide the MPAN number to a customer with an import (or supply) MPAN. As the penetration of generation grows a market for consolidation of a large number of small generation plants may become feasible and each customer would only be able to contribute with the knowledge of their own export MPAN details. In the early stages it is best to establish sensible and consistent rules/processes and we believe that the obligation to inform the customer of their export MPAN number now will enable the operation of competition in generation in the longer term.
- 7.23 It is for market participants to decide whether to contract to purchase microgeneration output. The imposition of an obligation may result in perverse behaviours contrary to the behaviours associated with a competitive market.
- 7.30 We agree that pre-payment meters, if fitted, must be able to cope i.e. they must be an appropriate meter that will be able to support micro-generation. It is vital that this is addressed, either via a Supply Licence Condition Modification or via the BSC Metering codes of practice.
- 7.34 We fail to see the relevance of referring to introduction of a DCUSC. This has not formally been agreed and is still subject to impact assessment.
- 8.1 We only agree with Paragraph 8.1 insofar as it relates to the Licence obligations on suppliers and DNOs. There are clearly other commercial implications for DNOs, primarily the recovery of DUoS income.
- 8.3 Ofgem suggests the use of a meter timeswitch code to identify premises with micro generation. We would add that a LLF could be an appropriate identifier from a DNO point of view.
- 8.8 We support the principle of supplier hub for the creation of MPANs. As such an export MPAN is only created at the request of a Supplier who, on behalf of the customer, is taking ownership/responsibility for the export MPAN .
- 8.10 We support the principle of supplier hub extended to cover this activity. As such is should be the supplier who notifies owners or occupiers of premises of any export MPAN created in respect of those premises. Equally, this principle would allow the supplier to inform any new owner or occupier of premises, following a change of tenancy, of where there is an export MPAN already created. A DNO would be unable

to fulfil this latter requirement, as it does not have a relationship with the customer; accordingly it does not have access to this information.

10.23 We think it is important to stress the importance of maintaining the supplier hub principle. We have not reviewed the practicality of providing a service to suppliers, but would expect any additional services to be chargeable.

11.9 We recognise that we may need to use a supplier's access rights in order to install metering. However this is entirely consistent with the supplier hub principle, which places the obligation to arrange metering with the supplier.

I hope that you find these brief comments helpful. If you would like to discuss them or raise other questions with us, please feel free to contact me.

Yours sincerely,

Mike Boxall
Electricity Regulation Director