



Your ref

Our ref COD/THS

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Dear Duncan

### **Notice under section 11A of the Electricity Act 1989**

CE Electric UK Funding Company (CE) is the UK parent company of Northern Electric Distribution Ltd (NEDL) and Yorkshire Electricity Distribution plc (YEDL). This letter constitutes a representation on behalf of each of NEDL and YEDL with regard to the above notice, issued on 20 February 2007.

According to the effects cited in paragraph 4b of the section 11 notice published by Ofgem on 20 February, Ofgem's intention has been to reclassify all metering services (other than legacy basic meter asset provision) as excluded services. However, the proposed modification of standard condition 1 establishes a potential conflict with this. In special condition A1 and in paragraph 1 of special condition A2 excluded services are defined as part of distribution business. The proposed modification of the definition of distribution business in standard condition 1 limits the inclusion of metering services to those encompassed within the definitions of "basic meter asset provision" and "basic meter operation". The definition of "basic meter asset provision" limits inclusion to metering equipment of the same functionality as that provided by the licensee on 1 June 2003. This means that, should YEDL wish to provide key meters after 1 April 2007, it could not do so as part of its distribution business, since key meters are of a different functionality from that of the token meters YEDL was providing on 1 June 2003. By the same logic, any provision of smart meters by either NEDL or YEDL after 1 April 2007 would appear to fall outside the scope of distribution business. We would welcome clarification from Ofgem as to whether this exclusion is intentional.

For the avoidance of doubt, this letter does not constitute a statutory objection to the proposals set out in Ofgem's section 11A notice.

Yours sincerely,

**Tony Sharp**

**TONY SHARP**  
Regulation Manager

**CE ELECTRIC UK FUNDING COMPANY**