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Dear Duncan

Metering – Proposed electricity distribution licence amendments

I write in response to your consultation document regarding the early replacement of electricity prepayment meters, removal of metering obligations and the proposed licence amendments.

United Utilities does not object to the distribution licence amendments as proposed in the Notices under Section 11 and 11A dated 20 February 2007 and the Notice under Section 11A dated 23 February 2007. We are pleased that Ofgem has maintained the provision of basic metering services within the definition of a distribution business.

We welcome the consultation process undertaken by Ofgem, particularly in the matter of early replacement of prepayment meters, including the use of open letters and one-to-one discussions with each distribution business. The guidelines on the methodology for calculating PPM premature replacement costs and the use of worked examples is very useful in providing clarity and consistency on the approach to be adopted for cost recovery applications.

A potential area for improvement is the transparency of electricity suppliers' plans for the early replacement of existing PPM technology. As electricity suppliers resource their meter operations service away from the traditional distribution businesses it is becoming more difficult for legacy meter asset providers to gain an understanding of the suppliers' plans for the early replacement of prepayment meters. We are often not aware of the implementation of early replacement plans until significant volumes of meters are received from circuit and the actual in-service life of each meter is crossed-checked against expected economic life. This will result in significant delays before sufficient information can be collected by the meter asset provider to support an application for cost recovery. We believe it is in the best overall interests of meter providers, meter operators and customers for energy suppliers to be encouraged by Ofgem to provide details to the market of their PPM replacement plans. If you wish to explore this matter further with us please do not hesitate to contact Mike Haniak on 01925 233688 or myself at the above address.

Yours sincerely

Mike Boxall
Electricity Regulation Director