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Dear Duncan

Gas Post Emergency Metering Services (PEMS)

This response is on behalf of National Grid Gas's gas distribution business. We have no objection to it being published on Ofgem's website.

We agree with Ofgem's view that there is a strong case for Gas Distribution Networks (GDNs) to continue to provide PEMS in order to minimise inconvenience and disruption for consumers. Since the introduction of metering competition, we have provided PEMS to suppliers alongside an equivalent service for Independent Gas Transporters (IGTs), consistent with the arrangements described by Ofgem in November 2002¹. As we remain willing to provide the service on a commercial basis and our customers wish to continue to receive it, we agree with Ofgem that there is no imperative for a licence condition at this point.

Treatment of PEMS as a Permitted Purpose activity

In relation to Ofgem's analysis of Standard Special Conditions A3, A32 and A36, we agree with the conclusion that PEMS is a permitted purpose for the purpose of A36(1). In the last paragraph of page 3 (ANNEX1), there is an implication that we provide a service for MAMs. This is not correct: our contractual relationship is with suppliers and IGTs rather than MAMs and this should be reflected more clearly within the paragraph when Ofgem publishes its decision document.

We believe that for the purposes of paragraph 4, of Special Condition E4 (Supplementary provisions of the revenue restrictions in respect of the Distribution Network), PEMS services are:

- a) for the specific benefit of a third party requesting the services (IGTs and Suppliers); and
- b) are not made available by the licensee as a normal part of its Distribution Network transportation activity.

We will therefore consider seeking the approval of the Authority to treat these services as an excluded service under Special Condition E4 (or any proposed replacement of this condition which has effect

¹ Letter from Mark Baldock to gas suppliers 29 November 2002

from 1 April 2008) after January 2008. This approval would be consistent with the statement that such services be treated as excluded services made in the letter from Mark Baldock referred to above.

Proposed Industry Guidance

We support Ofgem's proposed industry guidelines as they broadly reflect our current approach to PEMS with both suppliers and IGTs. With regard to some specific paragraphs, we have three observations:

- 1) In relation to meter replacement, we endeavour to exchange meters on a like for like basis (i.e. pre-payment for pre-payment and credit for credit), but our ability to do this in every case is limited by the capacity of the engineers' vehicle. If the meter that needs replacing is a pre-payment, but the only meter available to the engineer is a credit meter, we will normally install the credit meter, in order to maintain supply to the consumer. This is accepted practice with suppliers and ensures consumers are not inconvenienced through supply interruption. The Industry Guidance should therefore reflect this "reasonable endeavours" approach to meter exchange.
- 2) We will pursue Ofgem's suggestion that we consider offering an equivalent PEMS service to non-domestic consumers. We have been discussing the feasibility of this service with suppliers and will examine the practicalities of how it can be achieved. The principal difficulty we have relates to the logistics of carrying a wider range of larger meters within engineers' vehicles. Transporting more and larger types of meter could limit our ability to carry sufficient domestic stock and hence maintain service at current levels. This may limit the scope of any arrangements, if offered.
- 3) Ofgem has suggested that it would be reasonable to expect GDNs to arrange for return of faulty metering equipment to commercial meter operators. When meters and meter equipment are removed, we currently notify the relevant supplier who can then arrange for collection of the meter from a designated place. We do not have a direct contractual relationship with commercial meter operators and if they need this service, it should be arranged with their supplier.

We hope the information provided in this response is useful, but should you wish to discuss any of the points raised within it, please call me on the number provided.

Yours sincerely

Paul Rogers
By email