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Dear Emma,

Re: New metering technology in public lighting

Thank you for the opportunity to comment on this issue. I write here on behalf of CE Electric UK and its distribution licensees Northern Electric Distribution Limited (NEDL) and Yorkshire Electricity Distribution plc (YEDL). This letter covers our response to the specific questions raised in your letter and also provides further points of clarification of a general nature as a result of references made in your letter.

In general, we support any industry changes that assist in reducing the uncertainty of inventories, which otherwise leads us to additional costs in checking the validity of data supplied to us. Such benefits might flow from a system such as the advanced Central Management Systems (CMS).

Turning to the specific questions raised in your letter:

“Are there any consequences of proceeding with developing a new standard for CMS technology that we have not considered above?”

The consequences would vary depending on which industry party would carry out the data retrieval/collection and submission of that data to the settlement system. At present the unmetered supplies operator (UMSO), which is part of the distribution business, issues the non-half hourly estimated consumption for processing into settlement. In the half-hourly market, the Meter Administrator (on behalf of the supplier) calculates the estimated consumption typically using data relating to light levels from a photo-electric control unit (PECU) array. If the UMSO were required to retrieve and collate the CMS data, there would be some additional costs for the distributors in setting up the systems and processes to perform the function; similarly the meter administrator would face the additional costs if this were adopted in the half-hourly market.

However, if the data were processed along the same lines as the existing metered connections, with the supplier's data collection agent obtaining the readings, then the initial set-up costs would move to the supplier. They should be of a lower value as suppliers already perform a similar function for the metered connections. We see CMS as replicating conventional meters, so would expect consumption data to be handled in a similar manner.

We feel that further consideration needs to be given to the phasing of any implementation programme and the risks associated with moving from unmetered inventories to CMS metered supplies in order to avoid under/over recording and also the opportunity of including power factor measurement abilities in the CMS devices to ensure that lamps remain efficient and of low environmental impact.

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"Are there any potential impacts of facilitating CMS technology for public lighting which might adversely affect the market?"

We assume that the new technology (the measuring devices, the central recording system, installation, data processing, etc) would come at a cost and that cost would have to be borne by the lighting authorities. For the larger councils the cost of rolling this out across all of their inventory could be significant. Councils could perceive this additional cost to be an issue given that a number have already invested significant amounts in replacing old assets through private finance initiative (PFI) schemes. Some parish councils or the niche suppliers might be discouraged from entering because of additional set-up costs if the installation of CMS on public lighting were mandated.

In addition to our responses to these specific questions there are some further general comments we wish to make in response to the contents of your letter:

"Inaccuracies in estimation also mean that Distribution Network Operators (DNOs) charge higher Distribution Use of System (DUoS) charges for unmetered supply, reflecting the associated risk premium."

The above statement is not strictly true as unmetered supply charges are calculated on an average basis in each licence area. Two key influencing factors on the level of the charge are the coincidence factor of the customer group (i.e. how closely aligned the customer's peak demand is to the system peak demand) and the load factor (i.e. how stable the customer's consumption is) which are unlikely to change as the non-half hourly data that we receive is profiled by Elexon and we would expect that the half-hourly data provided by CMS would simply confirm the values that had previously been estimated by the use of the PECU array. The only differential is in the unit charges for auditable and unauditable inventories. More accurate recording of consumption could mean that we could move customers to the cheaper auditable inventory tariff.

"...supply to public lighting is under an agreement where the maximum quantity supplied exceeds 100 kilowatts per hour."

We disagree with your assertion that street lighting is exempt from the Directive on the basis that connections exceed 100kW as only the larger inventories exceed this level, and many parish councils will be well below that level, e.g. a parish council with a single light attached to a bus shelter.

"Some types of CMS can remotely meter and control public lighting..."

With increasing interest in active management to reduce the carbon footprint of the electricity supply chain generally and networks in particular, we see public lighting as a good example of despatchable load. The lighting control functionality available in advanced CMS could be used to assist distributors or the GB System Operator by exercising agreed pre-emptive rights to turn the lights off or down. This would take into account any safety implications: for example, we would not anticipate this technology being applied to traffic lights.

We would also like to point out that if CMS devices should come to be included within the scope of "appropriate meter" as defined in the Electricity Act, this could have knock-on consequences elsewhere that might not be immediately visible. One example would be the wording of paragraph 4(e) of regulation 3 of the Electricity (Standards of Performance) Regulations 2005 – "For the purposes of these Regulations, any reference to a customer shall not include any person who is supplied otherwise than through an appropriate meter (as prescribed in regulations made under paragraph 1A of Schedule 7 to the Act)". Without a further change to this wording all street lights with CMS installed would come under the scope of the guaranteed standards, if CMS were defined as "an appropriate meter".

I hope that you will find these comments helpful. If you would like to discuss any of them, please do not hesitate to contact me on the number at the head of this letter.

Yours sincerely,

Richard Collinson
Income Manager