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Dear Margaret

**Response to Smart Metering Implementation Programme:
Prospectus**

ES Pipelines Ltd ('ESP') is an independent Gas Transporter, Meter Asset Manager and Meter Asset Provider. A number of the questions in Ofgem's Smart Metering Prospectus are of significant interest to us, and we would like to take the opportunity in this second response to provide some further views. We trust you will find this information useful.

Question	Response
Prospectus Chapter 3 Question 8	Securing the purchase, installation, and maintenance of customer premises equipment by suppliers is a sensible approach. We note that the prospectus does not seek to determine ownership of equipment. Without suggesting the mandated ownership of equipment by specific parties, we would suggest that at the very least, discussion of all elements of ownership, including funding of all equipment, needs to be opened up. This will help provide the confidence that investors will need to allow smart metering rollout to work.
Prospectus Chapter 3 Question 9	There is certainly a case to be made for the DCC performing an expanded role from day one. However, ESP recognises that for reasons of practicality, it may be necessary to limit the scope of the DCC service initially. However, in the longer term we fully support DCC taking on a broad scope of functions. Therefore, where it becomes clear that significant change is required outside of DCC development to make even interim arrangements function, it would make sense to carry out the required development early on and once only, by expanding the DCC function from day one.
Rollout strategy Chapter 2 Question 1	We are unable to comment on supplier certainty, but would highlight the need for certainty across the board. If those parties who typically invest in meters today are to do so in the future, a good degree of certainty is required as soon as possible, otherwise suppliers themselves may be left to secure the investment for smart meters. We would expect this to lead to an increase in the overall cost of the smart metering programme.
Rollout strategy Chapter 3 Question 10	New housing connections should be treated as a specific target group with a specific policy to encourage very early rollout at these premises. ESP believes this is a common sense way to reduce cost to the industry and would support an Ofgem strategy to encourage it.
Implementation strategy Chapter 5 Question 4	ESP believes that over time, a standardised way of procuring and funding smart meters will emerge. However, this is unlikely to have happened in time for early rollout. We maintain that there is still not enough focus being given to discussing the security of investment assets and associated funding issues. The industry as a whole would benefit from some more open discussion of these issues, with Ofgem's involvement, as we feel that to date Ofgem has all but ignored this important matter.

	The work being carried out on interim arrangements between suppliers presents a good opportunity to provide the industry with a further view on this.
Regulatory and Commercial Framework Chapter 3 Question 2	ESP fully supports the proposal to establish a smart energy code, with proportionate and inclusive governance arrangements.
Regulatory and Commercial Framework Chapter 5 Question 5	ESP agrees that it is not necessarily appropriate for the WAN module to be owned and maintained by the same parties as the meter itself. The integrity of the WAN should be the responsibility of the supplier, who has the most interest in its continued operation. Suppliers may pass this obligation to their service providers, or to the DCC.
Regulatory and Commercial Framework Chapter 5 Question 7	The enduring solution for smart meters must include a communications equipment shared between gas and electricity, and separate to either meter. In our view, a consistent and simple long term arrangement whereby the electricity supplier takes on responsibility for common equipment seems to make the most sense, regardless of which supplier had the equipment installed. This will allow for a consistent and transparent method of cost recovery by suppliers.
Regulatory and Commercial Framework Chapter 5 Question 7	We would re-iterate our previous request for a more focussed and specific treatment of the issues around investment uncertainty which still exist despite the imminent large-scale rollout of early smart meters by all suppliers.
Regulatory and Commercial Framework Chapter 6 Question 14	<p>There is no question that customers on independent networks must be treated identically to all others, and there is no reason why this should not be the case. A large degree of standardisation must take place in industry processes, not just for independents, but for all industry participants, before the smart metering project as a whole can realise maximum potential benefit.</p> <p>ESP will be keen to support all necessary developments towards standardisation but we stress that we would not support a series of piecemeal changes and 'stop-gap' solutions. We would expect to see as much development as practical being undertaken as early as possible, to include all industry participants.</p>

If you have any questions in relation to this response, please let me know.

Yours sincerely

[Redacted Signature]

[Redacted Name]

[Redacted Title]