



*Promoting choice and value for  
all gas and electricity customers*

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Dear Colleague

## **Publication of response's and update: Regulation of Traditional Gas Metering during the Transition to Smart Metering**

### **Background**

On the 25th July 2012 we published our consultation document decision and further consultation on the regulation of traditional gas metering during the transition to smart metering<sup>1</sup>. The consultation closed on the 5th September 2012.

Since publishing our decision, National Grid has; a) accepted our invitation to operate the National Metering Manager role and; b) to conduct a price tariff consultation. To facilitate and open and transparent process National Grid has delivered a series of stakeholder engagement workshops to obtain feedback on their approach document.

### **Response to consultation**

We received six responses to the consultation. In summary, the stakeholders broadly agreed with our strategy and approach to create new obligations on National Grid, stakeholders recognised that this would; a) protect consumers in the transition to smart meters and; b) provide a smooth and effective transition.

Certain Gas Distribution Networks (GDN's) considered that the price consultation review that National Grid is conducting should not result in universal tariffs being set. In developing our strategy we have; a) provided GDN's with certainty regarding the installation of traditional meters in the run up to smart meters and; b) a mechanism for asset transfer to manage their existing asset base. When we originally set the tariff in 2001, we allowed a risk premium to compensate for uncertainty in the market. We are not clear what has changed since that time or why the GDN's will have a materially different cost base, resulting in a need for different tariffs.

We have requested further information from certain GDN's to; a) better understand the GDN's concerns and; b) inform our final decisions. We are proceeding with the original

<sup>1</sup> Consultation document found on the Ofgem website here:

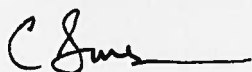
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=65&refer=Markets/sm/metering/tftm/roma>

timetable as set out in our decision document and will provide an update on our decision with respect to universal metering tariffs by the end of the year.

The non confidential response to our consultation can be found on our website.

If you have any questions please feel free to contact Steve Rowe (020 7901 7468; [steve.rowe@ofgem.gov.uk](mailto:steve.rowe@ofgem.gov.uk))

Yours faithfully



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