

Modification proposal:	<b>Supply Point Administration Agreement (SPAA) Change Proposal (CP): Provision of Smart Meter Roll-out Data to Transporters CP 14/282</b>		
Decision:	The Authority <sup>1</sup> directs that this proposal be made <sup>2</sup>		
Target audience:	SPAA Parties, SPAA Panel and other interested parties		
Date of publication:	30 January 2015	Implementation Date:	27 February 2015

## Background

The Smart Metering Implementation Programme ("SMIP") is a major energy infrastructure project to replace or upgrade 53 million domestic and non-domestic electricity and gas meters by the end of 2020.

The SMIP has two phases for the implementation of Smart Meters:

- Foundation<sup>3</sup>
- Main Installation Phase<sup>4</sup>

The quality of service standards contained within the Gas Transporter Licence<sup>5</sup> (standard special condition D10) require the Transporter to attend emergency call-outs within either 1 hour or 2 hours. A gas meter exchange can sometimes lead to an emergency call-out by a Transporter. The Main Installation Phase will lead to a significant increase in the volume of gas meters being exchanged, and therefore increased emergency call-outs. Currently, Transporters do not know where Suppliers are planning to carry out meter exchanges, which impacts their ability to allocate resources to meet their quality of service standards.

## The modification proposal

The modification was proposed by Northern Gas Networks and seeks to have a new mandatory schedule added to the SPAA that requires Suppliers to provide a standardised, regular report to Transporters of their Smart Meter roll-out plans. The report would be provided quarterly on a 'best endeavours' basis. The data in the report would be provided on a 'best estimate' basis. Data will be provided at Postcode Outcode level for the first and second quarter for which the report is being issued and by Postcode Area for all future forecast periods.

## SPAA Change Board<sup>6</sup> recommendation

This Change Proposal was considered at the SPAA Change Board on 2 December 2014. The solution was approved as the total weighted votes accepting the resolution was greater than 65% of the total weighted votes cast in each voting constituency. The solution, the implementation date and the implementation technique were accepted.

<sup>1</sup> The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

<sup>2</sup> This document is notice of the reasons for this decision as required by section 38A of the Gas Act 1986.

<sup>3</sup> The Foundation Phase began in March 2011 and is intended to assist industry's preparation for the Main Installation Phase.

<sup>4</sup> The Main Installation Phase is proposed to start in 2016 and be completed by end 2020.

<sup>5</sup> The Gas Transporter Licence Standard Special Conditions can be found [here](#).

<sup>6</sup> Change Board is established and constituted pursuant and in accordance with the SPAA.

CP 14-282	WEIGHTED VOTING (%)					
	Domestic Supplier		I&C <sup>7</sup> Supplier		Gas Transporter	
	Accept	Reject	Accept	Reject	Accept	Reject
CHANGE SOLUTION	100	0	100	0	100	0
IMPLEMENTATION DATE	80	20	80	20	100	0
IMPLEMENTATION TECHNIQUE	100	0	100	0	100	0

In accordance with the weighted vote procedure,<sup>8</sup> the Change Board considered that CP 14/282 would better facilitate the relevant objectives of the SPAA therefore recommended its approval.

### Our decision

We have considered the views of the Change Board, the contents of the Change Report dated 2 December 2014 and the minutes of the Change Board dated 2 December 2014. We have concluded that on the basis of the dates included in the proposal:

- implementation of the change proposal will better facilitate the achievement of the relevant objectives of the SPAA.
- consenting to the modification being made is consistent with the Authority's principal objective and statutory duties.

### Reasons for our decision

We consider this modification proposal will better facilitate SPAA objective (b) '*the furtherance of effective competition between gas suppliers and between relevant agents,*' and has a neutral impact on the other relevant objectives.

If transporters know in advance where suppliers are planning to carry out meter exchanges, they can allocate resources to meet their quality of service standards more effectively. This report should allow Transporters to more accurately plan the allocation of resources than would otherwise be the case and therefore allow for quicker response times and lower cost of delivery. This will lead to a better customer experience in obtaining a smart meter than would otherwise be the case. The installation visit provides an opportunity for suppliers to compete on the basis of customer service. They can provide the best possible installation experience by sending accurate planning data to Transporters, furthering objective (b). The report set out in this modification mirrors a report that suppliers are already required to provide to the Department of Energy and Climate Change and therefore should be a manageable requirement on suppliers. The Change Board vote reflects this, with all Suppliers who voted supporting the change.

### Monitoring the effectiveness of the modification

We consider the modification as raised to strike a good balance between helping transporters plan their allocation of resources and imposing a proportionate reporting

<sup>7</sup> Industrial and commercial.

<sup>8</sup> The threshold for a change proposal being accepted by relevant SPAA parties is 65%, as set out in clause 9 of the SPAA.

requirement on suppliers for Foundation. We encourage industry participants to monitor the effectiveness of this report in 2015, specifically regarding:

- The granularity of the report
- Service Level Agreements for work carried out by transporters outside their Standards of Service
- Incentives on suppliers to provide accurate forecast information.

### **Decision notice**

In accordance with Standard Condition 30 of the Gas Supply Licence, the Authority hereby approves change proposal CP14/282: Provision of Smart Meter Roll-out Data to Transporters.

**Rob Church**

**Partner, Retail Markets**

Signed on behalf of the Authority and authorised for that purpose.