

Pooja Darbar
Smarter Metering
Ofgem
9 Millbank
London
SW1P 9GE

16 September 2015

Dear Pooja,

Reforming suppliers' meter inspection obligations

Thank you for the opportunity to comment on Ofgem's proposals in this area. I am writing on behalf of each of Northern Powergrid Holdings Company and its two licensed electricity distribution businesses, Northern Powergrid (Northeast) limited and Northern Powergrid (Yorkshire) plc.

We broadly agree with the approach taken by Ofgem in reviewing the licence obligation on suppliers to inspect their customers' meters at least every two years. We believe that existing obligations in Health and Safety legislation are sufficient to ensure that a duty holder manages the health and safety risks of their assets.

We acknowledge the view expressed in this consultation that DNOs do not generally have formal contractual arrangements in place with suppliers to routinely inspect service termination assets on their behalf. Rather DNOs have generally relied upon the duty of co-operation imposed on suppliers (and indeed on all duty holders) by Regulation 4 of the Electricity Safety, Quality and Continuity Regulations. Indeed part of the reason for the existence of this duty of co-operation was to ensure that the routine attendance to service positions by meter readers could continue to be a valuable and efficient route to enable the detection of defects on service termination equipment. Effectively the combination of Regulation 4 and the suppliers' obligation to attend at a maximum interval of two years delivered cost-efficiencies and consumer benefits as a result of suppliers attending the meter position and then sharing any information pertaining to potential defects with DNOs. However case law from the Technology and Construction Court on the repair, installation, maintenance and inspection of supply side equipment (known as the RIMISSE issue) makes it clear that DNOs cannot rely on suppliers' duty of co-operation alone and that, as a minimum, formal contractual and commercial arrangements between DNOs and suppliers are required. It is also clear from industry discussions during the evaluation of the Distribution Connection and Use of System Agreement change proposal DCP235 that such formal contractual arrangements cannot be entered into without commercial consideration of the risks present in any contractual agreement, particularly one which has public safety implications. It is clear that suppliers have identified additional costs required to perform and record the inspection, train inspectors and implement new IT systems to store and communicate the information to DNOs.

Therefore it is evident that should a DNO choose to place a contract with a supplier for the provision of data relating to potential defects at service terminations it will lead to incremental costs over and above those presently incurred. We are reviewing our risk based approach to inspecting service termination assets and the consequences of other judgements made in the RIMISSE case along with other DNOs. We will evaluate the most cost-efficient way

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of discharging our duties and expect to discuss this element of our business plan with Ofgem at the next price control review to ensure that it is funded appropriately.

I hope that you will find these comments helpful.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Nicholson', written in a cursive style.

Mark Nicholson
Head of System Strategy