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Date: 13 April 2017

Dear Colleague

Decision letter: Relaxing the accuracy requirements of Calorific Value Determining Devices

In our¹ letter dated 23 November 2016², we consulted on whether we should relax the currently accepted accuracy requirements for Ofgem-approved Calorific Value Determining Devices ("CVDD") from 0.14MJ/m³ to 0.2MJ/m³ (approx. 0.5%).

We received seven responses to the consultation. This letter summarises the responses received and sets out our decision to relax the requirements to 0.2MJ/m³ (approx. 0.5%).

Consultation Responses

Of the responses received:

- three were in favour of the proposal;
- three were in favour but qualified this support with some suggestions as to how Ofgem's CVDD approval process and the practicalities and likely consequences of the proposed change could be efficiently implemented; and
- one was not in favour of relaxing the current approval limits.

The responses, and our comments on them, are summarised in the attached Appendix. The full responses will be published alongside this letter.

Decision

The Authority considers that the current CVDD accuracy requirements could be impeding technological, commercial and other innovative developments. The Authority further considers that it is more appropriate to align its approval limits for CVDDs to an accuracy equivalent to established accuracy parameters of international standards and recommendations. Such standards and recommendations include the accuracy parameters equivalent to Class 2 performance under ISO 15971:2008 and Class A performance under OIML R 140: 2007 - namely 0.2MJ/m³ (approx. 0.5%).

After carefully considering the responses to the consultation, we consider the change is ultimately likely to provide users with greater choice by encouraging the development and

¹ References to "Ofgem", "the Authority", "we", "us" and "our" are used interchangeably in this letter. The Authority is the Gas and Electricity Markets Authority. Ofgem is the Office of the Authority.

² <https://www.ofgem.gov.uk/publications-and-updates/consultation-relaxing-accuracy-requirements-calorific-value-determining-devices>

adaptation of alternative technologies and introduction of innovative ideas and methodologies that are currently excluded by certain existing Ofgem approval parameters.

The Authority has therefore decided that with effect from the date of this letter, the accuracy requirement of Ofgem-approved CVDDs is 0.2MJ/m³ (approx. 0.5%).

Yours faithfully



Min Zhu
Associate Partner – Analysis
Networks Division

Duly authorised by the Authority

Enc. Appendix

Appendix

Responses in favour

Wales & West Utilities agreed that the change would not have a detrimental effect on customers and could encourage the introduction of new, cost-efficient and higher sampling rate devices resulting in further carbon emission reductions.

CNG Services were in agreement with the proposal and supported further modification of the Flow Weighted Average Calorific Value regime.

Northern Gas Networks (NGN) (who initiated the change) were fully supportive of the relaxation of the current CVDD accuracy parameter to that proposed.

Responses in qualified favour

Scotia Gas Networks (SGN) were generally supportive of the proposal for calorific value determination at low flow sites but considered that the potential cost savings may not be as material when full monitoring of gases to ensure compliance with gas safety legislation is also necessary. SGN also felt there was a need for clarity and discussion between Ofgem and Gas Distribution Networks on how the necessary accuracy will be maintained at larger entry sites.

Peter Thompson expressed no concerns about the proposal to relax the standard approval parameter but highlighted some issues that may arise if the proposed revised accuracy standards were not applied consistently across the system.

The Energy Networks Association (ENA) and its members agreed with the proposal to revise the accuracy requirements and expressed their wish that Ofgem clarify its support of determining site-by-site metering accuracy.

In their response, the ENA explicitly expressed National Grid Distribution Ltd's support for the proposal and its suggestion that further discussion take place with Ofgem on product testing and approval and the quantity of data produced.

We acknowledge all the points raised and are keen to work with the GDN companies to explore these fully.

Response not in favour

Emerson Process Management expressed concerns that the drivers for the proposal appeared to be linked solely to the acceptance of one specific product. While the proposal to relax the current requirements was indeed instigated by NGN's Gas PT2 proposal, Ofgem consider that the current parameter may be posing a barrier to entry to alternative CVDD devices. Ofgem consider that relaxing the current CVDD accuracy parameter will benefit the industry as a whole by allowing supporters of additional alternative devices to achieve Ofgem approval of their products, providing the devices meet the revised requirements.

Emerson Process Management also provided opinion on the usage of the OMIL R140: 2007 Recommendation and drew comparisons with different devices regarding accuracy, traceability and costs. Ofgem values such perspectives and will consider these views when assessing CVDDs for approval in the future.