

**Reference**  
CN-0512

**Date**  
05 December 2019

**Holly Jackson**

Metering and Market Operations  
10 South Colonnade  
Canary Wharf  
London  
E14 4PU

**Cadent Gas Limited**  
Ashbrook Court,  
Prologis Park  
Central Boulevard  
Coventry CV7 8PE  
[cadentgas.com](http://cadentgas.com)



Dear Holly,

**Statutory Consultation on proposed modifications to the Special Conditions and Standard Special Conditions of the Gas Transporter Licence held by National Grid Gas Plc and the Gas Distribution Network Operators.**

I enclose Cadent's non-confidential response to Ofgem's consultation in relation to extending the gas transporter obligations in relation to conventional domestic gas meters and tariff caps.

Although Cadent recognises that the proposed reinstatement of relevant provisions in Standard Special Condition D17 (Provision and Return of Meters), Standard Special Condition D18 (Provision of Metering and Meter Related Services) and Special Condition 4D (Restriction of prices in respect of Tariff Capped Metering Activities) is a pragmatic approach to address the proposed extension of smart metering deployment to 2024, we do have a number of concerns in relation to this consultation.

The first, is that as far as we are aware Ofgem has failed to engage with affected licensees ahead of the consultation to discuss any potential implications arising from the proposals. In terms of good regulatory practice and indeed compliance with aspects of Better Regulation Principles this is highly unusual. We request that Ofgem reviews its processes in that regard as this is a departure from its normal consultative approach.

Secondly, we note that while the BEIS consultation proposing extension of smart metering deployment closed on 11 November 2019, we are not aware that a decision has been made, although Ofgem is proceeding as if it has. We appreciate this places Ofgem in a difficult position, but this should have been explicitly acknowledged as part of Ofgem's notice given the unusual circumstances.



Returning to the first concern, in relation to Standard Special Conditions D17 and D18, while we support Ofgem's proposal to modify these conditions in order to provide appropriate levels of protection to gas customers, it may be found that smart metering deployment proceeds at faster pace than otherwise envisaged and the need for back stop support from gas transporters diminishes much earlier. To that end, it may be more appropriate to amend para 7 of Standard Special Condition D17 and para 12 of Standard Special Condition D18 to provide more flexibility from "Subject to any direction given by the Authority", to "Unless otherwise directed by the Authority".

In relation to Special Condition 4D, post project Nexus and changes to Uniform Network Code metering classifications, the retention of Daily Meter Reading charge tariff cap is somewhat anomalous and in our view should be removed from this condition. We acknowledge this is not the purpose of Ofgem's consultation, however had licensees been engaged beforehand, then this could have been discussed as part of the consultation process and wider public engagement undertaken before Ofgem issued its Gas Act Section 23 notice.

I trust this response is helpful and should you wish to discuss in more detail, I would be very pleased to hear from you.

*Yours sincerely,*

Martin Shannon  
Head of Services (Commercial)  
Cadent Gas Ltd.