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Statutory Consultation on proposed modifications to the Special Conditions and Standard Special Conditions (SSCs) of the Gas Transporter licence held by National Grid Gas plc and the Gas Distribution Network Operators (GDNs)

We welcome the opportunity to respond to Ofgem's consultation document of 07th November 2019.

National Grid supports the net zero target and is fully committed to supporting the drive towards decarbonisation and provision of a more flexible and resilient energy system, and recognise that smart meters play an integral part in this transformation.

National Grid Metering (NGM) is a subsidiary of National Grid Gas (NGG), providing metering services to around 9.2 million Domestic and Industrial and Commercial traditional gas meters owned by NGG. NGM therefore currently remains the largest meter asset manager (MAM) of traditional gas meters. NGG also carries the National Meter Manager (NMM) obligation for traditional gas meters in the transition to smart metering, so both NGG and NGM are significantly impacted by the transition to smart meters.

Market alignment

We strongly agree that the market needs clarity and certainty across both the smart and traditional metering landscape post-2020 and therefore welcome the recent proposals by both BEIS¹ and Ofgem.

We support the alignment of obligations between those relating to smart metering roll-out in the Supplier licence and those relating to traditional metering placed on NGG and the GDNs. Ensuring that continuity of service is preserved in order to protect consumers and maintain confidence remains vital in supporting the orderly transition to smart metering. We strongly believe that reliable delivery of a backstop provision of traditional services (comprising the B-MPoLR obligation and NMM role) is central to this, especially as traditional metering becomes a more marginal activity.

Planning and investment has been challenging during a period which has seen significant constraints and change since the December 2020 end date for the smart roll-out was first mandated. We are mindful that, as time goes on, costs may become more prohibitive and supporting infrastructure (particularly in relation to prepayment metering, such as GIST cards and refresh terminals) may become increasingly difficult to sustain. We therefore encourage Ofgem to recognise that this may become material in the outer years of the smart roll-out extension, as will meeting Guaranteed Standards of Service for consumers with traditional meter installations.

¹ The BEIS consultation regarding smart displacement and reporting obligations to December 2024 can be found here: <https://www.gov.uk/government/consultations/smart-meter-policy-framework-post-2020>

Licence drafting

Reactivation of the licence conditions SSC B7 & B8 and Special Condition 11H (in the NGG NTS licence) and SSC D17 and Special Condition 4D (in the GDN licences) in the manner set out appears reasonable. However, we would suggest that it may be more helpful to specifically state the actual date of 31 December 2024 when these obligations are expected to fall away, rather than to reference the Supplier licence. This would then enable the same initial relationship between obligations to be demonstrated but would provide an easier option to modify either in future, should the need arise.

Conclusion

We support Ofgem's licence proposals and welcome the clarity and alignment this provides across the metering market as a whole. We continue to believe that consumers and market participants alike will benefit most from as little additional change as possible considering the challenges that both smart and traditional metering providers will continue to face in the coming years. Existing arrangements (with the proposed extension) remain fit for purpose and focus should remain on ensuring continuity is maintained, rather than adding complexity.

If you have any further questions regarding this response, please contact me on 0121 424 8397 or 07866 840703.

Yours faithfully,

By email

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