

CODE REVIEW PROPOSAL No 0175
Encouraging Participation in the elective Daily Metered Regime
Version 1.0

Date: 14/09/2007

Nature and Purpose of Proposal

In light of the recent decision by Ofgem on UNC Modification 088 “Extension of DM service to enable Consumer Demand Side Management” it is considered appropriate to develop an alternative approach which sets out to offer the opportunity for parties to consider changes which could increase participation in the Daily Metered (DM) regime.

With the development of competitive Automated Meter Reading (AMR) Services it is timely to consider the current monopolistic nature of the DM market and to also consider whether unbundling DM Services would be appropriate. In addition the 2007 Energy White paper proposes the roll out of AMR across much of the Industrial and Commercial market with one of the primary objectives being to further energy conservation.

Under current UNC arrangements, shippers have had the ability to elect to be Daily Metered over and above the Domestic (2,500 therm) threshold. However, few sites have taken advantage of this facility.

Take up of the elective Daily Metered regime

With the continuing development of AMR we believe the current regulated cost for DM services are significantly higher than the market rate for an AMR based equivalent service. For example the Datalogger charge is currently £403.97p.a. and the additional DM Daily Meter Reading Charge is currently set at the tariff cap of £409.65p.a. This does not offer choice or value to for shippers and consumers alike.

This review should consider (but not limited to):

- **What are the barriers to participation in the elective DM regime?**
- **How could Supplier AMR offerings bring maximum benefits to customers?**
- **How could Supplier AMR offerings be accommodated within a DM regime?**
- **What is the correct balance between Shipper/Transporter obligations?**

Any further information (Optional)

If a change is not made the full benefits of AMR will be lost to the existing DM market and the potential for broader use of DM will not occur. In addition existing DM sites may seek to opt out of the DM regime to take advantage of NDM AMR Services. However this would not enable suppliers to pass through the maximum benefits to customers associated with a Daily Metered Regime.

The introduction of competition into a market segment which is constrained by its cost and complexity should allow a greater degree of participation in the DM market and help extend competition in the metering market.

Broader take up of DM status would allow a higher degree of granularity in information on system usage and this should provide for more efficient and economic operation of the system

Should any subsequent proposal be implemented, this would provide the Transporters with additional meter readings. This enhanced information will help inform the Transporters about system demand, facilitating efficient and economic operation of both the NTS and DN pipe-line systems.

Additionally, as with UNC Modification Proposal 088 any additional take-up of the Daily Metered Regime could promote a higher level of demand-side response when required to balance the system. As well as this, the introduction of an economically viable AMR offerings should help customers in the drive for energy efficiency.

Increasing the number of meter readings provided to the Transporters should result in improved data quality and a reduction in the energy taken into monthly reconciliation and RbD. Indeed the Authority recognised this in its decision letter on UNC Mod 088 “we recognise that the use of AMR technology of the type envisaged in this proposal could deliver benefits by providing improved information for shippers, GTs and the SO” and further “we note that the potential benefits to customers from more smart metering are large and we would expect the benefits to far exceed the implementation costs for many measures of this kind”.

Code Concerned, sections and paragraphs

Uniform Network Code

Transportation Principal Document

Section(s) Section G, Section M

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