

Mr. Julian Majdanski
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29 May 2008

Dear Julian

Re: Modification Proposal UNC 202 “Improvement to More Frequent Reading Provisions to allow benefits of AMR”

energywatch welcomes the opportunity to respond to the issues raised in the Draft Modification Report for UNC 202. This response is non-confidential and we are happy for it to be published on the Joint Office website.

We are very supportive of any encouragement which can be provided to the wider use of smart metering. We believe that smart metering has multiple benefits for consumers, in this case business consumers, and their suppliers. Specifically, it allows suppliers to produce timely and accurate bills for consumers’ energy usage, improves consumers’ awareness of their current energy usage and the action they need to take to increase energy efficiency through re-assessing the way they currently operate. There will be wider benefits to the environment and, consequentially, potentially significant cost savings for both consumers and suppliers.

An additional benefit from allowing non-Daily Metered (NDM) non-domestic gas consumers to provide more frequent meter reads is that, because of the size of the consumer involved, they may be able to offer demand-side response to the market on tight supply/demand days. As uncertainty remains around security of supply and availability of gas when the system may be under stress, we believe that smart metering has a beneficial role to play.

In the context of this particular modification proposal, we believe that it sets out a useful and manageable approach towards developing the basis for more non-domestic gas consumers connected at Large and Small Supply Points to take advantage of the use of smarter metering technology. Allowing I&C NDM sites with installed Automated Meter Reading (AMR) technology to submit more frequent reads, and encouraging others to install it, will provide the benefits outlined above.

This modification takes the sensible approach of not seeking to create wholesale changes to UK-Link to accommodate additional meter reads, given that there is a proposed rebuild of systems due in the near future. We believe that this is a measured approach that seeks to optimise and encourages the increasing use of AMR for Small Supply Points. We also believe that improving data accuracy and

quality in settlement reduces the potential risks and costs to all market participants, including improved AQ data and reductions in the gas settled through RbD. This should feed through in lower costs of operating settlement to consumers. All market participants must strive for effective and improved data management and quality.

We believe that BERR and Ofgem must take a clear strategic lead in encouraging the use of remote read technology so that all energy consumers can ultimately benefit. The rebuild of UK Link will only factor in this development if there is such a clear lead, creating the climate for suppliers to fit smarter meters and obtain the benefits for themselves and, more importantly, passing the benefits to consumers.

If you wish to discuss our response further please do not hesitate to contact me on 0191 2212072.

Yours sincerely

Carole Pitkeathley
Head of Regulatory Affairs