

Reference
Review of Gas Transporter traditional metering licence conditions

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Shaun McRaith
By Email: smartmetering@ofgem.gov.uk



Dear Shaun,

Cadent's response to Ofgem's consultation on the Review of Gas Transporter traditional metering licence conditions

Cadent owns and manages four of the eight gas distribution networks in the UK. Our pipes carry gas to 11 million homes, schools, hospitals and businesses in the North West of England, the West Midlands, the East of England (including the East Midlands and East Anglia) and North London. In total, our pipes stretch over 80,000 miles.

We have provided feedback against each of the questions raised in the consultation below.

Question 1: Do you agree with our proposed extension of the sunset conditions set out in Appendix 1 to 31 December 2025?

We support the proposed extension of the sunset conditions in Appendix 1 to December 31, 2025. This extension aligns with the current target framework phase of the smart meter rollout and provides a sensible approach to ensuring continued consumer protections during this transition.

The UK's smart meter rollout has faced significant challenges and delays. The initial target to complete the rollout by 2019 has been pushed back to 2025, and as of March 2023, only 57% of electricity and gas meters in the UK are smart meters. This falls short of the current target to reach 74.5% by 2025.

Extending the sunset conditions provides a valuable buffer during this period of uncertainty. It allows licensees to continue providing traditional meters commercially while the smart meter rollout progresses, ensuring continuity of services for consumers. This extension also acknowledges the challenges faced by the rollout and allows suppliers to make informed decisions about metering in a changing landscape.

Question 2: Do you agree with our proposal to modify the licence conditions in Appendix 2 such that they cease to apply as of 1 January 2026?

We do not support the removal of Standard Special Conditions D13, D14, and D16. These conditions are still relevant for Distribution Networks to adhere to. We do however support the removal of Standard Special Condition D19 from January 1 2026. This condition, which pertains to non-discrimination in the provision of metering activities, will no longer be necessary post 31 December 2025.

Question 3: Where a GDN continues to hold traditional metering stock, what are your views on the ways in which these assets could or should be managed, and charges levied, following expiry of the sunset conditions and the deactivation of the licence conditions set



out in Appendix 2? Do you have concerns with the proposed removal of the tariffs within those licence conditions and if so, what and why?

We will continue to manage its existing traditional metering stock, primarily for Gas Post Emergency Metering Services (PEMS). As the availability of new classic meters dwindles, we will rely increasingly on refurbished meters. This shift aligns with the industry trend towards SMETS 2 meters, driven by major Meter Asset Providers who have transitioned their procurement accordingly.

We believe that a competitive market will ensure fair pricing for these services. The removal of the tariffs outlined in Appendix 2, therefore, will not require further controls.

Question 4: Do you have any other comments or views on our proposals?

No.

Please get in touch if you would like us to expand on any of the points made in this submission.

This response is not confidential, and we are happy for it to be shared.

Yours Sincerely,

Jahirul Kashem

Regulatory Performance Business Partner, Cadent