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Retail Market Operations
Office of Gas and Electricity Markets
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Smartmetering@ofgem.gov.uk

2nd September 2024

Dear Shaun,

Wales & West House
Spoooner Close,
Celtic Springs, Coedkernew
Newport NP10 8FZ

Ty Wales & West
Clos Spooner,
Celtic Springs, Coedcernyw
Casnewydd NP10 8FZ

Wales & West Utilities (WWU) response Review of Gas Transporter traditional metering licence conditions

Thank you for the opportunity to respond to this consultation. WWU is a gas transporter serving 2.5 million supply points in Wales and south-west England. This response is not confidential and may be published by Ofgem.

WWU decided that it would use its rights to use the back-stop meter provider of last resort when it came into effect on 1 April 2024; in practice Suppliers submit their requests directly to National Grid Transmission rather than sending them to WWU and WWU passing them each individual application on to National Gas Transmission which is how the process is described in the licence. WWU is therefore exposed to a small risk of a request for a last resort meter coming into WWU. At the time the original change was made our preference was for the obligation on WWU to be ended and for National Gas Transmission (as it now is) to acquire the obligation with a carve out for any network that wished to continue to provide the service. WWU did not regard ownership of meters as an activity that it wished to pursue, although we do regard provision of metering services to Meter Equipment Managers as a service that we wish to have the opportunity to continue to provide. WWU sold its stock of meters, both domestic and non-domestic in 2015.

Direction by Secretary of State under Supplier Standard Condition 33.9

The consultation asserts that this came into effect on 30 June 2019; however, the hyperlink provide is to a non-existent page on the Smart Energy Code website so we cannot verify the statement. In June 2019 the relevant department was BEIS; however, we cannot find the direction on the BEIS website. A direction under 33.9 brings into effect 33.7, this states:

33.7 The licensee must take all reasonable steps to ensure that at each Domestic Premises or Designated Premises in respect of which:

Wales & West Utilities Limited

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- (a) it is the Relevant Gas Supplier, any Replacement Gas Meter which is installed or is arranged to be installed forms part of a Relevant Smart Metering System;
- (b) it is to be the first Relevant Gas Supplier, any New Gas Meter which is installed or is arranged to be installed forms part of a Relevant Smart Metering System.

This is relevant to replacement of meters under the commercial agreement for Post Emergency Metering Services whereby WWU (and other GDNs) provide services under contract to gas suppliers for the replacement of domestic sized gas meters following a Public Reported Escape (of gas). It is important to realise that WWU acts as a contractor to Suppliers and provides services specified by them. To date no Supplier has instructed WWU not to fit replacement non-smart meters at domestic premises because it would put the Supplier in breach of their obligations under Supplier Standard Condition 33.7.

We request that Ofgem provides the link to the direction by the Secretary of State.

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

Given that WWU retains a residual risk relating to a request for a last resort meter being sent to it rather than directly to National Grid Transmission, we would prefer that the sunset obligations come into effect on 31 December 2024, a date that was set in 2020 (the date previously being tied to the date specified in Condition 33.1 of the Standard Conditions of the Gas Supply licence). We will reluctantly accept a postponement to 31st December 2025.

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?

In relation to conditions relating to distribution networks, we note that conditions

- *Standard Special Condition D13. Provision of services for specific domestic customer groups*
- *Standard Special Condition D14. Arrangements for access to premises*
- *Standard Special Condition D16. Reporting on Performance*

relate to activities that include more than the provision of metering services on meters owned by the Distribution Network. For example, only D13 (4) specifically refers to a meter owned by the licensee; D14 applies to the entirety of the DN's business and D16 relates to reporting of services provided under D13 and D14. We therefore think that, with the exception of D13 (4), all the provisions of D13, D14 and D16 need to remain. We note that Citizens Advice use D16 to gather information from the GDNs on customer performance and produce a report every three to four years.

Regarding *Standard Special Condition D19. Non-discrimination in the provision of metering activities*, this can be removed from 1 January 2026. As stated above WWU no longer owns

any customer meters and so this condition has no effect for WWU. In a competitive market we do not see that a DN that owns meters should require additional obligations over and above those applicable to any other market participant.

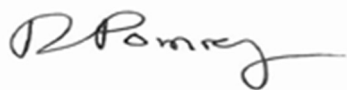
Question 3: Where a GDN continues to hold traditional metering stock, what are your views on the ways in which these assets could or should be managed, and charges levied, following expiry of the sunset conditions and the deactivation of the licence conditions set out in Appendix 2? Do you have concerns with the proposed removal of the tariffs within those licence conditions and if so, what and why?

The consultation puts forward no reason why a DN that holds traditional meter stock should be subject to regulation, on charges or other matters, that differs from any other holder of traditional meter stock such as National Gas Transmission or any other Meter Equipment Manager. Metering is a Supplier obligation and the Meter Equipment Managers supply, in most cases, services to Suppliers so our view is that any regulation on services to customers through Suppliers should be done through the Supplier licence. Where Meter Equipment Managers provide services directly to non-domestic customers who own their metering installation, the customer will have taken a deliberate decision to own their metering installation and obtain services through the market as they do for other services. There is no reason for additional regulation of this market.

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

No.

Yours sincerely,



Richard Pomroy
Regulation Manager
Wales & West Utilities