Appendix 1 – Consultation questions

Q1: Do you believe that competition is already effective in the I&C market? What, if any, regulatory controls do you think are appropriate?
EDF Energy would like regulatory confidence that the wind down of NGM's domestic business is in no way cross subsidising NGM's I&C business. Domestic and non-domestic gas meter assets should be defined by customer and not meter type.

Q2: Do you agree that the retention of tariff caps remains an appropriate approach to regulating domestic metering charges?
The tariff caps and regulatory price controls have been in place since 2002 and work well. There seems little benefit in changing so near to the start of the SMART roll out. Current controls should remain in place until end of the SMART roll out.

Q3: Do you agree that adjustments should be made only to the domestic credit meter tariff cap and that the tariff cap for prepayment metering should continue to be constrained in line with the current price control?
The current prepayment metering price control seems an appropriate approach. There is a concern that an increased differential between domestic credit metering and prepayment metering could result in misplaced incentives and inappropriate commercial outcomes.

Q4: Do you agree with our descriptions of the B-MPOLR and NMM obligations and assessment of their likely duration?
We feel that there is not sufficient detail in the descriptions. We have identified areas that will need further clarification. E.G. • What will happen in the event of timeline slippages? • If a PPM is required post BMPoLR (because smart PMM infrastructure is not available) – will capped rates apply? • What will be covered under the NMM arrangement needs to be made clearer. If a meter develops a fault prior to displacement / 2019; will it be replaced by the NMM and capped maintenance rates will continue to apply? What if the meter is damaged by the customer, will the Supplier have to pay the capped rate if under BMPoLR (pre April 2015); or commercial rates (post April 2015)? Additional clarity from NGM/Ofgem would be helpful in this area. There should be a mechanism to review the NMM closedown arrangements

throughout the SMART rollout. At these review points consideration should be given to what happens if there appears to be a considerable number of traditional meters post 2019.

Further clarity is required regarding PEMS, especially around the notification process.

Q5: Do you consider our use of the DECC Lower bound-case for meter displacement rates to be reasonable? Is there any basis for assuming any other displacement rate and if so, why? Do you think that the roll-out will specifically identify particular meter types for early displacement and if so why?

The profiles shown within the consultation document, appear to be optimistic and do not align with the latest DECC Smart projections.

Will there be a review mechanism and trigger points throughout the smart rollout, in case of significant changes in the displacement rate?

The control of bad debt could be a driver to replace PPMs earlier in the rollout.

Q6: Which of the RAV allocation methodologies described do you believe is the most appropriate? Please indicate your reasons if a preference is expressed.

EDF Energy do not support the adoption of a methodology that looks at one class of asset and assumes the difference between that and the total value is an accurate comparison of the remaining assets.

The allocation methodologies for RAV appear to be based on all domestic meters including the MSA domestic sector, but the resultant tariff cap price is only applied to the non MSA domestic assets. The income allowed from the non MSA assets would be broadly the difference between the RAV return and the MSA return, meaning that it would be sensitive to the MSA take up and price. If only one of the big six Suppliers did not take up the latest MSA contract on offer from NGM, then that Supplier would be very vulnerable to matters outside of its control (i.e. outcome of MSA deals with other Suppliers).

Considering just the RAV meters in the non MSA domestic sector would completely remove the impact of the MSA commercial deals from the regulated price capped market.

As a consequence we prefer option 3. In respect of the stated concerns of this approach we believe that these can be adequately considered in the evaluation process

Q7: Do you agree that the regulatory return allowed for the Distribution business remains the most suitable basis for establishing the rate of return for metering or should a higher rate be applied?

Initial Ofgem proposals appear reasonable.

The additional amount in the WACC (weighted average cost of capital) for the risk element continues to be appropriate as long as the risk is not double counted in the projected costs.

Q8: What requirements do you have for services to support the management of traditional meters (query handling, call management, complaint handling)? What level of service would you expect to receive?

The current services are likely to continue to be required.

The number of data issues should reduce with the installation of smart metering.

National Grid should work closely with Suppliers on their policy meter exchange (PME) programme particularly around smart rollout as there is little benefit exchanging meters due for smart swap out.

Q9: Do you agree with our assessments of future workload? If you have alternative views please outline where they differ.

Future workload assessments should be based around DECCs rollout model which is the most accurate source of information.

There should be a review mechanism linked to the DECC plan.

Q10: Do you anticipate any specific requirement for changes to industry data flows or arrangements for traditional meters?

Bulk changes of agents are likely to be the most challenging events.

- If a MAP/MAM wanted to offload all of their assets in one go, would NGM take on their Market Participant Id, such that the industry event "change of MAM" was not required – or would NGM expect a bulk change of MAM to NGM's Market Participant Id, with the old Market Participant ID becoming redundant? Any bulk migration events are likely to require at least 3 months' notice.
- Does NGM intend to have multiple Contract IDs for a single Market Participant ID? This is likely to cause several Suppliers significant issues as many systems are built assuming a 1:1.

Change of meter flows will need to change if B-MPOLR adopts asset.

What arrangements will be in place regarding flows for traditional meters that remain in place post roll out?

Please return your completed response to the following:	
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THANK YOU FOR YOUR REPLY