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Energy Market Investigation
Competition and Markets Authority
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The Energy Market Investigation (Settlement) Order 2016

Dear David

Thank you for the opportunity to respond to the consultation on the Energy Market Investigation (Settlement) Order.

We note the intent of the Order which identifies measures deemed necessary to address the adverse effect on competition (AEC) arising from the inefficient allocation of costs to parties.

The Order specifies timescales for the collection of and submission to Transporters of Valid Meter Readings dependent upon whether a Supply Meter is able to remotely transmit such readings. The Order also specifies an increase in Valid Meter Reading submission timescales to apply six months after the Project Nexus Implementation Date (PNID)

Uniform Network Code (UNC) Modification 0432, which establishes the Project Nexus settlement arrangements, specifies four product types (classes 1 to 4) for which a Shipper is able to voluntarily nominate each Supply Point within its portfolio. Each will have a minimum Meter Reading submission frequency requirement. We note that the Order will effectively mandate the use of product class 3 in certain circumstances; product class 3 being batched daily Meter Readings submitted periodically (weekly, fortnightly, monthly, etc.).

Whilst we support measures which improve both timely and accurate submission of Valid Meter Readings we would suggest that an important pre-requisite to expediting change is that the cost and benefit of mandating an increased frequency of Meter Reading submission under the UNC should be assessed by UNC parties in the appropriate industry forum.

We note that UNC Modifications 0570 'Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum' and 0594R 'Meter Reading Submission for Advanced & Smart Metering' are currently in progress under UNC governance with both assessing optimum Meter Reading Submission frequency. Were the Order to be directed within the timescales as currently identified then any potential benefit of assessing the optimum Meter Reading submission frequency at a relevant UNC Workgroup may not be realised.

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It is also worth noting that mandating the submission of Meter Readings procured daily is likely to substantially increase the overall number of Meter Readings being submitted to the Transporter Agency, Xoserve. Although the UK Link system and database has been designed to be flexible, the impact of such increases in Meter Read submission on system capacity will require assessment.

Yours sincerely

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