

[REDACTED]  
Department of Energy and Climate Change  
Area 4c  
3 Whitehall Place  
London SW1A 2HD

6th Floor, Dean Bradley House  
52 Horseferry Road, London SW1P 2AF  
+ 44 (0)20 7706 5100  
[www.energynetworks.org](http://www.energynetworks.org)

23<sup>rd</sup> November 2010

Dear [REDACTED]

**DECC Consultation on the provision of third party access to licence exempt electricity and gas networks**

Energy Networks Association (ENA) is funded by the major licensed electricity and gas transmission and distribution companies in the UK and Ireland. We welcome this opportunity to respond to DECC's consultation on the implementation of the "Citiworks" Ruling.

We believe that the approach suggested by government to ensure GB compliance with the EU Directives is reasonable. It will also be important for guidance to be issued to these networks following the Citiworks ruling as we believe that there will be both gas and electricity networks who may not be clear concerning their current status in respect of the requirements to be licensed. Similarly, it will be necessary to make operators of closed systems aware of their obligations and status in the event for example of any change of ownership within a site. Our gas members in particular have proposed that alongside any such guidance it may also be appropriate to remind operators of safety related issues such as the replacement of metallic pipework and the need to comply with regulations such as the Pipeline Safety Regulations and Pressure System Safety Regulations.

It is important that in implementing the Citiworks ruling, the solutions adopted for unlicensed networks are both practical and proportionate reflecting the diverse nature of the sector. They should also take account of existing market arrangements and ensure consistency of treatment across both licensed and unlicensed networks. This is particularly relevant in respect of the current commercial arrangements between electricity Distribution Network Operators (DNO) and licensed independent network operators (IDNOs) who run networks within the DNOs' areas.

The consultation concentrates upon the unlicensed networks and the customers of these networks and does not discuss in detail the impact that any proposals will have upon the licensed gas or electricity network operator. Three of the four market scenarios set out in Annex A of the consultation will have implications for both the customer registration and charging arrangements of the energy distribution companies and potentially the measurement of losses on their networks. .

The registration issues arise if the host DNO is required to provide MPANs or an MPRS service within the unlicensed networks; these would not arise if the 'commercial agreement' option was adopted although this option is likely to raise a number of change of supplier related issues.

As far as the other options are concerned there are a number of specific issues that we have identified and will need to be addressed. For example,

- Who will be responsible for charging DUoS to suppliers of customers attached to license exempt networks?
- How will charging between licensed and licence exempt networks be carried out and on what basis will charges be levied? (This should be consistent with the existing arrangements for charging between licensed distributors).
- Will DUoS charges levied by the exempt operator be capped to the level of the host DNO, as is the case for IDNOs?
- What are the arrangements for unmetered supplies on licence exempt networks if the boundary metering is removed and replaced with full settlement metering?
- Who will perform the role of administrator for the "deemed" metering option. Will it be a single agent or multiple agents? Will they required to be qualified under the Balancing and Settlement Code (BSC)?
- Will the instalment and reading of settlement meters be undertaken by accredited BSC Party Agents to ensure accuracy of metered values?

None of these issues is insurmountable but do need to be thoroughly thought through before any solution is implemented. If you wish to discuss any of these issues do not hesitate to get in touch.

Yours sincerely,



Energy Networks Association

 [energynetworks.org](http://energynetworks.org)

Tel: 0044 