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Sent by email to Geoff.Hatherick@decc.gsi.gov.uk

Dear Geoff,

Corona Energy response on non-domestic market: proposed amendments to roll-out licence conditions

Thank you for providing the opportunity for Corona Energy (CE) to respond to the proposed amendments to the roll-out licence conditions.

Corona Energy is a Shipper and Supplier of natural gas to the non-domestic market. Our customers include small businesses as well as large industrial and multi-site customers. Corona Energy is also a Supplier to a large part of the public sector.

Exception for installations of advanced metering after 5 April 2014

We agree with the intention of Government that customers should have access to the benefits of remote metering as soon as possible. Corona Energy (CE) has been rolling out AMR devices for a number of years and, through those devices, provides Energy Services at both macro (multi-site portfolios) and micro level (individual site). Both types of customers are recognising the benefits these types of new services offer, which provide daily benefits through maintaining security of supply, reducing bill queries, and providing greater transparency over energy use. Longer-term it also helps to reduce consumption (and carbon emissions) through better portfolio management, and allows Corona Energy to optimise their supply positions in the gas markets, so reducing cost.

So that these benefits are spread as wide and as deep as possible, it is imperative that customers are able to continue to request and install next generation metering unhindered throughout the life of the rollout programme. Corona Energy, along with most other suppliers, has made significant investment in initialising its AMR installation programme which depends on a certain level of activity to be viable. Any slowing down or cessation of rollout of next generation metering to customers will result in inefficiencies and costs to both suppliers and the customer. The risk that this will occur is currently high. There is not a viable alternative to the AMR metering product offered to the market in sufficient quantity to satisfy demand from the non-domestic sector after the expiration of the current exemption. As things stand therefore, after April 2014, many non-domestic customers will be denied access to the benefits of next generation metering and will instead be forced to compete for SMETS1 and SMETS2 compliant meters as they come into the market, at the time of huge increases in demand for such meters from the domestic sector. The inevitable delays and difficulties that the competition for a



scarce resource will result in for the rollout programme, will ultimately damage its standing with customers.

The case for extending the exemption deadline is clear; the only question is how far the exemption should be extended for. Domestic suppliers are gearing up for the commencement of mass rollout and will need to successfully install meters at over 50 million sites by the end of 2020. This will place great pressure on the supply chain for SMETS2 compliant meters, particularly in the short-term as large suppliers place orders and take initial delivery. We are not confident that suppliers in the non-domestic sector will be able to source sufficient SMETS2 compliant meters during the run up to, and start of, the mass rollout programme as they will not have bulk purchasing capability to ensure sufficient priority for their needs. Extending the current exemption to either April 2015 (which is immediately prior to mass rollout) or April 2016 (which is immediately after) may not therefore solve the issues that currently exists; the interruption of the rollout of next generation meters caused by a scarcity of SMETS2 compliant units.

To provide certainty to suppliers and customers that the rollout programmes of next generation metering to non-domestic customers continues unhindered and so continue to invest in the infrastructure needed to continue the rollout at current levels, the exemption should only be rescinded once sufficient numbers of alternate meters are available. Looking at the current market this is likely to be after April 2016 and so consideration should be given to a deadline after this date.

Provision of information to customers

We agree that the rules regarding information provision need to be consistent across all categories of metering sites, to ensure that certain consumers are not prohibited from accessing data due to the peculiarities of their communications arrangements.

Conclusion

The case for extending the exemption deadline is clear; the only question is how far the exemption should be extended for. To provide certainty to suppliers and customers that the rollout programmes of next generation metering to non-domestic customers continues unhindered and so continue to invest in the infrastructure needed to continue the rollout at current levels, the exemption should only be rescinded once sufficient numbers of alternate meters are available. Looking at the current market this is likely to be after April 2016 and so consideration should be given to a deadline after this date.

If you have any questions on this response please contact

Regulatory Affairs
Corona Energy

¹ Note that as this response is being submitted electronically the signature will not appear on the document but please consider the document to be signed by