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**Non Confidential**

Geoff Hatherick  
Smart Metering Programme  
Lower Ground Floor  
1 Victoria Street  
London  
SW1H 0ET

**By email:**

[geoff.hatherick@decc.gsi.gov.uk](mailto:geoff.hatherick@decc.gsi.gov.uk)

23<sup>rd</sup> August 2013

Dear Mr Hatherick,

**Reference: Non Domestic Market Proposed Amendments to Roll out Licence Conditions  
Due: 23<sup>rd</sup> August 2013**

Gazprom Marketing & Trading Retail Limited ("**Gazprom Energy**" or "**we**") would like to thank you for the opportunity to respond to your open letter. We do not consider our response to be confidential and we are happy for our comments to be shared with other interested parties.

Gazprom Energy operates in the UK non domestic sector as a gas Supplier and a gas shipper. In addition, we also operate in the UK non domestic power market as an electricity supplier.

Firstly we welcome the opportunity to respond to your open letter and welcome the continuing proactive engagement by DECC with the market. As you are aware Gazprom Energy and its subsidiary Gazprom Energy Solutions which has since acquired by Energy Assets have actively participated in the development of the Advanced and Smart metering market. We have, and continue, to sit on a number of key industry groups and through the industry trade body ICOSS (I&C only Shipper & Supplier) participate indirectly in many more.

Although the domestic smart metering roll out program has been delayed the roll out of advanced metering in the non domestic sector continues to gather pace partly driven by the obligation to install advanced metering on all larger non domestic sites by April 2014. The delay in the domestic smart meter program along with the far lower than expected installations of smart metering to date has meant that it is the non domestic sector which is implementing advanced metering and delivering significant early mover energy and carbon savings.



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As you are aware we have implemented a holistic approach to automated meter reading as many of our customers have operations which incorporate a range of metering from domestic sized metering up to large scale industrial metering. These customers require a consistent and common service across their businesses irrelevant to the size of meters at their premises.

With the delay in the roll out of advanced metering in the domestic sector the ability to source SMETs 2 compliant metering to displace domestic sized metering from April 2014 has caused us some concern and we welcome this timely review of the current arrangements.

We agree with the concerns raised that requiring Suppliers to utilise SMETs 1 meters may have the unintended consequence of stalling the rollout of advanced metering with a detrimental effect on both Suppliers ability to deliver a holistic solution for consumers and for our customers achieving energy and carbon savings.

Based on the options set out **we support a simple approach of extending the existing arrangements to April 2016** on the basis that SMETs 2 meters and DCC services are proposed to be available from Q4 2015. The provision of a firm date enables market participants to manage programs, assess market risk and understand the risk premiums whereas a subjective test imposes uncertainty on the market.

We hope you find our comments useful and have set out the answers to your specific questions in the attached appendix. Should you have any questions on or would like to meet to discuss our response, please don't hesitate to contact me directly.

Yours sincerely,

Regulation & Compliance Manager  
Gazprom Energy  
Tel:  
Mob:  
E-mail:

**Appendix 1: Questions and Answers**

**Question 1:** Whether the period during which advanced meters can be installed should be extended

**Answer:** We support the extension of the period in which advanced meters can be installed as this ensures existing programs can continue providing early mover benefits to consumers.

**Question 2:** The impact on the non-domestic metering market if the exception period were not extended

**Answer:** We believe the smaller non domestic metering market would be materially impacted with the potential for ongoing roll out of automated meter reading to be delayed due to lack of suitable metering equipment.

**Question 3:** What effects any extension would have on the operation of the supply market

**Answer:** We believe the extension would have a positive effect on the supply market by addressing a concern in relation to the access to and asset choice post April 2014. By recognizing the consequential impact of the delay in the domestic roll out program on access to equipment in the smaller non domestic market the government will allow Suppliers to continue to provide consumers with a holistic meter reading and energy management solutions delivering early mover energy and carbon savings.

**Question 4:** Whether any arrangements should apply in the same way to both electricity and gas meters

if it should be extended, whether it should be extended to:

- o April 2015;
- o April 2016; or
- o a date that would be designated in due course with an appropriate notice period (for example, six or twelve months)

**Answer:** We support a **simple approach** of extending, for both Gas and Power, the existing arrangements to **April 2016** on the basis that SMETs 2 meters and DCC services are proposed to be available from Q4 2015. The provision of a firm date enables market participants to manage programs and assess market risk whereas a subjective test even with a lead time imposes uncertainty on the market.

**Question 5:** On Exception for advanced installations after 5 April 2014

**Answer:** Based on the clarification provided we would highlight our concern regarding the potential unintended consequence of potentially impacting consumer's ability to change Supplier.

E.g. If the customer wants to continue to access a holistic AMR service and is yet to have completed the installation of advanced metering across their portfolio the customer may be forced to remain in with their existing Supplier A as if they switch to Supplier B they would not be able to achieve an advanced solution across their whole portfolio as Supplier B would be unable to install and advanced meter at that site whereas the existing Supplier A can.

**Question 6:** The Government would welcome views on the appropriateness of amending the definition of non-domestic premises to mean all non-domestic sites in Profile Classes 1-4.

**Answer:** We agree with the proposal to amend the electricity roll out licence to avoid the risk of omitting premises from the roll out.

**Question 7:** The Government would welcome views on incorporating this minimum requirement for information provision in the definition of a Smart Metering System at designated premises in the roll-out licence conditions

**Answer:** As the proposals mirror those advanced obligations already in place for large non domestic customers and therefore within the functional capability of automated metering equipment deployed on smaller non domestic meters we do not foresee this minimum requirement creating any additional burden.