



Baroness Verma of Leicester
Parliamentary Under Secretary of State

Department of Energy & Climate Change
3 Whitehall Place,
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21st August 2013

Regarding proposed amendments to non-domestic roll-out licence conditions

The Industrial and Commercial Shippers and Suppliers (ICoSS) group represents all the major non-domestic industrial and commercial (I&C) suppliers in the GB energy market, supplying 70% of the gas needs of the non-domestic sector; a number of our members also supply electricity to their customers¹.

I am writing with regard to the proposals to change the deadline for installations of Advanced Metering (AMR) at smaller non-domestic sites to after the current date of 05 April 2014.

AMR devices bring significant benefits to consumers. Not only do they result in greater bill accuracy and transparency over their energy use, but it also results in lower energy bills as suppliers can contract for their customer's needs in the wholesale market with greater accuracy and certainty. The non-domestic sector has been rolling out AMR devices to all types of customers for a number of years and a significant market infrastructure has developed to meet customer demand. Any slowing down or cessation of the rollout programme will result in this infrastructure being under-utilized and result in inefficiencies and cost to both suppliers and customer in general. The current deadline means there is a high risk that this will happen, as there is not a viable Smart Metering alternative available in sufficient numbers to be installed instead.

To ensure that smaller non-domestic customers are not denied access to the benefits of next generation metering and the perception of the rollout programme is not negatively impacted, it is clear that the current exemption deadline needs to be extended and the only question is for how long. The AMR exemption should only be rescinded when there are sufficient numbers of SMETS2 meters available to cover demand in both the domestic and non-domestic market. The Domestic market is looking to install over 50m meters by the end of 2020 and it is reasonable to assume that manufacturers and suppliers will be looking to satisfy demand in this market first. There is a distinct possibility that the non-domestic sector will not be able to source sufficient SMETS2 meters during the initialization of the mass rollout programme as they will not have bulk

¹ Current Membership: Corona Energy, ENI, First Utility (associate), Gazprom Energy, GDF Suez Energy UK, Statoil UK, Total Gas & Power, Wingas UK.



purchasing capability to ensure sufficient priority for their needs. So extending the current exemption to April 2015 (which is immediately prior to mass rollout) may not remove the risk that there will be a scarcity of next generation meters for the non-domestic sector. ICoSS members therefore believe that April 2016 gives more time to ensure that the supply infrastructure is in place and lessens this risk. Though we are not completely confident that the supply issues will be resolved by April 2016, it is critical that suppliers and manufacturers have certainty on what they can and cannot install during the lifetime of the rollout programme. We therefore believe that a fixed date is preferable to rolling deadline, which creates uncertainty in the market and adds cost.

Please feel free to contact me if you wish to discuss this in any further detail. Please note that this response should be treated as responses from each ICoSS member, rather than taken as a single response.

Yours sincerely

Chair ICoSS