

Further Representation

0345 - Removal of Daily Metered voluntary regime

Consultation close out date: 05 September 2011

Respond to: enquiries@gasgovernance.co.uk

Organisation: Gazprom Marketing & Trading Retail

Representative: Steve Mulinganie
Regulation & Compliance Manager

Date of Representation: 2nd September 2011

Modification Panel Members have indicated that it would be particularly helpful if the following questions could be addressed in responses:

Q1: which of the following dates would you recommend as an implementation date for this modification:

- 01 October 2011 – **NOT SUPPORTED**
- 01 October 2012 - **NOT SUPPORTED**
- 01 October 2013 – **QUALIFIED SUPPORT**

Q2: How would you justify your support/lack of support for the above dates? You may wish to include views on the development of alternative metering solutions

To provide context to our position we believe it is worth reflecting briefly on some background.

GMT&R sat on the workgroup which developed the DME product and we were disappointed by the last minute changes to existing processes which were required to utilise the product. As such the cost / benefit case of utilising DME initially was compromised and thus utilisation of the product would require the volumes which would only become available in later stages of the DME rollout.

We believe this view has been justified by the support for the product but the very low uptake to date.

We also note the significant resource workloads arising from key Government Programs including Advanced and Smart Metering rollouts and the Green Deal as well as industry programs such as the Retail Market Review and Energy Market Reform as well as Project Nexus. We question the benefit of making a change at this time which does not take account of these broader industry initiatives.

In light of the poor uptake of the DME product and developing industry programs we believe that the removal of DMV at this stage without a proven alternative is introducing an unnecessary risk to the industry and consumers.

We believe that the DMV regime should remain in place until either, material take up of DME and subsequent proof of efficacy is achieved, or a project Nexus solution is developed tested and proven.

We recognise that in spite of our concerns, DMV may still be discontinued. Should this happen, of the prescribed dates given we prefer October 2013 as this the closest to the deadline for compliance with Advanced Metering Obligations.

Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.

As previously noted we believe it is important to consider the significant industry workloads arising from broader Government and Industry programs which will bring fundamental changes to existing industry operations. We believe making such a change to existing arrangements at this time which is not aligned with those broader industry initiatives is inefficient adds complexity and risk to those broader programs.