



DCUSA Request for Information

DCP 127 - GAS FIRST SMART METER INSTALLATION

- Second RFI

1 PURPOSE

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors, electricity Suppliers and large Generators. Parties to the DCUSA can raise DCUSA Change Proposals (DCPs) to amend the Agreement with the consent of other Parties and (where applicable) the Authority.
- 1.2 A DCUSA Panel Working Group has been established to assess the impact of DCP 127 - Gas First Smart Meter Installation. Further information about gas first installations is in Appendix A.
- 1.3 The Working Group has consulted with DCUSA Parties twice in 2012, and issued a previous Request for Information (RFI) in July 2012.
- 1.4 The legal text that the Working Group has developed with information from the consultations/RFI includes two indemnities for electricity suppliers. Firstly, against losses the supplier suffers to any third party as a result of damage caused by the gas operative in installing the gas smart meter and comms hub. Secondly against any action taken by the gas operative that puts the electricity supplier in breach of its contract with the Meter Asset Provider or Meter Operator. Note however that this second indemnity, as proposed, only applies to contracts entered into prior to 1 October 2013, the rationale being that any new contracts ought to provide for the required permissions to be in place.
- 1.5 The latest version of the legal text for DCP 127 is provided as Attachment 2; extracts relevant to indemnities are provided in Appendix B.
- 1.6 Parties are invited to provide their responses on the attached form, via email to dcusa@electralink.co.uk by **21 February 2013**.

2 REQUEST FOR INFORMATION

The RFI contains questions for electricity suppliers and distributors around the indemnities set out in the DCP 127 legal text. The relevant clause 52H.12 is extracted in Appendix B, and the full legal text is provided in Attachment 2.

For Electricity Suppliers

- 2.1 For the indemnity from the gas supplier, where his actions cause suffering to the electricity supplier (e.g. from damage to metering equipment and/or the premises), is £1m sufficient, or would you propose a different value?
- 2.2 For the indemnity from the gas supplier, where his actions cause the electricity supplier to breach his MAP or MOP contract, is £1m sufficient, or would parties propose a different value?

For Electricity Distributors

- 2.3 Do you have any concerns about the liability provisions in the legal drafting for DCP 127?

3 RESPONDING TO THIS RFI

- 3.1 Responses should be submitted using the response form in Attachment 1 via email to DCUSA@electralink.co.uk no later than **Thursday 21 February 2013**.
- 3.2 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate which parts of the response are to be treated confidentially.

APPENDICES AND ATTACHMENTS

- Appendix A – DCP 127 Overview
- Appendix B – Indemnities – Extracts from DCP 127 Legal Text
- Attachment 1 – Response Form
- Attachment 2 – DCP 127 Legal Text

APPENDIX A – DCP 127 OVERVIEW

The government has recently announced its decision to require all energy suppliers to complete the rollout of smart meters to their domestic and smaller non-domestic customers by 31 December 2019.

This government decision has been based on a benefits case which shows a net benefit of over £7 billion to Great Britain overall. Some suppliers are practicing early deployment of smart meters enabling consumers to realise the benefits of a smart meter ahead of mass roll out in 2014. Currently smart meters are typically dual fuel installations where the smart meter communications hub is powered by the incoming electricity supply. Where a customer is supplied by different suppliers for their gas and electricity and in order to facilitate a competitive energy market, a solution is required to enable a gas only smart meter to be installed independently of the electricity meter. A supplier has been working with manufacturers to supply a gas only communications hub that can be fitted onto the incoming electricity supply.

In previous DECC smart meter consultation responses it was suggested by some parties that gas only suppliers should be given a derogation from having to fit a smart meter until the supplier of the electricity was ready to fit its smart meter. In the "Government response to smart metering roll-out consultation" the government announced its decision not to provide this derogation and it further commented:

"Nor does the Government propose, at this stage, to require changes to detailed industry rules to enable the installation of a gas smart metering system before that of an electricity smart metering system. However, the Government fully supports such changes, accompanied by appropriate protection for the DNOs, and encourages the industry to work to deliver them, and will facilitate such change where necessary."

DCP 127 has therefore been raised by Centrica. It seeks to amend the DCUSA to cater for the commercial impacts of the installation of smart meters for a gas supply in advance of the fitting of an electricity supply smart meter at a given premises. The commercial impacts arise from the need for the industry relationships to be formalised, a need for the gas supplier's meter operator to have permission to work on the

distributor and electricity supplier's MOP's equipment and arrangements for limiting the liability of parties if anything were to go wrong.

Under the current industry framework, the de-energisation and re-energisation of the electricity supply is under the control of the registered electricity supplier, which may be a different party to the gas supplier for whom this work is being undertaken in a gas first scenario. In addition, under the electricity framework, the distributor permits only the registered electricity Meter Operator to carry out such works on his equipment (see Meter Operator Code of Practice Agreement¹). The intent of DCP 127 is that the gas supplier's Meter Asset Manager would be permitted by both the electricity supplier and the electricity distributor to De-energise the electricity supply, fit a gas comms hub and Re-energise the supply.

For clarity, gas suppliers would not be obliged to become a party to the DCUSA unless they wanted to take advantage of the gas first arrangement.

It should be noted that a gas supplier wishing to install gas smart meters first, could enter into a commercial arrangement with an electricity supplier in order to do so. This would mean the gas supplier would have to become an agent of the electricity supplier, in order to make use of permissions already given to electricity suppliers by distributors. In this circumstance there would be alignment with the industry framework with no need to change any industry codes. The proposer feels that having permissions documented within the DCUSA gives visibility and transparency to all electricity suppliers and new entrants. Also that it is more practicable for administration purposes, rather than having to enter into bi-lateral arrangements with any supplier of a premises at which a relevant gas meter is installed.

The proposal raised under DCP 127 is that a gas comms hub may only be fitted by the gas supplier's agent at premises which are already energised and have a dumb electricity meter installed. The intent of the proposal is not to allow gas comms hubs to be installed at new premises in advance of electricity metering work being undertaken and the attached legal text supports this by limiting the circumstances in which permission is granted.

¹ MOCOPA Schedule 5

The proposer has stated that they believe that the gas comms hub should remain under the ownership or control of the gas meter operator until the enduring solution for comms hub ownership has been agreed by industry.

APPENDIX B – INDEMNITIES – EXTRACTS FROM DCP 127 LEGAL TEXT

52H.12 Notwithstanding the consent given by the Electricity Supplier under Clause 52H.11, the Gas Supplier shall indemnify the Electricity Supplier against all actions, proceedings, costs, demands, claims, expenses, liability, loss or damage arising:

52H.12.1 directly from physical damage to the property of any person caused by the Gas Supplier's Gas Meter Asset Manager in exercising the Gas Supplier's rights under this Clause 52H (but excluding liability any loss of profit, loss of revenue, loss of use, loss of contract or loss of goodwill, and subject to a cap of £1 million per incident or series of related incidents); and/or

52H.12.2 directly or indirectly from any claim by the owner of the electricity metering equipment at the Premises or by the Electricity Supplier's Meter Operator Agent that the Electricity Supplier is in breach of its contracts with such persons in providing consent under Clause 52H.11 (but only to the extent such contracts were entered into prior to 1 October 2013, and subject to a cap of £1 million per contract).