



## **DCUSA Consultation - Two**

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### **DCP 127 - GAS FIRST SMART METER INSTALLATION**

## 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 Change Proposals (CPs) to amend the Agreement with the consent of other Parties and (where applicable) the Authority.
- 1.2 This document is a consultation issued to all DCUSA Parties, MOCOPA® Parties, MAMCoP Parties, SPAA Parties, Consumer Focus, ELEXON and the Authority in accordance with Clause 11.14 of the DCUSA, seeking industry views on DCP 127. Supplier Parties are asked to pass this consultation on to their agents and Meter Asset Providers.
- 1.3 Parties are invited to consider the proposed legal text drafting (Attachment B) and submit comments using the form attached as Attachment G to [DCUSA@electralink.co.uk](mailto:DCUSA@electralink.co.uk) by **Friday 12 October 2012**.

## 2 DCP 127 - GAS FIRST SMART METER INSTALLATION - BACKGROUND

- 2.1 DCP 127 (Attachment A) was raised in April 2012. At present, installers and subsequent maintainers of smart communication hubs for gas metering do not have the necessary permissions from electricity suppliers and distributors to work on their equipment (including the electricity meter) to perform de-energisations and re-energisations and the fitting, replacement or removal of such devices. This is because the gas meter operator is not the appointed electricity meter operator. DCP127 proposes changes to the DCUSA in order that all distributors and electricity suppliers will grant those permissions to any gas supplier signing up to the DCUSA, without the need for it to enter into bi-lateral contracts with each, and 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.
- 2.2 A Working Group has been set up to consider the solution and draft legal text to support the change in the DCUSA. Details of the CP and the Working

Group's meetings can be found on the DCUSA website<sup>1</sup>.

- 2.3 A consultation was issued in June 2012, primarily seeking views on the proposed legal text. The Working Group considered the responses and made some changes to the legal text. It also concluded it would be useful to publish a guidance note providing information about how the process set out in the DCUSA could be delivered in the live environment.
- 2.4 To facilitate development of the solution, and the guidance note, a Request for Information (RFI) was issued in July. The RFI asked questions about reporting between parties on gas first installations, and content / governance of the guidance note. The Working Group considered the RFI responses in August and made some further amendments to the legal text and the guidance note. The Working Group also prepared a cost benefit assessment (Attachment C), providing information on the costs of the solution, and the benefits it would bring.
- 2.5 Responses to the first consultation and the RFI are attached as Attachments E and F, including the Working Group's comments and conclusions.
- 2.6 It was agreed that a second consultation should be issued to ensure comments to the first consultation and the RFI had been addressed such that no points had been overlooked, regardless of whether the outcome was that desired by the respondent. The second consultation should also seek comments on the cost benefit assessment drawn up by the working group.

### **3 WORKING GROUP ASSESSMENT**

- 3.1 The Working Group initially considered two models to provide a solution:
  - The tripartite model: Where both the electricity distributor and supplier would have established relationships under the DCUSA with the gas supplier for the purposes of De-energisation and Re-energisation of the electricity meter to fit smart gas meter equipment.
  - The agency model: Only the electricity supplier would have an

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<sup>1</sup> [www.dcusa.co.uk](http://www.dcusa.co.uk)

established relationship under the DCUSA with the gas supplier for the purposes of De-energisation and Re-energisation of the electricity meter to fit smart gas meter equipment.

- 3.2 After the first consultation, the Working Group agreed to progress on the tripartite model; the legal text provided in Attachment B only supports the tripartite model.

#### 4 ASSESSMENT AGAINST THE DCUSA OBJECTIVES

- 4.1 The Working Group identified that three DCUSA Objectives are better facilitated by DCP127:

Objective 1	The development, maintenance and operation by each of the DNO Parties and IDNO Parties of an efficient, co-ordinated, and economical Distribution System
	<b>Better Facilitated.</b> The DCP, together with the associated changes in other industry codes, reinforces the position that only MOCOPA®-accredited operatives should be working on a network and safety and reporting requirements under MOCOPA® would allow distributors to better manage relevant network issues.
Objective 2	The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity
	<b>No Impact.</b>
Objective 3	The efficient discharge by each of the DNO Parties and IDNO Parties of the obligations imposed upon them by their Distribution Licences
	<b>Better Facilitated.</b> Standard License Condition 4 of the Distribution License states that " <i>the licensee must at all times manage and operate the Distribution Business in a way that is calculated to ensure that it does not restrict, prevent, or distort competition in the supply of electricity or gas, the shipping of gas, the generation of electricity, or participation in the operation of an Interconnector.</i> " In order to facilitate competition in gas, suppliers must be able to install gas smart meters independently of the electricity supplier where different suppliers provide gas and electricity to a property.
Objective 4	The promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it
	<b>No Impact.</b>
Objective 5	Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators
	<b>Better Facilitated.</b> One of the main EU directives providing the

	<p>drivers for smart metering in Europe, as referenced in the European Smart Metering Landscape Report is the Energy Services Directive:</p> <p><i>"With the requirements of Art. 13 of the so-called Energy Services Directive (2006/32/ED, ESD) [and the adoption of the Directive on the internal electricity market (2009/72/EC)], it became clear that the modernisation of the European meter infrastructure and the introduction of intelligent metering systems will have to happen."</i></p> <p>Article 13 of the Energy Services Directive requires that gas customers are provided with time of use data from their metering. Smart metering provides a better quality of time of use data and gas first will enable relevant customers to benefit from this data sooner.</p>
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## **5 LEGAL DRAFTING**

- 5.1 The proposed legal drafting to support the preferred solution (the tripartite model) is attached as Attachment B.
- 5.2 One question within the RFI was about information to be reported between parties for gas first installations. Based on the responses, the Working Group determined that reporting is only required for instances of safety, damage and interference.

## **6 GUIDANCE NOTE**

- 6.1 The Working Group drafted a guidance note that is intended to provide supporting information to parties involved in a gas first installation. The note does not take precedent over the provisions of the DCUSA. The respondents to the RFI provided comment on the guidance note; an updated version is attached as Attachment D. The WG envisages that this would be published on the DCUSA website and under the change control of the DCUSA Panel.

## **7 COST BENEFIT ASSESSMENT**

- 7.1 The Working Group has drafted an assessment of the benefits the DCP 127 gas first solution would provide, and the costs that it and the alternatives (individual bilateral contracts between parties, and an electricity meter operator attending the gas comms hub installations) would incur.
- 7.2 One aim of this consultation is to qualify these assumptions and estimates, and to gather information on any further costs/benefits parties consider applicable.
- 7.3 The working group is seeking information to support or enhance its cost benefit analysis such as the expected volume of customers who are expected to benefit from gas first and the likely delay of the fitting of the gas smart meter where gas first (or adequate bi-lateral arrangements) is not an option.
- 7.4 The cost benefit assessment will form part of the final Change Report.

## **8 RELATED CHANGES**

- 8.1 Meter Operator Code of Practice Agreement (MOCOPA®) - A change proposal has been submitted to MOCOPA® by British Gas. All comments in response to this consultation will be shared with MOCOPA® to assist in its development of any required MOCOPA® changes.
- 8.2 Supply Point Administration Agreement (SPAA) - Change Proposal 12/212 'Gas only smart meter installations' has been raised against the SPAA by British Gas. All comments in response to this consultation will be shared with the proposer and the SPAA Expert Group to assist in its development of the SPAA change.

## **9 IMPLEMENTATION**

- 9.1 The proposed implementation date for the DCP is the first DCUSA release after Ofgem approval, which the WG expects to be February 2012.

## 10 CONSULTATION

10.1 The Working Group is seeking your views on the following questions:

- Do you consider the comments submitted during the first consultation and the Request for Information (Attachments E & F) have been adequately considered by the Working Group?
- Does the supporting documentation (the legal text (Attachment B) & guidance note (Attachment D)) clearly define what is required for gas first installations and the permissions applicable?
- Do you have any comments or additional information for the Cost Benefit Assessment (Attachment C)? The workgroup is particularly interested in your views on the viability of the alternative options presented in the cost benefit analysis, the volumes of customers likely to benefit from gas first and the delay in fitting a gas smart meter if gas first is not an option.

10.2 Responses should be submitted using Attachment G to [DCUSA@electralink.co.uk](mailto:DCUSA@electralink.co.uk) no later than **Friday 12 October 2012**.

10.3 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.

## 11 NEXT STEPS

11.1 Following the end of the consultation period the responses will be reviewed by the Working Group. The Working Group will then determine the progression route for the CP.

11.2 If you have any questions about this consultation or the DCUSA Change Process please contact the DCUSA Help Desk by email to [DCUSA@electralink.co.uk](mailto:DCUSA@electralink.co.uk) or telephone 020 7432 3011.



## **12 ATTACHMENTS**

Attachment A – DCP 127

Attachment B – Proposed legal text

Attachment C – Cost Benefit Assessment

Attachment D – Gas First Guidance Note

Attachment E – Consultation 1 Responses and Working Group Comments

Attachment F – RFI Responses and Working Group Comments

Attachment G – Response form