

Question 9: How do you believe charges for UMeTS services should be set and controlled if appropriate? In particular, the Working Group would welcome any information from Distributors about the costs of providing an UMeTS service and the charges they may apply to the service. This information can be provided in confidence to either the Working Group or direct to Ofgem if preferred.	
British Gas	<p>We do not believe that any elements of the costs of providing the UMeTS should be recovered through a general use of system charge. If this was done this would penalise those suppliers who have chosen to procure their own service providers who provide emergency cover.</p> <p>All costs should be recovered on a transactional basis and fully reflect the costs of providing the service. The charges for UMeTS should be covered by the distributors charging methodology statement. The method of calculation should be clear and transparent to Suppliers. Suppliers should have the ability to refer UMeTS prices to Ofgem if they believe they are unreasonable or not cost reflective.</p>
CE ELECTRIC UK	<p>The control of charges for UMeTS only applies if option 008A or 008D is adopted. Compliance at all times with the DCUSA, as from time to time amended, is a licence obligation. The recovery of efficient costs via UMeTS charges would therefore presumably be covered by Ofgem either within allowed revenue or by the capability of cases being referred to Ofgem for determination of charges. If options 008B or 008C are adopted then charges for UMeTS would be controlled by the market. If a service provider chose to "over-price" the service offered then suppliers would be free to purchase the services from alternative service providers under commercial contracts at more competitive rates. Option 008C may contain an inherent problem in relation to charging due to the supplier opt-out. Distributors are obligated to provide a service and in maintaining the ability to provide UMeTS a distributor will incur costs regardless of the volume of calls actually received. If suppliers opt out, these same fixed costs will still be incurred by the distributor and will have to be recovered from a smaller group of suppliers so causing price increases. This could result in a 'spiraling' effect of price increases causing an ever-decreasing base over which to recover the costs. Ultimately, if all suppliers opted out, the fixed cost of retaining the capability to provide the service would have to be borne by the entire customer base, which would therefore find itself paying twice – once through DUoS charges passed on by suppliers and once through suppliers' own charges. Whether it is obligatory or voluntary to provide UMeTS it will be part of Distribution Business (excluded service). If it is obligatory, the regulator will be obliged to discover the "efficient costs" and will presumably wish to approve the form of charges (perhaps as part of the DUoS statement) and carry a power of determination. If it is obligatory with opt-out, Ofgem will still need some control over prices in case there is not either an available "24/7" alternative or a "24/7" alternative that is able to compete with Ofgem's view of reasonable prices. Also, if opt-out should be extensive, a distributor's fixed costs of maintaining the capability to deliver the service might have to be smeared across all customers through DUoS (this might be the way to go anyhow – fixed costs recovered</p>

	<p>through DUoS and incremental costs recovered through transactional charges). The ultimate situation here, if all suppliers opted out of the obligatory distributor service, would be customers paying twice. If it is voluntary, the market will dictate prices. Ofgem will need to bear in mind also that the relevant fixed costs of a DNO that has opted to do no more than the licence requires with regard to metering services or of an IDNO that has never provided metering services will be higher than those of a DNO that has continued to pursue a full-blown metering business. Suppliers might well resent paying significantly different charges to different distributors.</p> <p>In summary; the only option that provides a controllable charge setting mechanism is DCP 008B, where the competitive market in metering services will provide all the necessary controls. We are unable to provide detailed costings associated with the provision of UMetS as we do not currently employ any staff with metering experience. In order to provide these services we would need to start a new metering business by bringing experienced meter operator staff into the CE business. We would then be able to examine what needed to be done to start the new metering business and the costs associated with these changes.</p>
Central Networks	<p>We believe that charges for UMetS services should be on a transactional basis levied on the supplier. This is a premium service within a competitive framework, and the charge should be at the discretion of the Distributors as to whether they offer to provide the service given the amount of retraining/re-equipping required. It is not possible to fully assess the likely costs and charges within the timescales for this response. However we believe that the costs of restoring the UMetS service will be significant.</p>
E.ON UK	<p>The costs of implementing any solution would seem to be disproportionate to the benefit to the customers that truly experience an UMeTS situation.</p>
EDF Energy Customers Plc	<p>It is not appropriate to re-open the debate about the control and publication of charges by Distributors. We would expect Distributors to act reasonably in setting and applying charges for UMetS services. We are aware that Ofgem are considering this matter and look forward to any guidance they may see appropriate to provide.</p>
EDF Energy Networks	<p>Charges should be set in compliance with the distribution license and general law. It is not for DCUSA to determine or control this.</p> <p>Our current charges, based on the current level of service, are published in the charging statements on our website. If the service is made more complicated to manage or additional training is required these are likely to increase.</p>
Electricity North West Limited	<p>The cost for the current UMetS offered within our Distribution Services Area is contained within our Miscellaneous Services Statement. This will need to be amended once the outcome is known. Charges will</p>

	continue to be levied on a cost reflective basis taking into consideration Meter Asset Provision, logistics, installation and administrative services.
energywatch	No comment
ESP Electricity Ltd	ESP would look to recover ALL the costs of developing an IT solution and associated business processes/framework agreements etc. and the ongoing operation/administration of UMETs. Again, due to the fact that UMETs is not a licensed obligation, ESP believes the costs imposed as a result would be totally unacceptable.
Npower Group	We believe that these charges should be transactionally based, and should be clearly quoted within the relevant charging statement. The methodology for defining such charges should be clearly defined and transparent, with a mechanism to challenge amendments to these charges being made available. The latter point is particularly important with regards to Options A and D which place obligations upon Suppliers to take up the UMeTS Service. For invoice validation purposes, we would require the affected MPAN to be quoted on invoices.
Scottish Power Energy Retail Limited	UMeTS should be cost reflective.
SP Distribution / SP Manweb	Charges should be published in the DNOs' Condition 4B Statements.
SSE Energy Supply Limited	As a published transactional charge which would need to be agreed bi-laterally between Suppliers and Distribution businesses.
SSEPD	In the event that industry parties are left to agree commercial arrangements on a bilateral basis, we anticipated that those offering and requesting UMeTS would negotiate charges and payment terms bilaterally. If the scenario where UMeTS provision is incorporated within the DCUSA we would seek to publish UMeTS charges within the Relevant Charging Statement. We anticipate costs of providing UMeTS will be significant and reflect the procurement of services from a third party.
The Electricity Network Company Ltd	We would have to procure the services from other providers. We have not discussed the provision of these services with any contractors. However, in levying these services we would seek to recover: <ul style="list-style-type: none"> • the full cost of setting up contracts with service providers. • The fixed infrastructure costs of providing the service. • The transactional costs for each activity provided. • costs of administration.

	<ul style="list-style-type: none"> • a reasonable margin. <p>We currently have a number of contracts in place with service providers for the provision of emergency services. The costs of these services are commercially sensitive and confidential. We would need to assess whether existing contractors had appropriate competencies and would be willing to provide such services</p>
Western Power Distribution (South West) plc and Western Power Distribution (South West) plc	<p>With the implementation of DCP 009 our LC4A statement the form of which is approved by Ofgem now contains only Use of System Charges.</p> <p>If this DCP were accepted we would expect to publish charges in a "Miscellaneous Charges Statement". Neither the form of this statement nor the charges contained within will be approved by Ofgem. We would however ensure that charges are reasonable and if proposal 008B were accepted, as well as giving DNOs the choice of whether or not to offer UMETS it would also give Suppliers the opportunity to opt out and use an alternative service provider:</p> <ul style="list-style-type: none"> • As indicated above, if this DCP were accepted set up costs would be of the order of £1M and it would be reasonable to expect to recover these costs over say a 3 year period. • Our LC4A statement currently quotes a charge of £55 for an out of hours appointment. • UMETS calls to vulnerable customers are relatively small in number, approximately 3,000 across South Wales and the South West. • The cost of a single phase credit meter is around £10 • The cost of returning the faulty meter removed is around £10 <p>Taking the above into account the average charge for a UMETS visit will be circa £186.</p>