



National Grid Metering RoMA Consultation

Workshop 1 – 2nd October 2012



INVESTOR IN PEOPLE

Workshop 1 - Agenda

1. Introductions 9:30 – 9:45
2. NGM Presentation 9:45 – 10:15
3. B-MPoLR and NMM Obligations / Durations 10:15 – 11:30
4. Asset Transfers 11:30 – 13:00
5. Lunch 13:00 – 13:30
6. Tradition Meter Displacement Rates 13:30 – 15:00
7. Assessment of Future Workload 15:00 – 16:15
8. Wrap Up and Close 16:15 – 16:30

Housekeeping

1. Fire Alarms / Evacuation Procedure
2. Bathrooms
3. Coffee / Tea
4. Lunch
5. Phones
6. WIFI

Introductions

1. Name / Role / Organisation etc
2. Any particular subject interests...

Modus Operandi

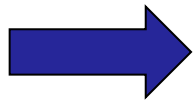
1. Objective - to hear your views
2. Mix break out single group sessions - interactive
3. Confidentiality
 - Default – industry role
 - Specify other and we'll respect
4. Range topics – some commercially significant
 - Hear your views
 - Hear views of others
 - Respect everyone's view

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National Grid Metering

1. Consultation Document
2. Here – to add context...
3. Questions
 - Basic points of clarification - ok
 - More detailed – take away



Abigail Cardall - Regulation Manager (NGM)

Pricing Consultation Workshop 1



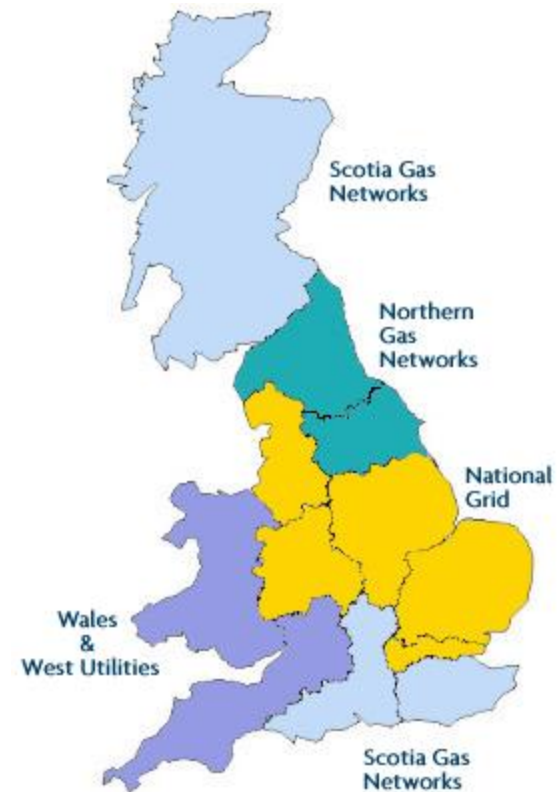
2 October 2012
Abigail Cardall

Agenda

- B-MPOLR and NMM obligations, durations & sunset
- Traditional meter displacement rates
- Asset transfers to NMM
- Assessment of future workloads

Backstop Meter Provider of Last Resort

- Meters installed by the B-MPOLR owned and maintained by NMM
- National backstop metering provider supporting existing MPOLR arrangements
- Obligation owned by NGG
- Allows other Distribution networks to back-off their MPOLR obligations – provides exit strategy for those not wishing to undertake metering
- Obligation sunsets with the start of smart mass roll-out
- Uncertainty over possible installation volumes and ratio of PPM to DCM

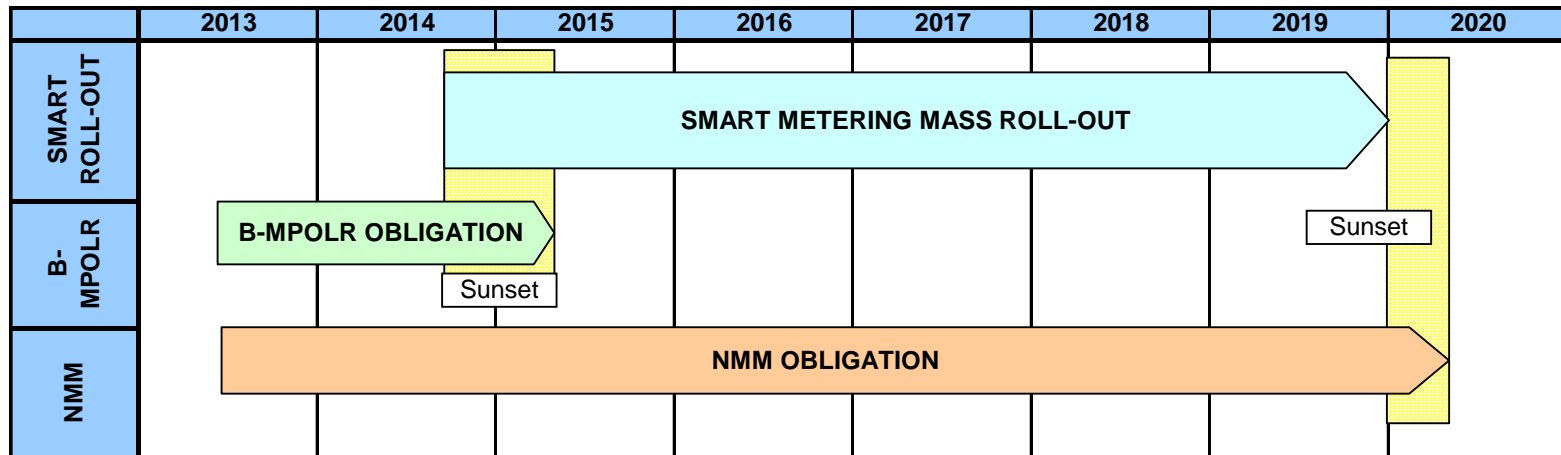


The role of the National Metering Manager

- Role developed by Ofgem through RoMA
- National role in traditional domestic metering
- Endures to the end of mass roll-out
- Last resort provision for new/replacement meters and maintenance prior to exchange, ensuring safety and integrity
- Possible adoption of assets – potentially in variable condition
- Decreasing meter density as roll-out progresses



Duration of obligations/timing of sunset



Assume B-MPOLR and NMM obligations commence mid-2013

- B-MPOLR falls away March 2015, following the smart mandate implementation in Q3 2014
- NMM obligation endures to March 2020 and the end of mass roll-out
- Expectation that tariff caps lifted for new installations occurring after B-MPOLR sunset

Traditional meter displacement rates

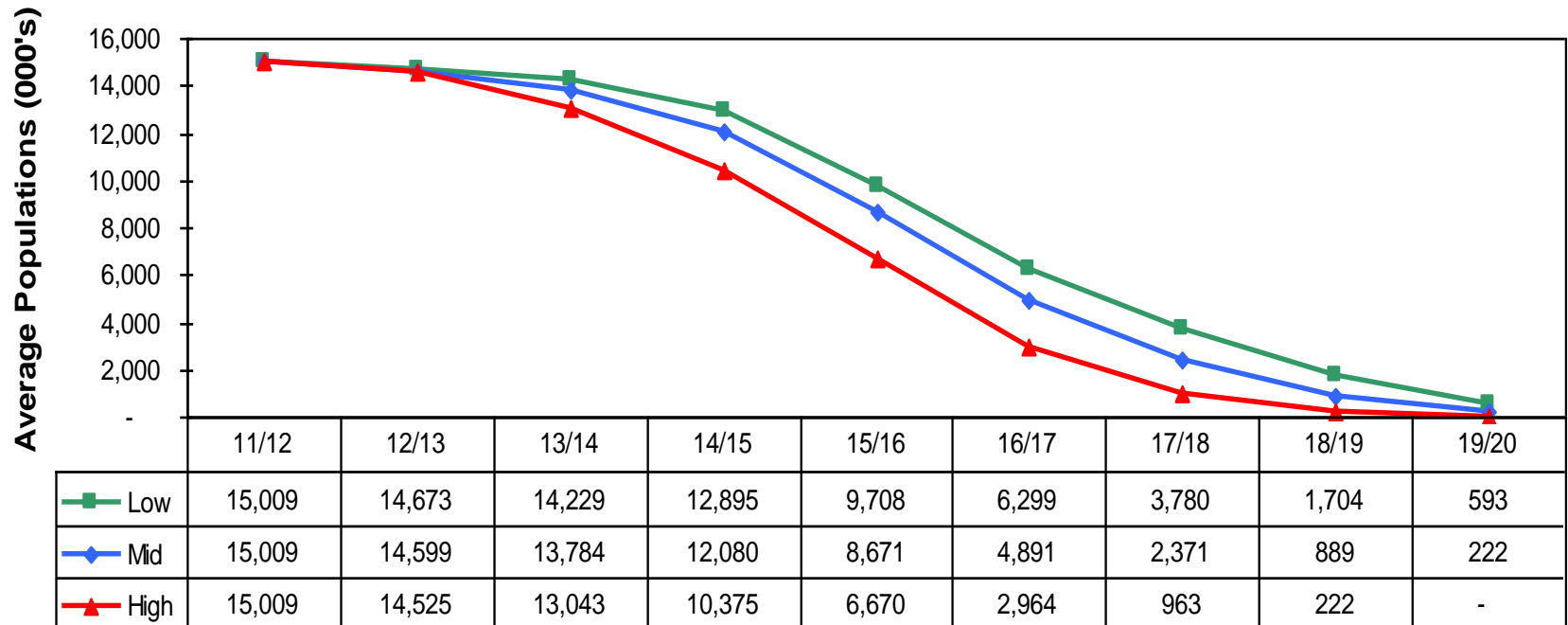
DECC lower-bound displacement rate the basis for our proposals:

% Meters Installed	Lower bound	Central case	Higher bound
Dec 2016	49%	57%	70%
Dec 2017	66%	77%	90%
Dec 2018	83%	91%	97%
Dec 2019	94%	97%	100%
Dec 2020	98%	100%	100%

- Uncertainty remains over exact start date of mass roll-out
- Modelling approach consistent with current DECC expectations
- DCM and PPM displacement spread evenly and in proportion to portfolio
- Potential to consider NGM HAM process to identify assets for priority exchange

Displacement Rate Profiles

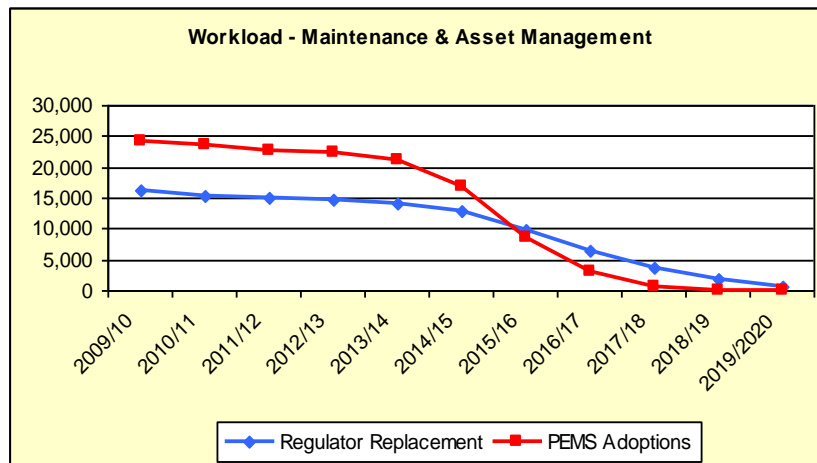
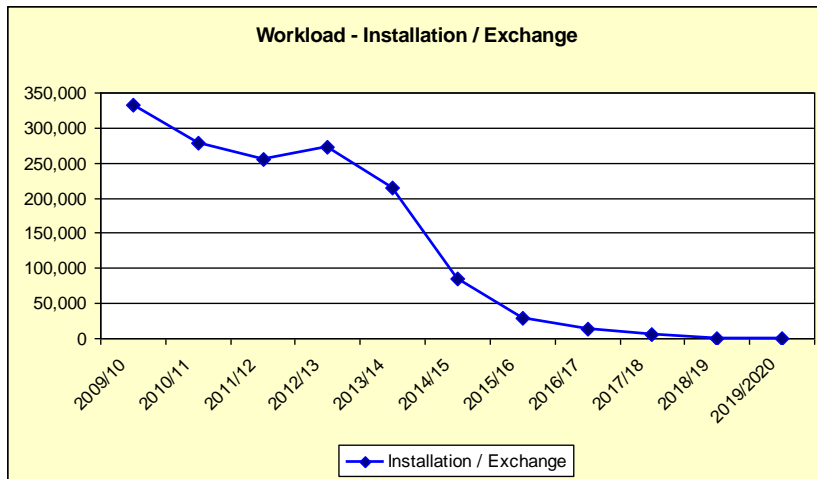
Average Populations based on DECC Smart Displacement Scenarios



Asset Transfers to NMM

- Transparent and non-discriminatory process
- Undertaken on a commercial basis
- Balances technical and commercial requirements:
 - Meter make, model, location, maintenance history
 - Existence of warranties
 - Contractual requirements
- Uncertainty over degree of appetite/number of meters
- Different DCM/PPM ratios in other portfolios
- Methodology may also be appropriate for PEMS adoptions

Future Workloads



- Maintenance workload declines in line with meter populations
- Installation/Exchange volumes rapidly fall away following the start of the smart meter mass roll-out
- Regulator replacements decline in line with populations
 - Volumes result from both PEMS work and Replace on Find
- PEMS meter adoption volumes uncertain
 - Gradual reduction until 2014/15 - minimal volumes by 2017/18

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B-MPoLR & NMM Scope / Durations

1. B-MPoLR

- Is role scope defined appropriately?
- Is duration appropriate?
- Likely uptake?
- Likely DCM / PPM differences?

2. NMM

- Is role scope defined appropriately?
- Is duration appropriate?

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Asset Transfers to NMM

1. Appetite for this – assuming commercials?
2. What commercial issues are envisaged – and how might they be overcome?
 - existence of warranties
 - different DCM/PPM ratios
 - different age profile
3. What technical / logistical issues are envisaged – and how might they be overcome?
 - meter make / model / location / maintenance history
4. Would the method be appropriate for PEMs adoption?

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Traditional Meter Displacement Rates

1. Is DECC lower bound profile (extrapolated for earlier years) appropriate?
2. If not what other authoritative profile could be use – and why?
3. Is the profile of DCM / PPM likely to vary?
4. Are comms coverage issues likely to result in locational pockets of deferred displacement?
5. Role for NGM Holistic Asset Management (HAM) in schedule?
6. Any other factors that need to be considered?
Including Risks

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Future Workloads

1. Are NGM's assumptions reasonable?
2. If not, what is and why?
3. Considering:
 - Installation / Exchange volumes – inc: DCM / PPM ratio
 - Maintenance workloads
 - Regulator replacements - from PEMs and RoF
 - PEMs meter adoption – inc: when smart meters will be installed on PEMs as a matter of course

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Wrap Up Session

1. Recap on points from each session
2. What happens next?



Any Questions?



Additional Slides

Holistic Asset Management

1. Identifies assets for priority replacement
2. Based on probable asset or installation integrity
 - propensity for corrosion
 - visit history
 - asset functionality
 - meter accuracy
3. Currently used to prioritise renewals
4. Could be used to prioritise displacement to smart