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17 August 2012

National Grid Metering Pricing Consultation – Preliminary Stakeholder Engagement

Over the past year, Ofgem has been consulting on regulatory arrangements in preparation for the transition to smart metering. In their Decision document (published 25 July 2012), they make final policy proposals and invite National Grid to accept the role of National Metering Manager. Prior to the introduction of the new obligations and arrangements, National Grid has also been asked to undertake a pricing consultation to review the associated regulated metering tariffs, in place since 2002. In particular, Ofgem expect National Grid to consult on:

- Rate of return – the rate of return explicitly drives the revenue requirement so we will consult to agree an appropriate level for this.
- Allocation of the regulatory asset value (RAV) – this is a key factor in establishing appropriate metering tariffs for both our Domestic and Industrial & Commercial businesses
- Assumptions for domestic metering – assumptions for all forecast meter and activity volumes, revenues and levels of expenditure relating to the Domestic business through to the end of 2019/20.
- Assumptions for Industrial & Commercial metering – setting out an appropriate form of regulation in a competitive market.
- Future uncertainties – potential areas of uncertainty and appropriate mechanisms for managing these within the price control period.

We are currently preparing our pricing approach and initial proposals and will shortly be sharing these with you. In preparing for the pricing consultation discussions, we want to ensure that the process we undertake best suits our stakeholders. We are therefore seeking your views on how to shape these activities and welcome your feedback accordingly.

We believe National Grid Metering has a vital role in the management of traditional gas metering services and the transition to smart metering will create many challenges. However, strong relationships with our stakeholders and customers remain at the heart of our business and we greatly value your input as a result.

Thank you for your response,



Jon Carlton
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