

FUTURE BILLING METHODOLOGY
UNLOCKING A LOW CARBON GAS FUTURE
CONSULTATION RESPONSE

Company name	npower
Date	13 th April 2017
Contact name	Andy Baugh
Job title	Regulatory Developments Manager

Please e-mail your completed response document to
david.chalmers2@nationalgrid.com and louisa.broad@nationalgrid.com.

Consultation question responses

For each of the questions below, please explain:-

- why you agree or disagree and;
- your views on what, if any, alternative changes you would consider to be appropriate.

Use as much space as required on the below tables.

1.	Do you agree that the existing LDZ FWACV methodology presents a barrier to a low carbon gas future and that alternative methodologies should be explored?		
	Agree		Disagree
	Please treat answer as confidential (delete as appropriate)		No
Reasoning			
We agree alternative models should be explored to seek out more efficient, environmentally conscious and cost effective processes. However, we must also ensure CV quality isn't compromised and remains within statutory requirements.			
Indicative cost impact (if applicable)			
Due to short timescale of the consultation it has not been possible to conduct a cost impact assessment.			
2.	Do you agree that the Future Billing Methodology Project could provide the basis to deliver an economical and sustainable pathway to decarbonising heat for 2030 and 2050?		
	Agree		Disagree
	Please treat answer as confidential (delete as appropriate)		No
Reasoning			

At this early stage it is difficult to give a firm view on whether this project will deliver an economical and sustainable pathway to decarbonising heat. This should be possible following a thorough impact assessment and learnings from the trials.

To meet carbon targets there will need to be a range of pathways to heat decarbonisation, so again, we agree alternative models should be assessed.

Indicative cost impact (if applicable)

Due to short timescale of the consultation it has not been possible to conduct a cost impact assessment.

3. Do you agree that the proposed Measurement and Validation Field Trials could provide an understanding of the modelled zones of influence of LDZ-embedded gas entry points?

Agree	X	Disagree	
Please treat answer as confidential (delete as appropriate)			No

Reasoning

Indicative cost impact (if applicable)

Due to short timescale of the consultation it has not been possible to conduct a cost impact assessment.

4. If your answer to Q2 and or Q3 was “Disagree”, what alternative or modified approach would you like to see considered?

Agree		Disagree	
Please treat answer as confidential (delete as appropriate)			No

Response

Indicative cost impact (if applicable)

Due to short timescale of the consultation it has not been possible to conduct a cost impact assessment.

5. What factors and impacts would you like to see considered through the Future Billing Methodology Project?

Please treat answer as confidential (delete as appropriate)

No

The main consideration should be a thorough end to end impact assessment including cost benefit analysis.

As a retail supplier we strongly feel the project must include impacts on supplier systems, processes and end consumers. The proposals will have significant impact on supplier processes, mainly data capture, data transfer, data storage, billing systems and billing processes.

The smart trial proposal implies to send the CV figure to the meter, whereas currently suppliers receive a daily datafile from National Grid containing the CV figure. This would mean suppliers having to capture the CV figure from the meter each time a consumption reading is obtained and then process it through the billing systems. Again this would have significant impacts, even more so when considering prepayment meters and the smart meter display.

As well as domestic consumers, we feel the project should also identify impacts on the non-domestic market and how the proposals would affect AMR meters and end consumers. The proposals would have similar impact to non-domestic billing systems and data processes as mentioned above.

CV quality should naturally be a key measure of the project, including impacts should CV quality deteriorate. For instance would consumers have to use more volume to meet the same KWH amount and could the network handle this on a mass scale? The capping mechanism is in place to prevent erroneous CV amounts entering the system, therefore, we feel the project should cover risk to the capping mechanism and what measures will be in place to cover lower CV zones.

A further suggested consideration is the transition to the proposed new zones (e.g. how would they cut over to the new method, would back billing be required etc)

6. If implemented, how would the suggested changes to the existing LDZ FWACV billing regime benefit your company/organisation, e.g. what savings would the changes bring?

Please treat answer as confidential (delete as

No

appropriate)
<p>Reasoning</p> <p>The proposals may provide slightly better billing accuracy and transparency but at this stage we cannot foresee any savings. The proposals would, however, have significant impact on supplier billing processes and billing systems.</p> <p>A though impact/cost-benefit analysis would provide a clear view but at this stage we assume costs would vastly outweigh any savings.</p>
<p>Indicative cost impact (if applicable)</p> <p>Due to short timescale of the consultation it has not been possible to conduct a cost impact assessment.</p>

7.	Do you envisage any legal or regulatory issues arising if any of the Future Billing Methodology options were to be implemented?	
	Please treat answer as confidential (delete as appropriate)	No
	<p>Reasoning</p> <p>There will be issues if the CV quality falls below minimum statutory requirements.</p> <p>We also need to consider regulatory requirements surrounding charging, billing and bill presentation to customers.</p>	
	<p>Indicative cost impact (if applicable)</p> <p>Due to short timescale of the consultation it has not been possible to conduct a cost impact assessment.</p>	

8.	Do you have any other comments on the Future Billing Methodology Project? (e.g. issues not covered in this document)
-----------	---

Please treat answer as confidential (delete as appropriate)	No
<p>Just to reiterate there must be a thorough end to end impact cost benefit assessment prior to making a final decision on implementation.</p>	