



ESB Networks – Response to CER/15/273 – Proposed decision on regulating the transition activities of market participants.

Dear Sir/Madam,

ESB Networks welcomes this opportunity to further engage with the National Smart Metering Programme (NSMP) on this important policy decision. ESB Networks views Transition as critical to the successful implementation of the Programme thus helping to realise the Programme benefits for all electricity and gas customers in Ireland.

Question 1

Do you have comments on the CER's proposed decision for regulating the transition activities of market participants, or further evidence or reasoning that you consider to be relevant to the proposed decision?

Roll-Out

ESB Networks will, as part of all procurements and deployment planning, seek to provide the most positive experience for all customers. We reiterate our belief that the best way to do this is to deliver an infrastructure which is safe, secure, cost efficient, stable, enduring and available to all, as all customers will benefit under these principles.

We recognise the importance of developing an optimum roll-out plan for Ireland and welcome the opportunity to collaborate further with Gas Networks Ireland to jointly develop and maintain this roll-out plan and further, to engage with all industry stakeholders to consider their views in shaping an optimal plan for both customers and industry stakeholders

Customer choice, technology capability & availability and market impact will be principal considerations for ESB Networks in our deployment planning. The plan must also provide the network companies with the best prospect of a successful realisation. We must, however, remain cognisant of the fact that the smart metering roll-out has the potential to be the major cost component of the entire NSMP and hence cost efficiency is also vitally important, as this will impact upon all customers.

As the physical roll out of gas and electricity meters is the responsibility of ESB Networks and GNI, we agree that the DSO's are the best placed stakeholders to inform and advise on the roll

out of infrastructure that will support the provision of new services to customers (via their suppliers). The NSMP is an end-to-end solution of products and new services and is not simply a meter exchange programme.

Revenue Recovery & Incentivisation Approach

ESB Networks are wholly committed to reducing the DUoS impact of this Programme on electricity customers. As per our response to CER/15/138, ESB Networks will further engage with the Commission regarding the development of an appropriate revenue recovery model and incentivisation approach. There remain outstanding revenue recovery issues which will require finalisation prior to procurement. The existing electricity Price Control mechanisms (PR1 – PR4) have served both the industry and consumers well and we believe that the proposed approach which will be consistent with the existing (and wider) controls is correct.

Co-ordinated Trialling & Testing plan

We welcome the views expressed in the proposed decision paper and indeed shared by most respondents, that the introduction of additional licence conditions on the Network companies (ESB Networks & GNI) to develop a co-ordinated trialling & testing plan is unnecessary and agree the approach as outlined in the proposed decision paper is the most prudent outcome.

With regard to compliance with the co-ordinated trialling & testing plan, we agree that it is appropriate to impose licence obligations on Suppliers and Shippers however the term “reasonable endeavours” as a regulatory obligation for Suppliers is inadequate.

Unlike previous joint programmes of work, this Programme is unique in terms of the high level of interdependence between all implementing stakeholders. Failure or unwillingness on the part of a single implementing stakeholder to adhere to the coordinated plan could mean a suspension of the entire programme, negate the honest effort and commitment of the remainder of the stakeholders and suspend the opportunity for customers to realise the benefits of the programme.

The Programme should recognise this potential risk which creates an imbalance between participating stakeholders. This risk should be mitigated and redressed through robust and common obligations on all implementing stakeholders.

Participant Readiness

ESB Networks agrees with the CER’s proposed decision here and has no further comment to add for consideration.