

Proposed Modifications To Gas
Conveyance Licences With
Distribution Activities
Decision paper

February

2010

Contents	Page
1.0 Introduction.....	3
2.0 Background.....	3
3.0 Proposed licence modifications.....	4
4.0 Consultation responses.....	5
5.0 Conclusion and Next steps.....	9
6.0 Main issues raised in consultation responses.....	11
7.0 Copy of the proposed licence modifications.....	14
8.0 Final licence modifications made.....	23

1.0 Introduction

1. The Utility Regulator has now completed a statutory consultation on proposed modifications to the two existing conveyance licences with distribution activities. The modifications are required to allow the distribution licence holders to recover the additional costs associated with the provision of all Pay As You Go (PAYG) meters in Northern Ireland. This paper outlines the Utility Regulator's decision on the modifications to the Phoenix Natural Gas licence and the BGE conveyance licence taking into consideration the comments received during the statutory consultation.
2. Section 3.0 confirms the proposed modifications and the associated rationale. Section 4.0 of this paper addresses the consultation comments and explains how the final wording in the licence modifications was derived. Section 5.0 confirms the Utility Regulator's decision on the final wording of the modifications. Section 6 includes a copy of the main points raised in each of the responses received. Section 7.0 provides a copy of the original proposed licence modifications and section 8.0 includes a copy of the final licence modifications to be made.

2.0 Background

1. A public consultation on the review of prepayment meters in Northern Ireland took place from the 11th June 2009 until the 3rd August 2009 to invite the views of the utility industries and wider consumer community. To inform the review a cost benefit analysis of the proposed policy to remove the cap compared to the existing policy was completed.

2. The logic behind the existing policy was to protect gas consumers from inappropriately high costs as a PAYG meter costs significantly more than a standard credit meter. The consultation paper however, showed that the net benefit/cost of a Pay as You Go meter compared to a standard credit meter is - £0.95 p.a.¹.
3. The Utility Regulator published their decision paper on the 12th October 2009 taking into consideration the ten consultation responses received. The Utility Regulator decided to remove the cap on the percentage of PAYG meters for which the associated additional cost can be recovered.
4. To implement the Utility Regulator's decision the conveyance licences with distribution activities have to be modified. The Utility Regulator subsequently proposed licence modifications to the Phoenix Natural Gas Ltd. and the firmus energy Ltd. gas conveyance licences with distribution activities (section 7.0). The statutory consultation on the proposed modifications took place from 17th November to 15th December. As discussed, this decision paper now outlines the Utility Regulator's decision on the wording of the required modifications to the conveyance licences with distribution activities.

3.0 Proposed licence modifications

1. Licence modifications proposed by the Utility Regulator for consideration in the statutory consultation were to allow the distribution company to recover 100% of the additional costs of all PAYG meters installed at the request of suppliers. The gas distribution company would be able to charge the gas suppliers an additional annual conveyance charge to recoup the additional costs associated with installing and maintaining a PAYG meter. Any references to a cap on the percentage of prepayment meters for which costs could be recovered have been removed from the original licences. Modifications were made to section 2.6.1 (a), 2.6.1 (d),

¹ The forecast number of meters in 2010 has been employed in this calculation.

2.6.2 (c) and 2.6.3 (c) of the Phoenix Natural Gas conveyance licence with distribution activities. Similar modifications were also made to the firmus Energy Ltd. conveyance licence with distribution activities as outlined in section 2.5.1(a), 2.5.1(b), 2.5.1(d), 2.5.2(a)(iii), 2.5.2(b), 2.5.2(A), 2.5.3(a)(iii), 2.5.3(b) and 2.5.3(A).

4.0 Consultation responses

1. The statutory consultation on the proposed modifications to the two conveyance licences with distribution activities generated three written responses. The responses were received from firmus energy Ltd. the Consumer Council and Phoenix Natural Gas Ltd. firmus energy Ltd. stated that they welcomed the removal of the prepayment cap.

Response from the Consumer Council

2. The Consumer Council stated that they support the removal to the limit on PAYG meter installations although they said they were concerned that the amendment to the licence removing the cap on the number of prepayment meters will encourage suppliers to increase their charge to their customer. The Utility Regulator's decision paper of the 12th October 2009 confirms that the policy to allow the distribution companies to recover 100% of the additional costs of a prepayment meter will generate costs to the gas supplier which are not significantly different from a zero net cost. Therefore, there is no rationale for increasing charges to the consumer based upon the introduction of this new policy.
3. The Consumer Council stated that any licence modification needs to fully take account of the needs of the consumer, and that it looks to build accuracy,

standardisation, transparency and best practice within the ever changing energy environment. The proposed licence modifications are standardised across the conveyance licences with distribution activities and are drafted to ensure accuracy, transparency and best practice.

4. The Consumer Council also stated that the cost for the installation of PAYG meters over standard credit meters needs to be fully balanced by lower billing and meter reading costs, bad debt savings and debt recovery savings. The Consumer Council also stated that all PAYG consumers with the same supplier should be charged the same, regardless of the type of PAYG meter installed, and that all consumers paying debt through a PAYG meter with a debt recovery facility should be on the same tariff as other PAYG consumers. It is the view of the Utility Regulator that customers should pay the same amount for the same level of service provision.
5. The Consumer Council also stated in their response that gas suppliers should have an obligation to implement policies and procedures which help consumers to avoid the build up of debt rather than implementing procedures for debt recovery. This issue will be addressed by the Utility Regulator in the context of in the Social Action Plan and guaranteed service standards.

Phoenix Natural Gas Ltd.

6. The response received from Phoenix Natural Gas Ltd. highlighted that they had difficulties with the proposed modification to paragraph 2.6.1. Phoenix Natural Gas Ltd. said that condition 2.6 deals with the provision and return of meters that are either allowed for within Phoenix Natural Gas Ltd.'s cost base (i.e. included in the price control determination) or those which Phoenix Natural Gas Ltd. can recover via its connection policy. 2.6.1(a) deals specifically with the costs which Phoenix Natural Gas Ltd. has been allowed as part of its price control

determination. Phoenix Natural Gas Ltd.'s price control determination includes the provision of standard gas meters and therefore Phoenix Natural Gas Ltd.'s conveyance charges already incorporate this. Phoenix Natural Gas Ltd. stated that the statement in 2.6.1(a) "and at no additional charge to the conveyance charge provide the gas supplier and" should not be removed.

7. Phoenix Natural Gas Ltd. further stated the additional sentence proposed in 2.6.1(a) implied that Phoenix Natural Gas Ltd. would be allowed to recover an additional amount over and above that which it is already recovering via its conveyance charges. Phoenix Natural Gas Ltd. stated that this was not the case as Phoenix Natural Gas Ltd.'s conveyance charges already capture the provision of standard meters. They stated the conveyance charges statement sets out the basis of its charges to suppliers and the process followed by Phoenix Natural Gas Ltd. in setting its charges is detailed in paragraph 2.3 of their licence. Therefore Phoenix Natural Gas Ltd. proposed that 2.6.1(a) should read as follows:

(a) "the Licensee shall at the request of any gas supplier wishing to supply gas to premises and at no additional charge to the conveyance charge provide the gas supplier and install at those premises a standard gas credit or pre-payment meter to register the quantity of gas supplied to those premises; provided that"

8. The rationale behind the wording of 2.6 as proposed by the Utility Regulator was to allow the distribution company to recover 100% of the additional costs of all PAYG meters installed at the request of suppliers. The existing wording in 2.6 caps the percentage of PAYG meters for which the distribution company can recover the additional costs associated with installation and maintenance. The Utility Regulator's proposed modification to 2.6 would allow the gas distribution company to charge the gas suppliers an additional annual conveyance charge to

recoup the additional costs associated with installing and maintaining a PAYG meter.

9. Following the Utility Regulator's discussion with Phoenix Natural Gas Ltd. regarding the rationale behind the proposed changes to the conveyance licences with distribution activities, Phoenix Natural Gas Ltd. submitted a further response. This response stated *while our reasoning may be different, PNGL believe we both are reaching the same conclusion*. Phoenix Natural Gas Ltd. suggested the following modification to 2.6.1(a) which they stated would ensure that the modifications are as transparent as possible and avoid any future misunderstandings:

"The Licensee shall at the request of any gas supplier wishing to supply gas to premises, install at those premises a standard gas credit or pre-payment meter to register the quantity of gas supplied to those premises. The Licensee shall, in setting its charges for the conveyance of gas, be entitled to recover from the gas supplier the additional cost in respect of the installation and maintenance of a pre-payment meter in accordance with principles and methodologies which the Authority has approved".

10. The Utility Regulator accepted Phoenix Natural Gas Ltd.'s proposed modification with one minor tweak as follows (in bold type): The modification was accepted as it was consistent with the principles outlined in the Utility Regulator's original proposed licence modifications.

2.6.1

(a) the Licensee shall at the request of any gas supplier wishing to supply gas to premises, install at those premises a standard gas credit or pre-payment meter to register the quantity of gas supplied to those premises. The Licensee

shall, in setting its charges for the conveyance of gas, be entitled to recover from ~~the~~ gas suppliers the additional cost in respect of the installation and maintenance of a pre-payment meter in accordance with principles and methodologies which the Authority has approved; provided that

11. In addition, Phoenix Natural Gas Ltd. sought confirmation of the following:

- In determining Phoenix Natural Gas Ltd's allowed revenue from PC03 onwards, the Utility Regulator will retrospectively allow 100% of prepayment customers' meters installed.
- In setting its conveyance charges to recover the determined revenue each year, Phoenix Natural Gas Ltd will be entitled to recover the additional costs of installing and maintaining the prepayment customers' meters within its cost base from suppliers of prepayment customers.

12. The Utility Regulator will continue to monitor the number of prepayment and in particular Quantum meters going forward. However subject to review of outturn costs we are minded to allow 100% of prepayment meter costs from PC03. Also we would point out that the current conveyance charge statement allows prepayment costs to be recovered from suppliers using pre-payment meters and we have no current plans to change this.

13. Each of the conveyance licence holders with distribution activities have given their written consent to the implementation of the modifications to their licence as outlined in section 7.0. The modifications made to both conveyance licences with distribution activities were standard conditions.

5.0 Conclusion and Next Steps

14. The licence modifications made to the two gas conveyance licences with distribution activities (outlined in section 8) will be made under Article 14 of the Gas (Northern Ireland) Order 1996. A notice of modification will be sent to each licence holder confirming when the modifications will come into effect. A copy of the gas licences inclusive of the modifications and the decision paper will be available on the Utility Regulator's website at www.niaur.gov.uk. The decision paper can also be obtained from:

Eimear Smyth
Gas Directorate,
The Utility Regulator,
Queen's House,
Queen's Street,
Belfast BT1 6ER.

Section 6.0

Main issues raised in consultation responses:

First response received from Phoenix Natural Gas Ltd.

PNGL state the proposed modifications to 2.6.1(a) are confusing. PNGL state condition 2.6 deals with the provision and return of meters that are either allowed for within PNGL's cost base (i.e. included in the price control determination) or those which PNGL can recover via its connection policy. PNGL state 2.6.1(a) deals specifically with the costs which PNG has been allowed as part of its price control determination. PNGL confirmed that their price control determination includes the provision of standard gas meters and therefore they state that their conveyance charges already incorporate this. PNGL state the statement in 2.6.1(a) "and at no additional charge to the conveyance charge provide the gas supplier and" is therefore correct and should not be removed.

PNGL state the additional sentence proposed in 2.6.1(a) is misleading as it implies that PNGL will be allowed to recover an additional amount over and above that which it is already recovering via its conveyance charges. PNGL state this is not the case, as PNGL's conveyance charges already capture the provision of standard meters. PNGL state the sentence "The licensee will be allowed to charge a supply company an annual charge, which will include the annual conveyance charge in respect of a meter, and, in respect of the installation and maintenance of prepayment meters, an additional annual conveyance charge, subject to the Authority's approval" is confusing and is not required; PNGL highlight that their conveyance charges statement clearly sets out the basis of its charges to suppliers and the process followed by PNGL in setting its charges is already detailed in 2.3. PNGL state this sentence should therefore be removed and 2.6.1(a) read:

- (b) the Licensee shall at the request of any gas supplier wishing to supply gas to premises and at no additional charge to the conveyance charge provide the gas supplier and install at those premises a standard gas credit or pre-payment meter to register the quantity of gas supplied to those premises; provided that

My only other comments are minor:

- "(a)" has been removed from 2.6.1 in error.
- "; and" at the end of 2.6.1(c), 2.6.2(b) and 2.6.3(b) should be replaced by ".".

Second response received from Phoenix Natural Gas Ltd.

PNGL state that they did not accept the Utility Regulator's argument that the cap would now be effectively 0%. PNGL state that to an outsider this would suggest that they are not allowed the cost of installing prepayment meters within their cost base when in reality their total conveyance revenue would no longer be restricted by a set percentage of prepayment meters i.e. they state it will include the cost of installing all prepayment meters from 2007. PNGL state they will then be allowed to allocate to suppliers of prepayment customers the difference in installation and maintenance cost for each prepayment meter in setting their conveyance charges to recover the determined revenue for the year.

PNGL state they have been looking at things from the determined revenue side i.e. they install 100 credit/300 prepayment meters, they will now be allowed the determined costs of 300 prepayment meters in our cost base instead of 200 prepayment meter /200 credit, hence the cap is effectively 100%. PNGL state they agree that in setting their conveyance charges to recover this determined revenue, they will then be entitled to allocate to suppliers of prepayment customers the additional costs of installing and maintaining the prepayment meters.

PNGL state that while their reasoning may be different, they believe we both are reaching the same conclusion. PNGL state the following summarises their understanding of our conversation:

- In determining PNG's allowed revenue from PC03 onwards, UReg will retrospectively allow 100% of prepayment meters installed.
- In setting its conveyance charges to recover the determined revenue each year, PNG will be entitled to recover the additional costs of installing and maintaining the prepayment meters within its cost base from suppliers of prepayment customers.

PNGL state that on this basis they have looked at Condition 2.6 and think that the following modification to 2.6.1(a) would ensure that the modifications are as transparent as possible and avoid any future misunderstandings:

The Licensee shall at the request of any gas supplier wishing to supply gas to premises, install at those premises a standard gas credit or pre-payment meter to register the quantity of gas supplied to those premises. The Licensee shall, in setting its charges for the conveyance of gas, be entitled to recover from the gas supplier the additional cost in respect of the installation and maintenance of a pre-payment meter in accordance with principles and methodologies which the Authority has approved.

Response received from Consumer Council

The Consumer Council state it is their position that any licence modification needs to fully take account of the needs of the consumer, and that it looks to build accuracy, standardisation, transparency and best practice within the ever changing energy environment.

The Consumer Council state they support the removal to the limit on PAYG meter installations. The Consumer Council state that although, they are concerned that the amendment to the licence removing the cap on the number of prepayment meters will encourage suppliers to increase their charge to their customers.

The Consumer Council believe there are significant cost benefits for **both** suppliers and consumers in using a PAYG meter. Suppliers benefit as consumers pay in advance for the energy they use and are less likely to get into debt, and they face reduced administration and billing costs that come with the increased use of prepayment meters, and the Consumer Council state they hope these benefits will negate any increase in costs to consumers. The Consumer Council state consumers also benefit through better budgeting and managing their energy consumption. They state the cost for the installation of PAYG meters over standard credit meters needs to be fully balanced by lower billing and meter reading costs, bad debt savings and debt recovery savings. It is the position of the Consumer Council that all PAYG consumers with the same supplier should be charged the same, regardless of the type of PAYG meter installed, and that all consumers paying debt through a PAYG meter with a debt recovery facility should be on the same tariff as other PAYG consumers.

The Consumer Council state they are concerned that consumers may find themselves in debt for reasons outside of their control, for example, if their supplier has incorrectly billed them for the energy that they have used, a consumer may owe a significant outstanding balance. Some consumers may also find themselves in debt through financial hardship. The Consumer Council state such consumers should not be penalised with the implementation of a higher tariff simply because they are in debt.

The Consumer Council state they do not believe that the sole responsibility for avoiding debt resides with the customer. Suppliers should have an obligation to implement policies and procedures which help consumers to avoid the build up of debt rather than implementing procedures for debt recovery. The Consumer Council state because of this dual responsibility, on both suppliers and consumers, to reduce and manage debt levels, they do not believe any customer, PAYG or otherwise, should be expected to pay a higher than normal tariff.

Section 7.0 (a)

Abstract from the Phoenix Natural Gas (Distribution) conveyance licence inclusive of the proposed modifications by the Utility Regulator tracked:

Condition 2.6: Provision and Return of Meters

2.6.1 Provision of Standard Meters

The following provisions shall apply with respect to standard gas meters:

- (a) the Licensee shall at the request of any gas supplier wishing to supply gas to premises ~~and at no additional charge to the conveyance charge provide the gas supplier and~~ install at those premises a standard gas credit or pre-payment meter to register the quantity of gas supplied to those premises, ~~the number of standard gas prepayment meters requested by the gas supplier in respect of premises supplied by him does not exceed 13 per cent of the total number of standard meters requested by the gas supplier~~ The licensee will be allowed to charge a supply company an annual charge, which will include the annual conveyance charge in respect of a meter, and, in respect of the installation and maintenance of prepayment meters, an additional annual conveyance charge, subject to the Authority's approval; provided that
- (b) the provisions of Condition 2.6.1(a) shall not apply, and the Licensee shall be entitled to charge its full costs of providing installing and operating a replacement standard gas meter requested by the gas supplier in accordance with principles and methodologies approved by the Authority, if the gas suppliers' request is to replace an existing standard gas credit or prepayment meter at premises connected to the Network by means of a service pipe, with a like standard gas credit or prepayment meter, and the existing standard gas credit or prepayment meter may otherwise be utilised by the gas supplier and is operational within the limits of required accuracy;

- (c) the Licensee shall comply with the gas supplier's request prior to the commencement of the supply of gas to those premises by the gas supplier or at the request of the gas supplier at any time thereafter as soon as is reasonably practicable.

~~(d) where a gas supplier requests a standard gas pre-payment meter in excess of the percentage permitted under Condition 2.6.1(a) then the gas supplier's requirement shall be treated in accordance with the provisions of Condition 2.6.2 as if that requirement were for a non-standard gas pre-payment meter.~~

2.6.2 Provision of Non Standard Credit Meters and Pre-payment meters

The Licensee shall:

- (a) comply with any reasonable request by any gas supplier wishing to supply gas to premises to provide and install at those premises a gas meter owned by the Licensee being a non standard gas credit or pre-payment meter (but being of an appropriate type), specified by the gas supplier, if a meter of that type is readily available to the Licensee; and:
 - (i) if the Licensee's capital, installation and (if any) operational costs of the non standard gas credit or pre-payment meter are greater than those like costs of a corresponding standard gas credit or pre-payment meter, as the case may be, then the Licensee shall be entitled to receive from the gas supplier the difference in the costs in accordance with principles and methodologies which the Authority has approved; or
 - (ii) if the Licensee's capital, installation and (if any) operational costs of the non standard gas credit or pre-payment meter are less than those like costs of a corresponding standard gas credit or pre-payment meter, as the case may be, then the Licensee shall pay the gas supplier the difference in the costs in accordance with the principles and methodologies which the Authority has approved; provided that
 - (iii) if the gas supplier's request is to replace an existing gas meter at premises connected to the Network by means of a service pipe, and that meter may

otherwise be utilised by the gas supplier and is operational within the limits of required accuracy, then the provisions of Condition 2.6.2(a)(i) and (ii) shall not apply and the Licensee shall be entitled to charge its full costs of providing, installing and operating the gas meter requested by the gas supplier in accordance with principles and methodologies approved by the Authority;

- (b) comply with a request under Condition 2.6.2(a) prior to the commencement of the supply of gas to those premises by the gas supplier or at the request of the gas supplier at any time thereafter as soon as is reasonably practicable.
- (c) ~~in the case of a non standard gas pre payment meter the provisions of Condition 2.6.2(a) shall apply as stated whilst no more than 13 per cent of the total number of meters relied on by the gas supplier are of the pre payment type and if this percentage is exceeded, then for the purposes of Condition 2.6.2(a) the comparison of costs of a non standard gas pre payment meter shall be with a standard gas credit meter.~~

2.6.3 Installation of Gas Suppliers Meter

The Licensee shall:

- (a) comply with any reasonable request by any gas supplier wishing to supply gas to premises to install at those premises a gas meter of an appropriate type owned by the gas supplier (or the owner or occupier of the premises); and
 - (i) if the Licensee's, installation and (if any) operational costs relating to such a gas meter are greater than the capital, installation and (if any) operational costs of a corresponding standard gas credit or pre-payment meter, as the case may be, then the Licensee shall be entitled to receive from the gas supplier the difference in accordance with principles and methodologies which the Authority has approved; or
 - (ii) if the Licensee's installation and (if any) operational costs relating to such a gas meter are less than the capital, installation and (if any) operational costs of a corresponding standard gas credit or pre-payment meter, as the case may be, then

the Licensee shall pay the gas supplier the difference in accordance with the principles and methodologies which the Authority has approved; provided that

- (iii) if the gas supplier's request is to replace an existing gas meter at premises connected to the Network by means of a service pipe, and that meter may otherwise be utilised by the gas supplier and is operational within the limits of required accuracy, then the provisions of Condition 2.6.3(a)(i) and (ii) shall not apply and the Licensee shall be entitled to charge its full costs of installation and operation of the gas meter requested by the gas supplier in accordance with principles and methodologies approved by the Authority;
- (b) comply with a request under Condition 2.6.2(a) prior to the commencement of the supply of gas to those premises by the gas supplier or at the request of the gas supplier at any time thereafter as soon as is reasonably practicable.
- (c) ~~in the case of a gas pre-payment meter the provisions of Condition 2.6.3(a) shall apply as stated whilst no more than 13 per cent of the total number of meters relied on by the gas supplier are of the pre-payment type and if this percentage is exceeded, then for the purposes of Condition 2.6.3(a) the comparison of costs of a gas pre-payment meter shall be with a standard gas credit meter.~~

Section 7.0 (b)

Abstract from the BGE licence for the conveyance of gas inclusive of the proposed modifications by the Utility Regulator tracked:

(firmus Energy Ltd. conveyance licence with distribution activities)

Condition 2.5: Provision and Return of Meters

2.5.1 Provision of Standard Meters

The following provisions shall apply with respect to standard gas meters:

- (a) the Licensee shall at the request of any gas supplier wishing to supply gas to premises, install at those premises a standard gas credit or pre-payment meter to register the quantity of gas supplied to those premises. The licensee will be allowed to charge a supply company **an annual charge, which will include the annual conveyance charge** in respect of a meter, **and, in respect of the installation and maintenance of prepayment meters, an additional annual** conveyance charge, subject to the Authority's approval; provided that

- (b) the provisions of Condition **2.5.1(a)** shall not apply, and the Licensee shall be entitled to charge its full costs of providing installing and operating a replacement standard gas meter requested by the gas supplier in accordance with principles and methodologies approved by the Authority, if the gas suppliers' request is to replace an existing standard gas credit or prepayment meter at premises connected to the Network by means of a service pipe, with a like standard gas credit or prepayment meter, and the existing standard gas credit or prepayment meter may otherwise be utilised by the gas supplier and is operational within the limits of required accuracy;

- (c) the Licensee shall comply with the gas supplier's request prior to the commencement of the supply of gas to those premises by the gas supplier or at the request of the gas supplier at any time thereafter as soon as is reasonably practicable.
- ~~(d) — where a gas supplier requests the installation of a standard gas pre-payment meter, and the number of standard gas pre-payment meters installed at premises supplied by him is greater than or equal to 33% (or such higher percentage as the Authority may from time to time direct) of the total number of standard gas meters installed at premises supplied by him, then the gas supplier's requirement shall be treated in accordance with the provisions of Condition 2.5.2 as if that request were for a non standard gas pre-payment meter.~~

2.5.2 Provision of Non Standard Credit Meters and Pre-payment meters

The Licensee shall:

- (a) comply with any reasonable request by any gas supplier wishing to supply gas to premises to provide and install at those premises a gas meter owned by the Licensee being a non standard gas credit or pre-payment meter (but being of an appropriate type), specified by the gas supplier, if a meter of that type is readily available to the Licensee; and:
 - (i) if the Licensee's capital, installation and (if any) operational costs of the non standard gas credit or pre-payment meter are greater than those like costs of a corresponding standard gas credit or pre-payment meter, as the case may be, then the Licensee shall be entitled to receive from the gas supplier the difference in the costs in accordance with principles and methodologies which the Authority has approved; or
 - (ii) if the Licensee's capital, installation and (if any) operational costs of the non standard gas credit or pre-payment meter are less than those like costs

of a corresponding standard gas credit or pre-payment meter, as the case may be, then the Licensee shall pay the gas supplier the difference in the costs in accordance with the principles and methodologies which the Authority has approved; provided that

- (iii) if the gas supplier's request is to replace an existing gas meter at premises connected to the Network by means of a service pipe, and that meter may otherwise be utilised by the gas supplier and is operational within the limits of required accuracy, then the provisions of Condition 2.5.2(a)(i) and (ii) shall not apply and the Licensee shall be entitled to charge its full costs of providing, installing and operating the gas meter requested by the gas supplier in accordance with principles and methodologies approved by the Authority;

- (b) comply with a request under Condition 2.5.2(a) prior to the commencement of the supply of gas to those premises by the gas supplier or at the request of the gas supplier at any time thereafter as soon as is reasonably practicable.

2.5.2A Overall pre-payment percentage for gas meters owned by the Licensee

~~In the case of a request by a gas supplier under Condition 2.5.2 for a non-standard gas pre-payment meter, and where the number of pre-payment gas meters installed at premises supplied by him is greater than or equal to 33% (or such higher percentage as the Authority may from time to time direct) of the total number of gas meters installed at premises supplied by him, then, for the purposes of Condition 2.5.2(a), the comparison of costs undertaken in respect of such non-standard gas pre-payment meter shall be as against a standard gas credit meter.~~

2.5.3 Installation of Gas Suppliers Meter

The Licensee shall:

- (a) comply with any reasonable request by any gas supplier wishing to supply gas to premises to install at those premises a gas meter of an appropriate type owned by the gas supplier (or the owner or occupier of the premises); and
 - (i) if the Licensee's, installation and (if any) operational costs relating to such a gas meter are greater than the capital, installation and (if any) operational costs of a corresponding standard gas credit or pre-payment meter, as the case may be, then the Licensee shall be entitled to receive from the gas supplier the difference in accordance with principles and methodologies which the Authority has approved; or
 - (ii) if the Licensee's installation and (if any) operational costs relating to such a gas meter are less than the capital, installation and (if any) operational costs of a corresponding standard gas credit or pre-payment meter, as the case may be, then the Licensee shall pay the gas supplier the difference in accordance with the principles and methodologies which the Authority has approved; provided that
 - (iii) if the gas supplier's request is to replace an existing gas meter at premises connected to the Network by means of a service pipe, and that meter may otherwise be utilised by the gas supplier and is operational within the limits of required accuracy, then the provisions of Condition 2.5.3(a)(i) and (ii) shall not apply and the Licensee shall be entitled to charge its full costs of installation and operation of the gas meter requested by the gas supplier in accordance with principles and methodologies approved by the Authority;
 - (b) comply with a request under Condition 2.5.3(a) prior to the commencement of the supply of gas to those premises by the gas supplier or at the request of the gas supplier at any time thereafter as soon as is reasonably practicable.
- ~~2.5.3(A) Overall pre-payment percentage for gas meters owned by the gas supplier~~

~~2.5.3(A) In the case of a request by a gas supplier under Condition 2.5.3 for a pre-payment gas meter, and where the number of pre-payment gas meters installed at premises supplied by~~

~~him is greater than or equal to 33% (or such higher percentage as the Authority may from time to time direct) of the total number of gas meters installed at premises supplied by him, then, for the purposes of Condition 2.5.3(a), the comparison of costs undertaken in respect of such pre-payment gas meter shall be as against a standard gas credit meter.~~

Section 8.0(a)

Abstract from the Phoenix Natural Gas (Distribution) conveyance licence inclusive of the final modifications made. The modification made in addition to those outlined in section 4 of this paper is tracked as follows in paragraph 2.6.1.

Condition 2.6: Provision and Return of Meters

2.6.1 Provision of Standard Meters

The following provisions shall apply with respect to standard gas meters:

- (a) the Licensee shall at the request of any gas supplier wishing to supply gas to premises, install at those premises a standard gas credit or pre-payment meter to register the quantity of gas supplied to those premises. The Licensee shall, in setting its charges for the conveyance of gas, be entitled to recover from gas suppliers the additional cost in respect of the installation and maintenance of a pre-payment meter in accordance with principles and methodologies which the Authority has approved; provided that
- (b) the provisions of Condition 2.6.1(a) shall not apply, and the Licensee shall be entitled to charge its full costs of providing installing and operating a replacement standard gas meter requested by the gas supplier in accordance with principles and methodologies approved by the Authority, if the gas suppliers' request is to replace an existing standard gas credit or prepayment meter at premises connected to the Network by means of a service pipe, with a like standard gas credit or prepayment meter, and the existing standard gas credit or prepayment meter may otherwise be utilised by the gas supplier and is operational within the limits of required accuracy;
- (c) the Licensee shall comply with the gas supplier's request prior to the commencement of the supply of gas to those premises by the gas supplier or at the request of the gas supplier at any time thereafter as soon as is reasonably practicable.

2.6.2 Provision of Non Standard Credit Meters and Pre-payment meters

The Licensee shall:

- (a) comply with any reasonable request by any gas supplier wishing to supply gas to premises to provide and install at those premises a gas meter owned by the Licensee being a non standard gas credit or pre-payment meter (but being of an appropriate type), specified by the gas supplier, if a meter of that type is readily available to the Licensee; and:
 - (i) if the Licensee's capital, installation and (if any) operational costs of the non standard gas credit or pre-payment meter are greater than those like costs of a corresponding standard gas credit or pre-payment meter, as the case may be, then the Licensee shall be entitled to receive from the gas supplier the difference in the costs in accordance with principles and methodologies which the Authority has approved; or
 - (ii) if the Licensee's capital, installation and (if any) operational costs of the non standard gas credit or pre-payment meter are less than those like costs of a corresponding standard gas credit or pre-payment meter, as the case may be, then the Licensee shall pay the gas supplier the difference in the costs in accordance with the principles and methodologies which the Authority has approved; provided that
 - (iii) if the gas supplier's request is to replace an existing gas meter at premises connected to the Network by means of a service pipe, and that meter may otherwise be utilised by the gas supplier and is operational within the limits of required accuracy, then the provisions of Condition 2.6.2(a)(i) and (ii) shall not apply and the Licensee shall be entitled to charge its full costs of providing, installing and operating the gas meter requested by the gas supplier in accordance with principles and methodologies approved by the Authority;
- (b) comply with a request under Condition 2.6.2(a) prior to the commencement of the supply of gas to those premises by the gas supplier or at the request of the gas supplier at any time thereafter as soon as is reasonably practicable.

2.6.3 Installation of Gas Suppliers Meter

The Licensee shall:

- (a) comply with any reasonable request by any gas supplier wishing to supply gas to premises to install at those premises a gas meter of an appropriate type owned by the gas supplier (or the owner or occupier of the premises); and
 - (i) if the Licensee's, installation and (if any) operational costs relating to such a gas meter are greater than the capital, installation and (if any) operational costs of a corresponding standard gas credit or pre-payment meter, as the case may be, then the Licensee shall be entitled to receive from the gas supplier the difference in accordance with principles and methodologies which the Authority has approved; or
 - (ii) if the Licensee's installation and (if any) operational costs relating to such a gas meter are less than the capital, installation and (if any) operational costs of a corresponding standard gas credit or pre-payment meter, as the case may be, then the Licensee shall pay the gas supplier the difference in accordance with the principles and methodologies which the Authority has approved; provided that
 - (iii) if the gas supplier's request is to replace an existing gas meter at premises connected to the Network by means of a service pipe, and that meter may otherwise be utilised by the gas supplier and is operational within the limits of required accuracy, then the provisions of Condition 2.6.3(a)(i) and (ii) shall not apply and the Licensee shall be entitled to charge its full costs of installation and operation of the gas meter requested by the gas supplier in accordance with principles and methodologies approved by the Authority;
- (b) comply with a request under Condition 2.6.2(a) prior to the commencement of the supply of gas to those premises by the gas supplier or at the request of the gas supplier at any time thereafter as soon as is reasonably practicable.

Section 8.0(b)

Abstract from the BGE licence for the conveyance of gas inclusive of the final modifications made. The modification made in addition to those outlined in section 4 of this paper is tracked as follows in paragraph 2.5.1.

Condition 2.5: Provision and Return of Meters

2.5.1 Provision of Standard Meters

The following provisions shall apply with respect to standard gas meters:

- (a) the Licensee shall at the request of any gas supplier wishing to supply gas to premises, install at those premises a standard gas credit or pre-payment meter to register the quantity of gas supplied to those premises. The Licensee shall, in setting its charges for the conveyance of gas, be entitled to recover from gas suppliers the additional cost in respect of the installation and maintenance of a pre-payment meter in accordance with principles and methodologies which the Authority has approved; provided that

- (b) the provisions of Condition 2.5.1(a) shall not apply, and the Licensee shall be entitled to charge its full costs of providing installing and operating a replacement standard gas meter requested by the gas supplier in accordance with principles and methodologies approved by the Authority, if the gas suppliers' request is to replace an existing standard gas credit or prepayment meter at premises connected to the Network by means of a service pipe, with a like standard gas credit or prepayment meter, and the existing standard gas credit or prepayment meter may otherwise be utilised by the gas supplier and is operational within the limits of required accuracy;

- (c) the Licensee shall comply with the gas supplier's request prior to the commencement of the supply of gas to those premises by the gas supplier or at

the request of the gas supplier at any time thereafter as soon as is reasonably practicable.

2.5.2 Provision of Non Standard Credit Meters and Pre-payment meters

The Licensee shall:

- (a) comply with any reasonable request by any gas supplier wishing to supply gas to premises to provide and install at those premises a gas meter owned by the Licensee being a non standard gas credit or pre-payment meter (but being of an appropriate type), specified by the gas supplier, if a meter of that type is readily available to the Licensee; and:
 - (i) if the Licensee's capital, installation and (if any) operational costs of the non standard gas credit or pre-payment meter are greater than those like costs of a corresponding standard gas credit or pre-payment meter, as the case may be, then the Licensee shall be entitled to receive from the gas supplier the difference in the costs in accordance with principles and methodologies which the Authority has approved; or
 - (ii) if the Licensee's capital, installation and (if any) operational costs of the non standard gas credit or pre-payment meter are less than those like costs of a corresponding standard gas credit or pre-payment meter, as the case may be, then the Licensee shall pay the gas supplier the difference in the costs in accordance with the principles and methodologies which the Authority has approved; provided that
 - (iii) if the gas supplier's request is to replace an existing gas meter at premises connected to the Network by means of a service pipe, and that meter may otherwise be utilised by the gas supplier and is operational within the limits of required accuracy, then the provisions of Condition 2.5.2(a)(i) and (ii) shall not apply and the Licensee shall be entitled to charge its full costs of

providing, installing and operating the gas meter requested by the gas supplier in accordance with principles and methodologies approved by the Authority;

- (b) comply with a request under Condition 2.5.2(a) prior to the commencement of the supply of gas to those premises by the gas supplier or at the request of the gas supplier at any time thereafter as soon as is reasonably practicable.

2.5.3 Installation of Gas Suppliers Meter

The Licensee shall:

- (a) comply with any reasonable request by any gas supplier wishing to supply gas to premises to install at those premises a gas meter of an appropriate type owned by the gas supplier (or the owner or occupier of the premises); and
 - (i) if the Licensee's, installation and (if any) operational costs relating to such a gas meter are greater than the capital, installation and (if any) operational costs of a corresponding standard gas credit or pre-payment meter, as the case may be, then the Licensee shall be entitled to receive from the gas supplier the difference in accordance with principles and methodologies which the Authority has approved; or
 - (ii) if the Licensee's installation and (if any) operational costs relating to such a gas meter are less than the capital, installation and (if any) operational costs of a corresponding standard gas credit or pre-payment meter, as the case may be, then the Licensee shall pay the gas supplier the difference in accordance with the principles and methodologies which the Authority has approved; provided that
 - (iii) if the gas supplier's request is to replace an existing gas meter at premises connected to the Network by means of a service pipe, and that meter may otherwise be utilised by the gas supplier and is operational within the limits

of required accuracy, then the provisions of Condition 2.5.3(a)(i) and (ii) shall not apply and the Licensee shall be entitled to charge its full costs of installation and operation of the gas meter requested by the gas supplier in accordance with principles and methodologies approved by the Authority;

- (b) comply with a request under Condition 2.5.3(a) prior to the commencement of the supply of gas to those premises by the gas supplier or at the request of the gas supplier at any time thereafter as soon as is reasonably practicable.