

Overview of Meter Asset Provider (MAP) sector and market insights

Meter Asset Providers (MAPs) are businesses that finance the installation of smart meters. They typically own and operate the meter assets and rent/lease them to energy suppliers, who are then able to meet installation targets without taking on additional debt. This approach enables the use of alternative financing, e.g. non-recourse finance (typical for large-scale infrastructure investments).

1. Macquarie Energy Leasing

In 2011, Macquarie Group purchased OnStream from National Grid. OnStream was the regulated metering business arm of National Grid, which it retained post-privatisation.

Macquarie rebranded the company to Macquarie Energy Leasing, acquiring the portfolio of existing traditional gas and electricity meters and becoming one of the largest independent MAPs.

Macquarie continues to fund the expansion of the MAP business. It claims to own and manage 7.3 million meters (1.5 million smart meters), with 60,000 new meters funded each month.

2. Calvin Capital

In 2016, KKR purchased Calvin Capital from previous investor Infracapital. Calvin Capital is understood to be the largest MAP in the sector, claiming to have 14 million meters committed.

3. Recent MAP financing deals

The development of the MAP delivery model has allowed for the use of non-recourse project finance structures, facilitating more efficient cost of capital for smart meter installation. For example, in 2015, the **EIB and a consortium of commercial banks** announced backing for a c.£1 billion deal to finance the installation of 7 million smart meters in the UK. The installation would be managed by Calvin Capital via an SPV, with equity funding from its owner at the time, Infracapital. In this deal, **lenders provided 80% of the financing** requirements, with the EIB lending £360 million and commercial banks (Barclays, Crédit Agricole, HSBC, Santander, Sumitomo Mitsui and Bank of Tokyo MUFJ) provided £370 million.

The use of a project finance structure facilitated a high gearing with low-cost debt from a range of sources. The EIB stated that it saw this transaction as a **potential blue-print for future deals**.

4. Increasing interest from institutional investors

- **BUUK Infrastructure** (Brookfield) is also a major provider of MAP services via Meter Asset Services (MAS).
- The infrastructure investor and fund manager **Foresight Group** recently established Foresight Metering. It raised finance from its retail funds and a number of commercial banks, and this year began fundraising for its smart meters debt fund **Foresight Smart Bunds Fund**.
- Canadian infrastructure funds **Ontario Teachers' Pension Plan** and **Borealis Infrastructure** recently partnered with SSE to form the MAP MapleCo, and **Equitix** recently partnered with existing MAP Amey.
- A number of **GDNs and DNOs** also provide MAP services, such as Northern Powergrid. National Grid has also recently established **National Grid Smart**, offering "turnkey" smart meter services. Many of the network companies also provide Meter Operator and Asset Management (MOP/MAM) services.