



CAPITAL METERS LIMITED

Andrew Wallace  
Ofgem  
  
(by email)

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Your reference	
Our reference	
Date	10 <sup>th</sup> May 2007

Dear Andrew

**Re: Gas Supply Licence Meter Work Obligations**

Thank you for the opportunity to respond to your proposals for changes to the requirements for metering arrangements in the Gas Supply Licence as detailed in your letter of the 2<sup>nd</sup> May 2007.

Capital Meters Limited (CML) is a commercial meter operator, providing meter asset provision and meter asset management services to energy suppliers in the East Anglia and London regions, and has very real experience of the interactions between Suppliers, MAMs and MAPs when customers change Supplier. It is in light of our experience in this area, that we are very concerned about any proposal to remove the explicit obligation on Suppliers to ensure the provision of a meter at a Customer's premises.

CML's experience of where a Supplier chooses, in good faith, to use and appoint a MAM that is not the MAP, identified a potential loophole that could, in other circumstances, be cynically manipulated by a Supplier, if the Supplier chose to do so.

Specifically, a Supplier may agree a contract with a MAM for rental of meters to the Supplier, while the MAM may not come to an agreement with the MAP for rental of meters to the MAM or may only agree to pay a reduced rental charge to the MAP. In this instance, the MAP is able to argue, as no agreement has been reached between the MAM and the MAP with both parties acting reasonably, that the Supplier has not complied with its Supply Licence obligation to make arrangements for the provision of a meter (in this case SLC 34(2 (b))).

Therefore, the MAP, as long as it continues to act reasonably, can always rely on the protection afforded in the Supply Licence. Should this obligation be removed and/or be thought of as being implied through other licence or act obligations or through commercial incentives, then the Supplier could manipulate the situation to its advantage.

It should be noted that that there is no framework for the contractual relationship between MAPs and MAMs and the relevant MAP has no ability to influence the Supplier to MAM contract but would appear to have an obligation to abide by the terms of such contract in its dealings with the MAM.

For example, a Supplier may contract with a MAM for metering services, potentially an internal business division, at a very low rental rate, which it knows will not be as much as the MAP will look to charge (assuming that the MAP's rental charges are fair and appropriate). The MAM and the MAP will not be able to reach agreement, but the Supplier will have fulfilled its licence obligations to use an approved Meter Asset Manager. At this point the

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MAP will be forced to accept lower rental payments from the MAM – this does not make for an orderly commercial metering market.

In conclusion, while elements of SLC 34 may be viewed as unnecessary from a customer safety perspective, we would argue that the licence obligation for a Supplier to make appropriate arrangements for the provision of a meter is very important for the continued operation of the orderly competitive metering market to which Ofgem remains committed. In this respect, CML would argue against the removal or amendment of such an obligation.

Should you wish to discuss this issue further please do not hesitate to contact me on the above number.

Yours sincerely,

Marc Bradbrook  
Contracts Manager  
Capital Meters Limited

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