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Ofgem  
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27 March 2012

Dear Steve,

**REVIEW OF METERING ARRANGEMENTS:  
Decision and consultation on transition to smart meters**

Thank you for the opportunity to provide views on the above consultation. We welcome the opportunity to continue to contribute to Ofgem's consultations on the metering arrangements in this time of transition to smart metering.

We are grateful that many of our points from the previous consultation have been taken on board. In relation to the new issues raised, we have noted our response on each of the specific questions in the Annex to this letter.

Finally, we would reiterate the need for Ofgem work with DECC in taking the smart strategy forward, ensuring that changes are made for the greater good, reducing industry costs through streamlining processes and consolidating industry governance.

I hope you find these comments useful. If you require further information on anything within this response, please do not hesitate to contact me, or Lorna Gibb from ScottishPower Energy Retail's Energy Commercial Team on 0141 568 3021.

Yours sincerely,



Rupert Steele  
**Director of Regulation**

## ROMA: DECISION AND TRANSITION TO SMART METERS

### SCOTTISHPOWER RESPONSE

*Question 1: What do you consider are the pros and cons of our approach to managing traditional metering in the transition to smart metering?*

We would like to thank Ofgem for taking on board our views in its decisions on ROMA so far.

We support Ofgem's view that in the short term, the existing Meter Provider of Last Resort (MPoLR) role should remain. We further agree with Ofgem's decision that it is not necessary to introduce new licence conditions with the purpose of aiding smaller suppliers' access to smart meters. (The fact that some smaller suppliers are using smart metering actively as part of their commercial offering to consumers, in our view, confirms that there is no clear case that smaller suppliers should be exempt from any smart metering obligations.)

However, we are disappointed by the continued exclusion of iGTs from the RoMA process. In paragraph 3.12 of the consultation document, Ofgem states that iGT meters are "subject to commercial contracts". This is not the case for suppliers. Any metering contracts, or terms, in a new build development (the principal case where iGTs are involved) are between the iGT and the developer and are not applicable to suppliers or shippers. Shippers have expressed a number of concerns relating to the early replacement charges. It is clear that iGTs believe these to be issued under the iUNC, rather than through individual contracts, but as Ofgem has previously stated, this is not the case. We would welcome Ofgem's comments on the way forward.

*Question 2: Do you consider that our assessment of the related issues within the metering market is accurate?*

We welcome Ofgem's statement in paragraph 2.3 which recognises that the "rollout of smart metering could change the commercial incentives" in terms of Commercial Interoperability. We urge Ofgem and DECC to align their respective requirements for switching and commercial interoperability in order to determine where these might be more effectively achieved through a single industry change. Such an approach would not only derive greater efficiency from the change process, it might also serve to address some of the underlying uncertainty surrounding the operation of smart meters during the Foundation Stage.

*Question 3: How should emergency metering services be provided for in the transition to smart metering?*

We would expect the PEMS for non-smart meters to continue under current commercial arrangements, and that there is likely to be a natural point in the roll-out when they cease.

*Question 4: How should emergency metering services be provided, for smart meters?*

As noted in our response to a recent DECC consultation<sup>1</sup>, we think the roll out of smart metering provides a unique opportunity to standardise processes across Great Britain for gas and electricity emergency meter works.

In a smart metering context it will be challenging for Gas Distribution Networks (GDNs) and electricity Distribution Network Operators (DNOs) to practically manage meter faults. This is primarily because it is unclear how these parties would cost-effectively access the supply chain for small volumes of compliant meters. In addition the ancillary equipment (hand held technology) and security requirements required for smart meter installations in low volume may not be cost-effective.

It is likely that outage calls from consumers will still go to DNOs / GDNs out of hours as consumers will fail to differentiate between networks related outages and meter faults. We therefore suggest that where a Distributor receives an outage notification from a single consumer (i.e. not from the meter) and no immediate safety concern is identified, the Distributor should conduct meter diagnostics via the DCC to determine if the outage is a meter/communications fault and then decide whether to attend the site, provide advice to the consumer (if the fault is downstream of the meter) or pass to the supplier (or their appointed agent) as appropriate. As part of this process we would anticipate the Distributor checking for multiple outage notifications from the meter (via the DCC) which would indicate the presence of a network fault.

Maximising the opportunity for suppliers to resolve these issues will ensure that meters remain smart and issues are resolved in the most effective manner possible.

*Question 5: Which is your preferred option for managing the transitions and why?*

We concur with Ofgem's initial view that Option C1 (National MPoLR with a detailed charging consultation) is likely to be the most appropriate choice. However, the timescales for any transition would have to be confirmed as soon as possible to ensure no detrimental impact on the charges or services we (and ultimately) our customers receive. The charges, including the methodology, must be transparent and open for review as part of the consultation.

*Question 6: Under option C, is it appropriate to carry out a price control review?*

We agree with Ofgem's assessment that, given the limited period over which it would apply, a full price control would not be proportionate. The proposed detailed charging consultation would be more proportionate.

*Question 7: Which of our revenue restriction options do you consider is appropriate and why?*

As noted above, we consider the charging consultation is most appropriate.

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<sup>1</sup> Draft Licence Conditions and Technical Specifications for Smart Metering', DECC Ref 11D/836, published 18 August 2011, closed 13 October 2011

*Question 8: If you are a GDN, would you prefer to transfer MAP ownership of your traditional meters (i.e. full transfer), or to subcontract new requests and the management of historical stock (i.e. partial transfer) or continue to manage your own meters?*

Not applicable.

*Question 9: If you are a commercial meter operator (CMO), do you envisage a point in the smart meter rollout where you would be interested in consolidating your traditional meters?*

Not applicable.

ScottishPower  
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