

METER FIT (NORTH WEST/EAST) LIMITED

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21st April 2010

Emma Kelso
Head of Retail Markets
GB Markets
Ofgem
9 Millbank
London
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Dear Emma

Review of Current Metering Arrangements

I refer to your letter of the 1st April 2010.

Please find below initial comments from Meter Fit. Meter Fit are keen to participate fully with Ofgem in this review and have a stakeholder interest in this activity, in particular moving forward as a MAP only operation.

Meter Fit will fully cooperate with Ofgem and look forward to further discussion on the note below and other related issues.

If you require further clarification, please do not hesitate to contact me.

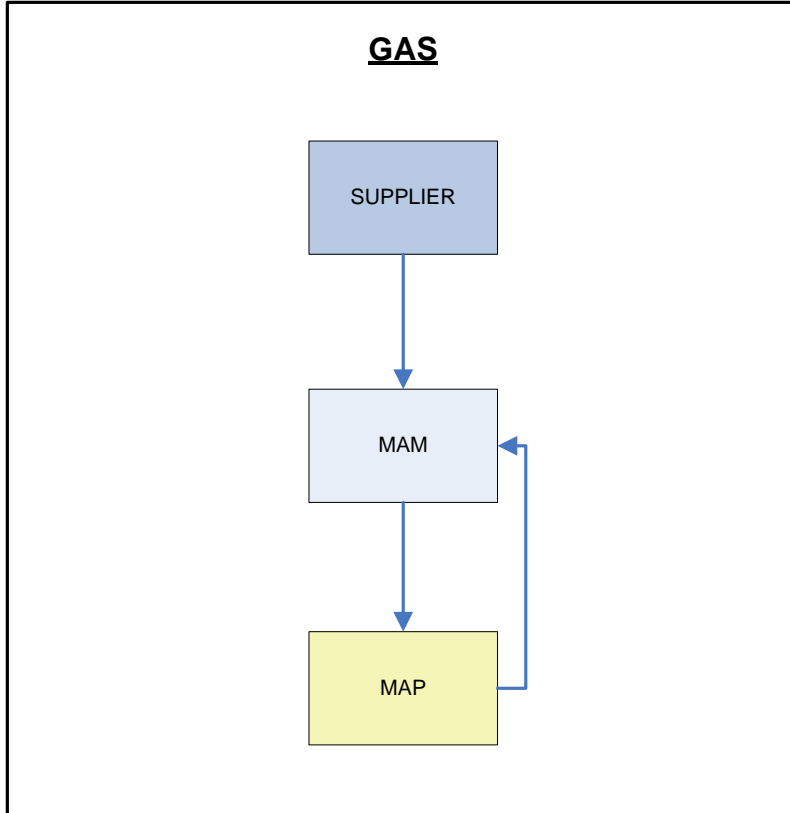
Yours faithfully

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Meter Fit North East/North West Ltd

Response to Ofgem letter

Review of Current Metering Arrangements - 1st April 2010



Meter Asset Manager (MAM) : The role that could be taken by a number of parties who manage a portfolio of meters on behalf of their client. They could control the meter replacement program, arrange meter work or arrange purchase of new meters. The MAM will act as point of contact for a meter point and can supply all known information regarding the meter point. There will only be one MAM per meter point. The MAM in the context of RGMA flows is the role who holds all metering information.

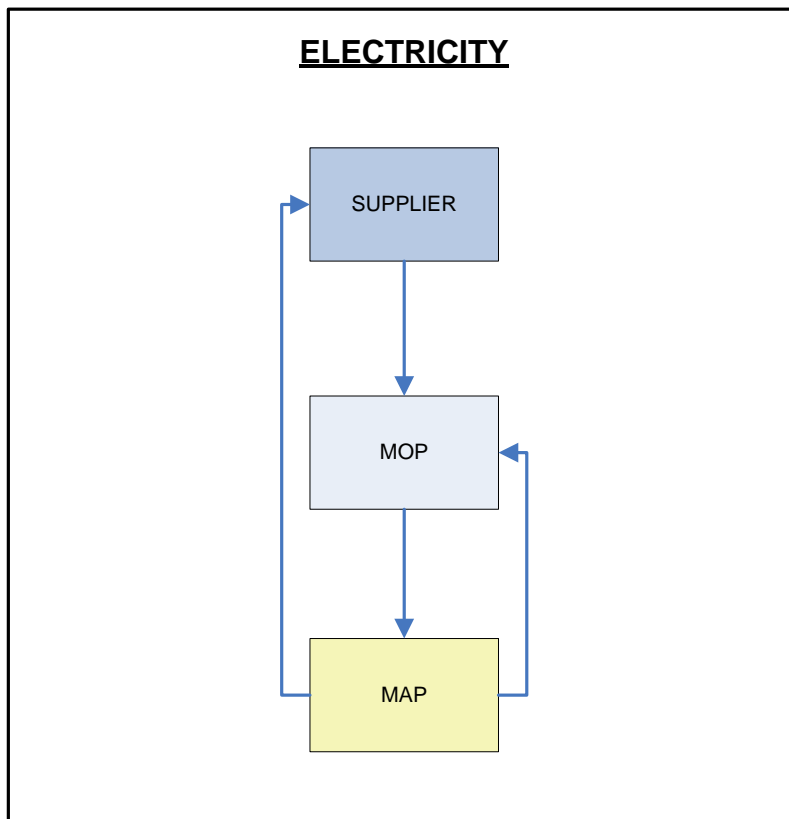
Meter Asset Provider (MAP) : The party responsible for the ongoing provision of the meter installation at that meter point. This could be the meter title owner of the meter, or a third party with whom the MAM contracts for the provision of a meter. Where the title owner is not directly involved in the Gas Act Ownership of the meter, the meter MAP needs to be identified so that the incoming MAM can make appropriate contractual arrangements for the ongoing provision of the metering equipment insitu at the meter point.

The Gas Metering Market

As shown in the Diagram and in the definitions from MAMCoP, when RGMA arrangements were introduced the role of Meter Asset Provider was acknowledged but

had not been present in the Gas Market until British Gas set up its Commercial Meter Operator contracts in 2002.

The MAP role is not specifically recognised in RGMA but is it a general assumption in the industry that the MAM is the MAP and that no separation is required and that the MAP is purely a ‘finance’ arrangement which is not impacted by industry processes. This is now not the case and for these reasons operating in the Gas market is a substantially different experience to operating within the Electricity industry as shown in the diagram below where the MAP is a recognised industry participant who can contact directly with the Supplier regardless of who is appointed the Meter Operator.



Meter Operator (MOP): The party accredited and appointed by a Supplier, or, where applicable, a Customer to:
(i) install, commission, test, repair and maintain metering equipment; and
(ii) maintain related technical information;

Meter Asset Provider (MAP) : The organisation that owns the meters. This may be as part of a vertically integrated utility operation or it may be a separate function where the MAP leases the meters to the Supplier.

The industry has changed over many years of commercial operations and there are now many examples where a MAP simply cannot track down who is using the asset because they are not recipients of any data flows relating to that asset which make it particularly difficult to track on change of supplier..

The electricity model allows for the MAP to contract directly with the Supplier, the trend towards meter asset provision 'only' is recognised as a valid and important market participant. When RGMA was introduced this role was acknowledged but RGMA has failed to evolve with the market and as a result impacts the efficient operation of metering competition.

The gas industry central hub is Xoserve, this where the industry holds the appointed Supplier data including their appointed MAM. It does not hold any record of the MAP as it is assumed the MAM and MAP are one and the same entity. Even as a MAM, Xoserve severely restricts access to data to the provision of;

- i) Meter Point Reference Number
- ii) MAM Short Code
- iii) Supplier Short Code
- iv) Supplier Appointment Date

the provision of Meter Serial number was withdrawn in December 2009 using UNC clause 5.3 – Protected information and that release of this particular data item is not expressly permitted under the relevant GT regulations. This is of particular concern as the Meter Serial number being withheld is on the MAP's own asset.

This Xoserve report is useful to the MAM however as a MAP if you are not appointed as MAM you have no access to such a report and therefore the asset may become stranded.

This operates completely to the contrary in Electricity where the MAM and MAP are defined as separate market participants and access to Ecoes (the electricity industry central data hub) both via report and the internet is allowed. This effectively allows a MOP and or MAP to track data free of any restrictions (with the exception of where Suppliers withhold their identity in the system thus causing similar problems with asset tracking/stranding).

The electricity industry MOP to MAP notifications change proposal have also approved to become mandatory in June 2010 ensuring that the MAP has to receive data to notify of ;

- 1) Meter installation
- 2) Supplier appointment
- 3) Supplier de-appointment
- 4) Meter removal

The only data item missing that is essential to a MAP is the reason for any meter removal as this will determine the financial recovery via warranty etc.

The separation of MAM and MAP roles into different organisations has been a natural evolution of metering competition however operating as a commercial MAP in the current gas market provides an unfair advantage to those organisations in which these roles are combined. It is extremely difficult to get any commercial contracts with Suppliers as a MAP only in the Gas industry.

Meter Fit is an SPV company set up and funded by the investors, the sole purpose of Meter Fit as a MAP is to retain revenue streams in order to pay back the debt that was borrowed to fund the initial purchase and installation of the asset. As a standalone commercial MAM and or MAP, we do not have access to other industry information such as Supplier/Shipper systems.

This lack of data has serious consequences for the MAP and the Customer

- a) the MAP cannot recover the income from the asset
- b) future rentals may increase to cover this loss
- c) funding for any future MAP's may be lost reducing competition
- d) meters are replaced 'stranded' before the MAP has had a chance to recover the income from the meter
- e) contractual arrangements are not with Suppliers but with other MAM's which may have agreed different terms with the Suppliers.
- f) Costs to customers will increase