

**Horstmann Controls Ltd**

To Chris Chapman, Head of Planning, OFGEM/GEMA. [Chris.Chapman@ofgem.gov.uk]

**Horstmann's comments on Ofgem's three year strategy 2004-7**

(Re: September consultation letter from the Chairman designate: Sir John Mogg KCMG).

Dear Mr Chapman,

As a leading UK electricity metering and heating controls manufacturer we would make the following comments to the Authority for its three-year strategy 2004-7:

*1. The key challenges you consider the industry faces in the short to medium term (for example, structural, social, environmental or technological).*

We believe that the opportunity should be taken, as part of the electricity Distribution Price Control Review and subsequently, to resolve the ongoing difficulties facing the introduction of New Metering Technology and Systems in GB.

*2. What action do you consider the Authority should take to respond to these challenges?*

In our view more progress is needed in pursuing the overall thrust of OFGEM's Metering Strategy, which itself now deserves an overall review. Part of this could include a review of progress in metering services and metering technology and systems in energy utility markets in other EU and non-EU countries, to help inform and draw conclusions on the way forwards for energy utility metering in GB, particularly as regards domestic customers.

*3. Are there new areas of work that, you believe, should be set in train and what degree of priority should they be given?*

We have proposed the introduction of Metering Innovation Zones in our response to OFGEM's July 2003 consultation on Metering Issues. In our view this and any related proposals and pilot schemes should be evaluated carefully with detailed conclusions published at each stage – in order to clarify the potential ways forward for New Metering Technology and Systems in GB. Such MIZ projects could help take forward issues such as residential energy efficiency, fuel poverty, effective payment metering schemes, and microgeneration in a more focussed way. In our view it is reasonable to consider that the DNO's should be permitted to spend 0.5 to 1 % of their metering services turnover over 5 years on fostering the implementation of innovation in metering in this way, and this should be incorporated as part of OFGEM's Metering Strategy.

*4. Is there existing work that could be given greater or lesser priority or even stopped?*

As above, OFGEM's Metering Strategy needs to be reviewed and strengthened where appropriate.

Yours sincerely.

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