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25 April 2003

Competition in Electricity Metering Services – Industry Guidance v1.1 March 2003

Dear Claire,

The working document on Competition in Electricity Metering Services provides a useful and comprehensive review of the legal framework for electricity metering and we welcome the opportunity to comment on it.

The Guidance confirms that the obligations for the provision of metering rest solely on the Suppliers and that the Distributors obligations are limited to having to offer terms to provide metering services (including MAP and MOP) to any person who requests them and then provide those services where requested. We believe that this basic concept needs to be at the heart of any service relating to metering, including UMetS, revenue protection etc.

We have a few specific comments, which are detailed below. We have already written to you regarding the Metering Protocol and UMetS, which are our only other comments on the Guidance. However, for completeness we have included these again.

Paragraph 3.20 identifies the requirement, with which we concur, of an outgoing supplier to collect their meter in the case where a customer changes a supplier and requires an immediate meter change. However, this should not be confused with the issue where a Supplier removes a meter from one MAP and installs a meter from another (not on change of supplier). In this case the incumbent Supplier has the obligation to return the meter to the original MOP. This should be clarified within these guidelines.

Paragraphs 3.26 and 3.28 set out the distribution licence obligations for providing a MOP and / or MAP services. These paragraphs appear to suggest that Distributors are required to provide MOP and MAP services independently without restriction. Whilst we believe that the ability for Suppliers (or other parties) to choose the providers of MAP and MOP services independently is an essential part of opening competition in metering, this cannot be without restriction. Distributors will only be able to provide MOP, safely, efficiently and economically, at a site where another MAP provides a meter, if their meter operators have the tools and expertise to deal with the particular meter.

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It is noted that paragraph 7 of Distribution SLC 36B states that:

“The licensee shall undertake each of the services referred to in paragraph 1 in the most efficient and economic manner practicable having regard to the alternatives available...”.

This requirement needs to be included as part of the Guidance on SLC 36 – 36C.

For our part, we will be offering MOP and MAP services independently, but MOP will only be offered on meters provide by EMED or on those provided by other MAPs, which are of the same types as those provided by EMED.

Metering Protocol and UMetS

The clarification provided on the legal framework for Electricity Metering identifying the Supplier’s obligations is very much in contrast to the Legal Overviews provided in both the UMetS document and the Electricity Metering Protocol, both of which appear to place the burden of obligations on Distribution Businesses. In fact the UMetS document even states that “In relation to Urgent Metering Services, paragraph 2 of SLC 36B requires distribution businesses to offer to enter into agreement for such of the services...”. Whereas paragraph 3.26 of the Industry Guidance specifically states that Ofgem currently considers that SLC 36B does not oblige an ‘in area’ distributor to offer to enter into an agreement to provide the separate elements of the MOP service... on an ad hoc basis. Obviously both the UMetS document and the Protocol need updating, in terms of their legal overview and conclusions.

UMetS is obviously the main concern. The Industry Guidelines correctly point out the legal obligation (Electricity Act Schedule 7, paragraph 10(1) & (2)) on Suppliers to maintain the meter (where the supplier rather than customer has supplied it). As stated above, Ofgem do not consider that Distribution have any obligation to offer maintenance services on an ad hoc basis (i.e. where a Supplier has appointed another Meter Operator and de-appointed the Distribution Business). The requirement to provide the necessary level of customer service falls squarely on Suppliers. However, Ofgem are seeking for Distribution Businesses to provide such a service, even to the extent of considering to review the Distribution Licence if this is not done voluntarily. At the same time Suppliers are not being required to provide a 24/7 service to customers, despite their current legal obligations. The envisaged baseline Urgent Metering Service specification only suggests that Suppliers are ‘encouraged’ to provide 24/7 cover.

At the very least, Suppliers should be required to provide a 24/7 cover for meter maintenance and only against that background should Distribution Businesses consider the service to be provided to ensure that the current emergency service levels are maintained.

I look forward to the above points being taken into account when the next version of the Guidance is drafted and I would be happy to discuss any of the issues raised.

Yours sincerely

A handwritten signature in black ink, appearing to read "Andrew Neves", with a horizontal line drawn underneath it.

Andrew Neves
Tariff & Connection Pricing Manager