Review of Electricity Metering Arrangements – Industry Seminar

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Purpose of REMA seminar

- To give visibility to the new arrangements
- An opportunity to ask questions
- It is not...

an opportunity to re-open debate a technical workshop



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REMA – put into context

Metering Strategy – March 2001

One objective

To enable shippers, suppliers and customers to exercise choice over how they obtain metering services

<u>Two</u> themes

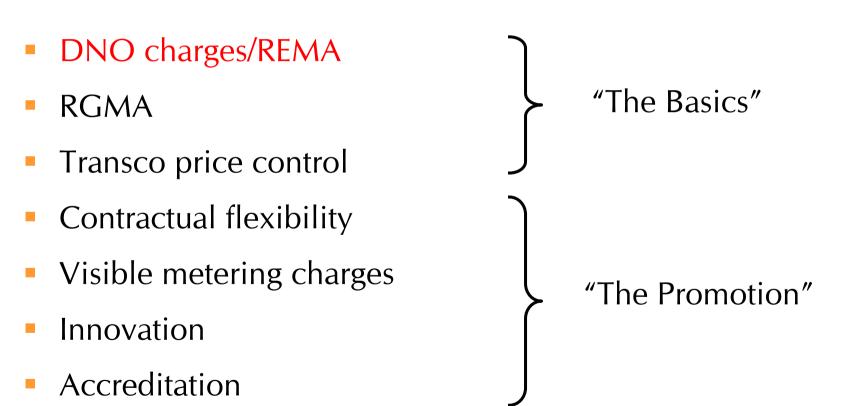
Getting the basics right Promoting new entry and new investment

Seven workstreams



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The workstreams





Why REMA...

- DNOs currently default provider of NHH meter operation
- Separation of MAP and MOp
- Protect supply competition
- Support competition in electricity metering services
- Improve customer service and choice
- Reduce costs



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Regulatory Issues

- Regulatory framework is sufficiently robust to support metering competition
- Guidance published March 2003
 - Aimed at clarifying aspects of regulatory framework
 - Focused on standard licence conditions (SLC) 7 and 47 of electricity supply licence
 - Clarified scope of obligations under SLC 36B of electricity distribution licence
- 10 industry responses have been received



Promoting choice and value for all gas and electricity customers

Guidance # 1

Guidance – not statute

- SLC 7 of the electricity supply licence
 - Definition of "owned"
 - Licensee to offer to enter into an agreement for provision of metering equipment
 - Licensee <u>not</u> to enter into an agreement which is likely to restrict, distort or prevent competition in the supply of electricity



Guidance # 2

- SLC 47 of the electricity supply licence
 - Licensee has <u>no</u> right to recover a meter that it owns from a customer's premises on change of supply
- SLC 36B of the electricity distribution licence
 - Licensee not obliged to offer to enter into an agreement to provide the separate elements of the MOp service listed in paragraph 1(b) of SLC 36B on an ad-hoc basis



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Guidance # 3

Issues Ofgem <u>may</u> have regard to...

- Whether the licensee had made transferring a customer more costly or slower to any significant degree
 - Technical specification (i.e. age, condition, innovation)
 - Bulk provision
 - Calculation of regulatory charge/prices
 - Meter ownership transfer/meter leasing process
 - Potential contract "lock-in"