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to customers*

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Dear David

Competition in Electricity Metering Services - Industry Guidance - v1.1

Thank you for your response, dated 28 April 2003, to Ofgem's document 'Competition in Electricity Metering Services – Industry Guidance v1.1'. As you may be aware, we have recently published an updated version of this document to reflect comments made by respondents. The updated document can be found on Ofgem's website.¹ In updating the document, we have considered all responses and clarification has been provided in the document where necessary. The following is intended as a response to the points you made in your letter. A copy of this letter has been placed on Ofgem's website.

It is correct that the 'legal title owner' of the meter could be any person, including a bank or other body providing finance. However, the definition of 'owned' given in the electricity supply licence in relation to an electricity meter or other property includes 'leased' and cognate expressions. Therefore the definition of 'owned' includes situations where the licensee has leased the meter from the 'legal title owner', such as a bank. It has been clarified in the updated document that the 'legal title owner' could be a third party, such as a bank.

In your letter you stated that you consider the purpose of standard licence condition (SLC) 7 of the electricity supply licence to be to protect the customer by ensuring a meter is in place to record ongoing consumption. However, Schedule 7(1)(2) of the Electricity Act 1989 says that the electricity supplier is, where no other arrangements have been made, responsible for making metering arrangements on behalf of the customer.

Ofgem considers that the situation you describe where there are multiple 'owners' of the metering equipment, could be removed where the licensee agrees to cease having any involvement with the meter when the new supplier takes over providing it. This has been clarified in the updated document at footnote 9: "At the discretion of the licensee this agreement

¹ www.ofgem.gov.uk/ofgem/work/index.jsp?section=/areasofwork/meteringstrategy

may involve the licensee ceasing to have any involvement with the meter when the new supplier takes over providing it.”

Ofgem is not currently minded to review the regulatory framework with a view to modifying the electricity supply licence with regard to the definition of ‘owned’ and paragraph 1 of SLC 7. However, Ofgem has clarified in the updated document that where a supplier contracts with a third party, that supplier may choose to discharge their obligations under SLC 7 through that third party. However, this does not in any way reduce its responsibility to meet its licence obligations. Neither can it be held up in mitigation in the event of a licence breach.

Ofgem considers that SLC 7 does not require the licensee to offer the same terms to the incoming supplier which they were receiving from a third party. There are a number of reasons why a supplier would not do this, including the number of customers the licensee has and different levels of service the licensee may have negotiated.

With regard to Urgent Metering Services, SLC 36B of the electricity distribution licence does not require a DNO to offer the elements of paragraph 1(b) separately or on an *ad hoc* basis, i.e. to provide services only at night or, for example, only replace the metering equipment. However, it still requires a DNO to offer to enter into an agreement for MAP only, MOP only or both of these services if required by the supplier, whether on all the supplier’s meter points or individual meter points of the supplier.

I hope this clarifies the points you were concerned about within the document. If you have any further questions please contact me on the above number or my colleague Claire Tyler on 020 7901 7331.

Yours sincerely

David Howdon
Deputy Head of Metering