



*Bringing choice and value to
customers*

Mr Richard Escott
Regulation, Legal and Commercial Manager
ScottishPower Energy Retail Ltd

(By email)

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11 August 2003

Dear Richard,

Competition in Electricity Metering Services - Industry Guidance v1.1

Thank you for your response to Ofgem's document 'Competition in Electricity Metering Services – Industry Guidance v1.1'. As you may be aware, Ofgem has recently published an updated version of the document, which 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.

In your letter you highlighted your concern that the document only applied to electricity metering. However, Ofgem will be issuing a consultation document proposing licence modifications relating to gas metering shortly; it is currently anticipated that this will be published in mid-September 2003. The proposed licence modifications will be in line with requirements of RGMA.

In your letter you also highlighted your concern that suppliers would not be able to secure competitive metering prices from alternative providers that bettered those currently offered from the local DNO. You had therefore suggested that metering charges levied by the local DNOs and Transco should be used as a price ceiling for competitive offerings. Ofgem considers that not only would it be inappropriate to set a price ceiling on independent meter operators, but it would also not be possible in the current regulatory environment, given that there is no vehicle with which to place a price control on independent meter operators. However, as stated in the document, Ofgem, in considering whether any charges for the meter are such that they restrict, distort or prevent competition, would have regard to, among other things, the approach in calculating the regulatory charge and any regulated prices which have been determined by Ofgem.

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

In addition, you note in your letter that Ofgem intends to oversee disputes between suppliers and customers, where there is a question arising over whether the metering maintenance has been undertaken to standard. You further stated that you considered this could be a significant burden for Ofgem. This duty has been in place since Schedule 5 of the Utilities Act 2000 amended Schedule 7 of the Electricity Act 1989 and to date has not been a significant area of work for Ofgem.

Finally, in your letter you stated that you remained concerned over the provision of Urgent Metering Services (UMetS). In particular, you felt that customers could be confused about whom to call in an emergency and suppliers could be subjected to high call out charges for visits to customer premises that should have been filtered out at the emergency call centres. The intention of UMetS was to ensure that where a DNO attends a customer's premises, following a call to the DNO's Safety and Faults Information Centre (SFIC), expecting to find a fault with the distribution equipment but upon arrival identifies the issue to be a metering fault, the DNO will still fix or replace the meter. Ofgem considers that there should be no change to who the customer contacts in an emergency; if they contact either the DNO or their supplier then both these parties should be able to direct the call accordingly. With regard to your latter concern, if the DNO identifies the problem as a meter fault during the call, then the call should be directed to the supplier.

Ofgem will continue to monitor the development of metering competition and appreciate suppliers' efforts to inform Ofgem where they consider issues are arising. If you have any further questions or comments on the updated document, please contact me on the above number or my colleague Claire Tyler on 020 7901 7331.

Yours sincerely

David Howdon
Deputy Head of Metering