



Our Ref: TMS01/05  
Your Ref: 78/05

Attn: Jenny Boothe  
Ofgem  
9 Millbank  
London, SW1P 3GE

Thursday, April 7, 2005

Dear Jenny,

**RE: The proposed restructuring of National Grid Transco's Metering business – Consultation Document – March 2005 – 78/05**

Please find below ECO European's comments on Ofgem's consultation document relating to Transco's meter business restructure proposals. While ECO European operates as a MAM, the proposals put forward by Transco have a potential impact on the ability of ECO and other commercial MAMs to operate and as such we hope that ECO's comments are of some use to you. As a MAM, many of ECO's comments do not address the specific questions asked within the consultation whose primary focus appears to be directed at Suppliers. The table below contains our comments. The comments are cross referenced with the issue numbers within the consultation document to which they apply.

Should you wish to discuss any of the comments set out within I can be contacted on Tel: 01355 598 874, Mob: 0788 411 2037 or via email at [sfraser@eco-european.co.uk](mailto:sfraser@eco-european.co.uk).

Yours Sincerely

A handwritten signature in black ink that reads "Steve Fraser".

Steve Fraser  
B.Eng. (Elec.) (Hons.), MIEE  
Research & Development Engineer  
ECO European Ltd

Issue No	Comment
1	Not Applicable to MAMs
2	Not Applicable to MAMs
3	Within section 4.11, it states that "...the novatee (UMS) must remain financially neutral on a Net Present Value basis...", how will this be monitored and by whom? The concern is that once existing "regulated" meters cease to be so, what controls or assurances are there that the new company will not increase their metering charges for the domestic sized meters? The fact that the MSA contracts have provision for "re-balancing" of meter rentals suggests that this places the statement within 4.10 ("...both of the MSAs have pricing schedules that provide a supplier with price certainty over the whole life of the contracts") in doubt.

Issue No	Comment
4	<p data-bbox="435 226 1388 289">One of the biggest problems is in finding an official definition of the Gas Act Owner. MAMCoP provides the following definition;</p> <p data-bbox="435 289 1388 409">“The Organisation or person responsible for providing installed metering for the measurement of gas consumption, and for maintaining the meter in good working order, as required by the Gas Act. The Gas Act Owner only relates to a meter.</p> <p data-bbox="435 426 1388 577">This may be Consumer, Supplier or Transporter. This will be determined at connection by agreements between these parties. The consumer may retain this via the Shipper responsibility or may delegate it to the Supplier, who in turn may delegate it to the Transporter. If requested by the Shipper, the Transporter must accept such responsibility for domestic premises.</p> <p data-bbox="435 594 1388 657">There may be bilateral agreements to transfer the Gas Act Ownership of a meter after installation.”</p> <p data-bbox="435 682 1388 898">It is ECO’s view that the purpose of the Gas Act Owner (GAO) designation was to indicate who was responsible for ensuring the meter was installed and maintained correctly, fit for purpose and accurate. Section 4.17 of the consultation document quotes from the Gas Act 1995 Schedule 2, Section 3 which suggests that if the meter is rented or hired to the consumer by either the Gas Transporter (GT) or Supplier then they are NOT responsible for maintaining the meter in working order.</p> <p data-bbox="435 930 1388 1171">By virtue of the fact that where the GT is the GAO, the GT sends its rental invoice to the Supplier rather than the consumer, surely this indicates that the consumer is not the “owner” of the meter and is therefore not responsible for it. While ECO is a MAM and not a Supplier, it was believed that most, if not all Supplier’s when determining their rates for the sale of gas to consumers took into consideration the meter rental costs levied to it by either by the GT / GT’s MAM or commercial MAM just as they take into account the transportation charges levied by the GT.</p> <p data-bbox="435 1203 1388 1507">It was also ECO’s view that it was the GAO’s responsibility to appoint a MAM. In effect, Suppliers have no obligation or right to appoint a MAM to a meter point where they are not the Gas Act Owner (i.e. if GAO = C or T, only the consumer or Transporter respectively has the right <u>and obligation</u> to appoint a MAM). While Supplier’s presently appoint TMS to meter points and are not the GAO, they are performing a de-facto appointment in effect on behalf of Transco as the Gas Transporter as they are appointing this particular GT’s one and only preferred MAM. As a result, if those meters currently designated as GAO = T with MAM = GTM (i.e. Transco Metering) become GAO = S, will Suppliers have the ability to appoint an alternate commercial MAM to the meter?</p> <p data-bbox="435 1539 1388 1780">It was also ECO’s understanding of the GAO designation that the consumer had the first opportunity to designate themselves as GAO by instigating a private meter installation and informing their Supplier accordingly. If the consumer did not wish to be the GAO, the Supplier could inform the GT that they wished to be the GAO. Where neither the consumer or the Supplier wished to be the GAO, the GT had an obligation to be the GAO for that meter point. Once the GAO was established, ECO’s belief was this responsibility could only be relinquished and passed to another participant by the mutual consent of both parties.</p> <p data-bbox="435 1812 1388 2009">With respect to the issue raised relating to Supplier’s existing contracts and their suitability should the GAO designation change, while the proposed SLC amendment seems to solve the problem, most Suppliers will be reluctant to have to issue new or revised contracts to existing consumers. As stated above, if the GAO designation signifies who is responsible for ensuring the suitability of the meter installation as ECO believe it does, then the proposed change of GAO from “T” to “S” would not pose a problem.</p>

Issue No	Comment
5	So long as the WMA exemption remains and no meters measuring in scfh are either removed and put back into service elsewhere or installed on new installations then this would not appear to pose a problem.
General Comment – Market Participant ID	<p data-bbox="423 310 1398 441">At present, both Transco Metering Services and OnStream have market participant IDs within the RGMA Market Domain Data of GTM and ONS respectively. Is it proposed that this new company “NGT Metering” will get a new Market Participant ID or will one of the existing values be retained?</p> <p data-bbox="423 472 1398 840">ECO would suggest that a new ID should be required since those meters subject to the PMAs (for both domestic &amp; non-domestic meters) will not be novated and therefore would remain with GAO = “T” and MAM = “TMS” (i.e. ID = GTM) while the novated meters subject to the MSAs could then be designated by the new ID. The use of the OnStream ID may not be feasible depending on whether NGT Metering will be prepared to enter into sale or lease agreements with third party MAMs. If not, third party MAMs will require a different ID for NGT Metering in order to designate the actions they take upon receipt of an appointment flow from a Supplier under a Change of Supplier or Change of Agent scenario (i.e. accept or reject the appointment, initiate an exchange, purchase the asset or appoint NGT Metering as the Meter Asset Provider (MAP)).</p> <p data-bbox="423 871 1398 989">It should be noted that the provision of new Market Participant IDs is within the remit of SPAA as controllers of the RGMA baseline documents. As such a SPAA Change Proposal would need to be raised or sponsored by a signatory to SPAA for consideration and approval prior to the creation of any new ID.</p>

Issue No	Comment
<p>General Comment – Commercial Metering Arrangements with other MAMs.</p>	<p>Section 4.9 contains a statement relating to the slow rate of development of competition within the gas metering market. ECO would suggest that in many cases this is not due to the reluctance of Suppliers to appoint commercial / unregulated MAMs but rather due to TMS' current policies. Since TMS will not sell or lease its in-situ assets to other commercial MAMs, the appointment of a commercial MAM by a Supplier to a meter point with an existing TMS meter would necessitate the exchange of the existing meter by the new MAM. Most, if not all Suppliers are reluctant to do this as it causes disruption and inconvenience to consumers. As a result, the 95%+ of meter points currently metered with TMS owned assets within the UK have continued to see TMS appointed to them.</p> <p>ECO are also of the opinion based on its understanding of the GAO, that Suppliers are not entitled to select the MAM if the GAO = T, without in some way altering the GAO to S. In order to do this, they either require</p> <ol style="list-style-type: none"> <li>1. bipartisan consent between the existing GAO (the Transporter in this case) and themselves or</li> <li>2. need to initiate the exchange of the meter by a commercial MAM.</li> </ol> <p>While ECO are disappointed in Transco's current policy, we acknowledge that our view of the GAO is such that the GAO is responsible for appointing their preferred MAM and since Transco Asset have only acknowledged one preferred MAM (i.e. TMS), where the GAO = "T" and the GT is Transco Asset, the MAM must be TMS if the existing meter is to remain.</p> <p>With the change in GAO from "T" to "S" however and given that the meters will no longer be price regulated, ECO would propose that any approval to de-regulate their existing assets should be conditional upon Transco removing their existing policy and acting in a commercially realistic fashion with third party MAMs. Without such a condition being put in place, NGT metering would find themselves unregulated and with a continuing virtual monopoly. No other MAM in the UK has this opportunity, nor will it. Transco's existing market dominance should not be allowed to continue simply because of legacy industry structures. This would then truly provide Suppliers with commercial choice in the selection of their preferred MAM.</p> <p>ECO do not believe the lease or sale of assets by NGT Metering to third party MAMs could be dismissed on the basis of Health &amp; Safety since TMS are currently prepared to relinquish title of its installation kits (i.e. regulator and ancillary connections) but not the meter itself.</p>
<p>General Comment – Data Transfers</p>	<p>Given that only those meters covered by the existing MSAs are affected (i.e. domestic meters), is it reasonable to suggest that NGT Metering be required to adopt realistic data transfer mechanisms. Due to TMS' current policy of not selling or leasing meters, TMS have not developed data transfer mechanisms for use between MAMs (i.e. ORDET / ONDET). Similarly, OnStream have not adopted this communication method either. Given the domestic sector is a "volume" business, should NGT Metering be willing or obligated to negotiate with third party MAMs, ECO would suggest that they be required as a condition of the meters becoming unregulated to support the ORDET / ONDET process. Without this, the rest of the industry risks being bogged down in a flood of manual work which would be inefficient and lead to delays and meter detail inaccuracies.</p>

<b>Issue No</b>	<b>Comment</b>
General Comment – Meters subject to P&M Agreements	While this consultation relates to the novation of meters contained under MSAs only, ECO would be interested to understand whether it is expected that those meters under the P&M Agreements will undergo a similar novation in the future as this will also have an impact on such things as whether a new Market Participant ID is required now or not.