

Fao: Steve Rowe

Steve.rowe@ofgem.gov.uk

23rd April 2010

Dear Steve

Re: Ofgem Review of Current Metering Arrangements

Thank you for the opportunity to comment on Ofgem's review of current metering arrangements.

Gazprom welcomes Ofgem's decision to review the current market operation particularly at a time of significant change in the industry. We are grateful for the opportunity to input into Ofgem's review and hope our initial comments are useful. Obviously due to the short window for response we have chosen to comment back at high level but we are happy to provide more detailed information as required.

As well as providing Gas and Power we also provide our customers with a range of Energy Service Products including the provision of "Business Smart or Advanced" metering solutions which enable customers to monitor energy usage undertake analysis and take targeted and effective action to reduce their energy consumption.

As such we believe the roll out of "Smart Metering" in both the Domestic and Industrial and Commercial Sectors mark a fundamental shift in the scope and way existing metering services are undertaken and provided. It is critical to the success of the Smart Metering program that these new services can be supported and delivered in a timely and cost effective manner so interoperability is supported and innovation is encouraged if the Governments targets are to be realised.

In the I&C market the introduction of new requirements through Licence and the CRC as well as the economic viability of deploying Advanced metering solutions has led to the I&C market rolling out "Business Smart" solutions across the I&C sector.

In developing these programs we have had to address a number of problems with existing industry arrangements including: -

1. Interoperability
2. Standards

3. Industry Data Flows
4. Connection Contracts
5. Provision of suitable Metering Equipment

We believe the Industrial and Commercial market has responded to this challenge by developing a number of solutions to address these concerns

1. Gazprom have supported the creation of the ESTA Automated Meter Reading (AMR) Service Providers Code of Practice which has provided a Governance structure for these new market participants. Currently the scheme has attracted considerable interest and support with most of the major market participants supporting the scheme thus providing confidence about interoperability in the Industrial and Commercial market.
2. Gazprom was involved in the redrafting of IGE GM7 which was updated to reflect the requirements for Advanced/Business Smart.
3. Gazprom sat on the SPAA review groups which developed generic industry file flows to support Supplier to ASP communications and these have been incorporated within the SPAA.
4. Gazprom have also helped develop the generic Meter Pulse Utilisation (MPU) agreement with the AMO which we hope will further streamline the connection process for both MAM's and ASP's.
5. Gazprom has also helped develop with ICOSS a vision for Business Smart and I have attached a copy of this paper for your reference. It is our belief that a Business Smart meter meets all the requirements of DECC in terms of functionality for the Industrial and Commercial sector.

As more and more in situ metering assets are required to support Smart Metering the need to ensure streamlined connection and interoperability will be fundamental to delivering a timely roll out. We believe that a sufficient time has elapsed since the roll out of competition for a competitive metering market to develop and yet competition still seems limited. It may be that arrangements such as the MSA's contracts have delayed the development of competition in some areas however this does not explain the lack of new market entrants into all sectors of the market.

Should you wish to discuss any aspect of our response please contact me directly by phone on 07590 245 256 and email: steve.mulinganie@gazprom-mt.com

Yours Sincerely

Steve Mulinganie
Regulation & Compliance Manager