



To Meter Asset Managers, Meter Asset Providers and
all other interested parties

*Promoting choice and value for
all gas and electricity customers*

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Dear Recipients,

**Consultation on Modification of the Supply Point Administration agreement to
mandate the flow of data from Meter Asset Manager (MAM) to Meter Asset
Provider (MAP)**

This letter invites views on the proposed modification CP 10/172 to the Supply Point Administration Agreement (SPAA). This modification¹ introduces mandatory requirements on those suppliers who are a party to the SPAA². The intention is to ensure that industry data can be transmitted between MAMs and MAPs in certain situations. For example, where there has been a change of supplier or the exchange or removal of a meter asset at a particular supply point.

CP 10/172 was approved by the SPAA Parties on 17 June 2010 with an implementation date of June 2011. It was sent to the Authority on 9 July 2010 with a recommendation that the Authority should approve the modification. Authority approval of the proposed modification is required under clause 9 of the SPAA as the modification is a change to an existing mandatory schedule.

We note that the metering market is evolving and is preparing for the roll out of smart meters. The additional complexity of smart metering can be expected to extend the role of the MAM to deal with communication links to support smart metering and the potential for a greater level of customer interaction. The separate roles of MAM and MAP are recognised in the SPAA. However, RGMA³ arrangements do not support data flowing between MAMs and MAPs to signal to a MAP where there has been a change of supplier, MAM or meter asset. We note that the SPAA defines the MAM as the agent responsible for the installation and maintenance of the meter and the MAP as the agent who provides the meter asset (i.e. will contract with the supplier for the provision of the meter). The definition does not specify that the MAP must own the meter. They may for example be acting as an agent for the meter owner.

The attached draft decision letter sets out our current view of the modification. We are minded to accept the modification as we consider that the proposal will better facilitate the objectives of the SPAA⁴.

¹ The details of the modifications and the changes to the SPAA documents may be found on the SPAA website: <http://www.spaa.co.uk/change-proposal-register-new/spaa-detail?cpnodeid=186658>.

² Standard Licence Condition 30 of the gas supply licence obliges domestic gas suppliers to be a party to the SPAA and comply with its requirements.

³ Review of Gas Metering – This term is widely used to identify the industry arrangements governed by the SPAA that determine how data is passed between industry participants to support metering competition.

⁴ Standard Licence Condition 30.6 of the gas supply licence sets out the relevant objectives for the SPAA.

MAMs and MAPs are not parties to the SPAA and therefore do not have a formal role in commenting or voting on change proposals. We are aware that there are a range of views amongst MAMs and MAPs as to the benefits of the proposed modification. One MAP has suggested that the proposal would enable them to better manage their portfolio of meters by knowing which supplier and MAM to contact following a change of supplier. One MAM has registered concern that the introduction of the MAP as a separate industry participant may jeopardise existing contractual arrangements for MAM services.

We are therefore inviting views, in particular from MAMs and MAPs on the impact of this modification. We will have regard to any views before reaching a final decision on whether to approve the modification proposal.

All responses should be emailed to tabish.khan@ofgem.gov.uk by no later than 5pm on **22 September 2010**. For any queries, please contact Tabish Khan (tabish.khan@ofgem.gov.uk or 020 7901 7137).

If you have any particular concerns regarding the further disclosure or publication of any information provided in response to this consultation, we ask that you highlight the relevant information as confidential and provide a brief explanation of your concerns. However, please note that the final decision on the treatment and disclosure of any information will be a matter for Ofgem.

Yours faithfully,

Andrew Wright
Senior Partner, Markets

Modification proposal:	Supply Point Administration Agreement (SPAA) Change Proposal (CP) 10/172: Amendments to mandate the flow of data from Meter Asset Manager (MAM) to Meter Asset Provider (MAP)		
Decision:	The Authority ¹ is minded to direct that this proposal be made ²		
Target audience:	SPAA Parties and other interested parties		
Date of publication:		Implementation Date:	June 2011

This is a minded to decision letter that is subject to change in light of responses to the consultation exercise.

Background to the change proposal

Gas meter points may have an appointed Meter Asset Manager (MAM) and/or a Meter Asset Provider (MAP). The registered supplier, for a meter point, is responsible for appointing a MAM and a MAP.

A MAM is defined, in the Standard Licence Conditions of the Gas Supply Licence³, as a person or a class or description of persons possessing the expertise satisfactorily to design, install, commission, inspect, repair, alter, reposition, remove, renew and maintain the whole or part of the Supply Meter Installation; or a person whose staff have such expertise. This definition is referenced in the SPAA as the term provided in Condition 1 of the Standard Conditions of a Gas Supply Licence.

The SPAA defines a MAP as the provider of the asset, who does not have any responsibility for maintenance of the asset. The MAP has to provide the asset with a warranty, but the definition does not indicate that the MAP must own the asset.

An agent may be a MAM or a MAP or both. Suppliers can either appoint agents to manage the MAM and MAP functions or they can themselves move these function in-house by performing the roles of the MAM⁴ and/or a MAP.

When there is a change of supplier, change of MAM or removal of the meter asset, there is no requirement for either the old or the new MAM to inform the MAP of this change.

If the MAM and MAP are the same entity then there is no need for a data flow, but should the MAM and MAP be separate entities then the MAP will be unaware of any of these changes.

The change proposal

This change proposal mandates a data flow from the MAM to the MAP when there is a change of supplier, change of MAM or removal of the meter asset. If this is after a change of MAM, then the new MAM will be responsible for sending this data flow.

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

² This document is notice of the reasons for this decision as required by section 38A of the Gas Act 1986.

³ A copy of the gas supply standard licence conditions can be found here:

<http://epr.ofgem.gov.uk/index.php?pk=folder430788>.

⁴ MAMs must be accredited by Ofgem by showing that they are compliant with the MAM Code of Practice (MAMCoP). Ofgem has outsourced the administration of this accreditation scheme to Lloyd's.

The proposer considers that this change will further objectives (a), (b) and (d) as set out in Condition 30.6 of the Gas Supply licence. They consider that this change will increase the consistency and efficiency of meter asset provision and the change of supplier process, resulting in decreased cost and risk for both suppliers and MAPs. The proposer is also of the view that the availability of this data will result in greater transparency and therefore more effective communication between the MAP and the supplier.

The Authority's draft decision

The Authority has considered the change proposal and has taken into account the views of the SPAA expert group and the decision by the SPAA Change Board (17 June 2010) to accept this change proposal. The Change Declaration was issued to Ofgem on 9 July 2010. The Authority has concluded that:

1. Implementation of the change proposal will better facilitate the achievement of the relevant objectives of the SPAA⁵; and
2. Directing that the modification be made is consistent with the Authority's principal objectives and statutory duties⁶.

Reasons for the Authority's current view

We consider that the change proposal will better meet relevant objectives SLC 30.6(a), SLC 30.6(b) and SLC 30.6(c).

SLC 30.6(a) "the development, maintenance and operation of an efficient coordinated and economical change of supplier process"

We consider that this change will increase transparency in the change of supplier process. Recent market developments have increased the incidence of separate MAM and MAP agents. The modification ensures that MAPs will be informed of the new supplier and will be able to contract with them, resulting in a more co-ordinated and efficient change of supplier process. This should eliminate instances of a MAP not knowing who the new supplier is and having to use resources to identify the new supplier. This will decrease costs for MAPs and remove the need for the MAP to pass this cost through to suppliers and ultimately consumers.

SLC 30.6(b) "the furtherance of effective competition between gas suppliers and between relevant agents"

If a MAP is unaware of the identity of the MAM and/or supplier for one of its meters, then there is a risk that the meter may become a stranded asset or removed without the MAPs knowledge. We consider that this change will reduce the likelihood of this occurring and therefore decrease both costs and risk for MAPs. MAPs will be able to negotiate cheaper contracts with suppliers and MAMs and therefore be more competitive. MAPs will also be able to reduce the transactional costs associated with a change of supplier, and therefore should be able to provide a more cost effective service. Costs and risk can be barriers to entry in the MAP market, and reducing them should facilitate entry for new MAPs.

SLC 30.6(c) "so far as is consistent with sub-paragraphs (a), (b) and (c), the efficient discharge of the licensee's obligations under this licence"

This change proposal should make it easier to put in place contractual arrangements between MAMs, MAPs and suppliers. We consider that this will facilitate effective communication between these parties and allow a quicker resolution of identified metering

⁵ As set out in Standard Condition 34 (4) of the Gas Suppliers Licence, see: http://epr.ofgem.gov.uk/document_fetch.php?documentid=4257

⁶ The Authority's statutory duties are wider than matters which the Change Board must take into consideration and are detailed mainly in the Gas Act 1986.

faults, which must be rectified in accordance with gas supply licence obligations. Gas supply licence condition 12.4 requires a supplier to take all reasonable steps to rectify an observed unsatisfactory connection to the gas pipe network. If the MAP is unknown to the MAM and supplier, then fault resolution may not be possible and the asset may have to be removed, thus making fulfilment of the licence conditions a more onerous task.

Minded to decision

In accordance with Standard Condition 30 of the Gas Suppliers Licence, the Authority is minded to direct that change proposal CP10/172: 'Amendments to mandate the flow of data from Meter Asset Manager (MAM) to Meter Asset Provider (MAP)' be made subject to the responses to the attached consultation letter.

Andrew Wright
Senior Partner, Markets

Signed on behalf of the Authority and authorised for that purpose.