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**ERA response to the “Ofgem Review of Metering Arrangements – Initial Findings and consultation on proposed metering industry remedies”**

Dear Mr. Rowe,

The Energy Retail Association (ERA), formed in 2003, represents electricity and gas suppliers in the domestic market in Great Britain. All the main energy suppliers operating in the residential market in Great Britain are members of the association - British Gas, EDF Energy, npower, E.ON, ScottishPower, and SSE.

We are responding to the Ofgem “Review of Metering Arrangements – Initial Findings and consultation on proposed metering industry remedies”. We would be happy to discuss any of the points made below in further detail with Ofgem if this is considered to be beneficial. This is a high level industry response and the ERA’s members will also be providing individual responses, addressing the consultation questions more directly.

ERA members support Ofgem’s review of metering arrangements and believe that the Regulator is striking an appropriate balance when it comes to considerations for the development of the market. Energy suppliers believe that a continuing good working relationship between Ofgem and the Smart Metering Programme will also benefit the market, especially while the delivery of the programme is making its transition to DECC.

More specifically addressing some of your points, regarding paragraph 2.27, energy suppliers support the conclusion that the potential costs and uncertainties of mandating a standard form for metering contracts are likely to be higher than the potential benefits. It should also be noted that the Data and Communications Group (DCG) sub-group 2 has also been considering the question under their work on commercial interoperability.

With regards to paragraph 2.28, energy suppliers believe that any consideration of potential storing and/or recording of contractual information on DataCommsCo (DCC) systems must be done as part of the discussions and development of the scope of DCC’s services, rather than after the DCC becomes operational. Whilst there has been little consideration to date of the wider requirement for the DCC to store and/or record more general contractual information, the ERA members suggest that this should be taken forward as part of the general DCG Sub-Group 1 work. We do however welcome the recognition that the identity of the Meter Asset Provider should be integral to the data held and maintained by the DCC. This inclusion will be taken forward by the DCG Sub-Group 1 (agreed at DCG Sub-Group 2 on 9<sup>th</sup> February 2011) which will include it in its business process

modelling work. DCG Sub-Group 1 will identify and define the smart meter commissioning process and interactions required to activate a smart metering system within the DCC's systems.

Considering paragraph 3.13, ERA members would like to see open discussions on the need for a non-discrimination obligation to allow all suppliers to procure and offer metering services on fair and reasonable terms. It may be the case that commercial drivers may negate the need for any specific obligations. Consideration should also be given to any potential mandated targets that might be placed on suppliers, and how any non-discrimination obligation might compromise a supplier's ability to meet those targets; particularly if their own metering workforce is concentrating on installing smart meters for other suppliers. If the discussions conclude that there is a need for new obligations, any terms stipulated by Ofgem should support recovery of costs and allow for variation to such arrangements as technology and innovation in the provision of metering services develop further.

ERA members agree that meter provider of last resort should be exactly that, a last resort. We would prefer the industry to solve the issue GDNs are experiencing now, through commercial or industry discussions. A Licence Condition should only be used as a last resort in case this process is not successful. Nevertheless, it is important to have a process that does not place undue bureaucratic burden to commercial organisations and suppliers while safeguarding the good working order of the market.

Despite our disappointment of the continued omission of arrangements to deal with the effect of the stranding of legacy meters as a result of the forthcoming roll-out of smart meters, ERA members recognise that it is sensible to allow costs to reflect a shorter asset life with the emergence of smart meters as described in 4.19. Whilst this does not address the whole issue relating to stranding, it does go some way in addressing it for those non-smart meters that will be installed between now and the mandated smart meter roll-out. We will look forward to contributing to the development of this recommendation.

Energy suppliers believe that it is sensible to wait for the prospectus decision document before going forward with a consideration of tariff caps on PPM meters – as mentioned in paragraph 4.30. ERA members would welcome the publication of any further evidence following the analysis of information received from GDNs.

Overall, ERA members support Ofgem's Review of Metering Arrangements and believe that the relationships developed and the groups created can inform the process to a very high level. Energy suppliers would like to see Ofgem give due consideration to the changes brought on by smart meters and judge developments based on the need for the market to develop and expand without undue burden.

I hope you find our comments helpful, should you require any more information please do not hesitate to contact me.

Kind regards,

Sofia Gkiousoy  
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