

Steve Rowe,  
Ofgem,  
9 Millbank,  
London,  
SW1P 3GE

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Dear Steve,

### **Review of Metering Arrangements**

Thank you for the invitation to respond to the above consultation. As you are aware, Good Energy is a unique small electricity and gas supplier, as we supply only 100% certified renewable electricity, and gas which supports renewable heat. It is our mission to provide a blueprint for the UK to transform itself to a low carbon, 100% renewable economy through the work that we do and the actions of our customers and renewable generators.

For your ease we have answered your questions as set out, expanding where necessary.

#### **A. Introduction to the Metering Market**

**1. Do you have any views on our assessment of the current arrangements for the gas and electricity metering markets?**

Yes. We believe the view of effective competition in the electricity metering market is false. Smaller suppliers, who do not have an inert customer base, usually accept the meter on site in the interest of not inconveniencing the customer with a meter change.

This is being used by MAPs to offer unfavourable terms, especially on early termination charges. If the supplier does not agree to the offered "inheritor" terms then they appear bound to significantly more expensive deemed terms. These unfavourable terms are also for meters that the inheriting supplier never asked to have in place to begin with.

The overriding impression we have is that the UK energy market is unattractive to new independent MAPs; this reduces competition and choice to supply companies.

#### **B. Consumer Protection, Commercial Interoperability and Metering Agents**

**1. Do you have any views on our assessment of consumer protection?**

We agree with the statement in 2.7, However we do not believe that as a supplier we have effective access to metering services and competitive terms. Many of our metering agent contracts are "vanilla" or "off the shelf" contracts with no scope to negotiate price or the terms and conditions.

**2. Do you have any views on our assessment of commercial interoperability?**

We disagree with your view that the evidence does not warrant intervention in the DCM market. When DECC finalise the smart meter rollout plan we believe customers will be faced with meter changes on Change of Supplier. Metering agents are starting to withdraw dumb meter provision

to suppliers while others will start to increase the cost of DCM meters to negate stranded asset costs; this will surely affect the consumer.

Ofgem should act pre-emptively to ensure customer protection against increased DCM meter cost and unnecessary meter changes rather than waiting until the problem is severe enough to warrant intervention.

3. **Please provide any evidence you have of meters that were removed unnecessarily due to incompatible commercial arrangements.**

We have inherited interim smart meters that we can only treat as DCM metering as that metering party does not provide terms to third parties. We do consider this as a risk to smart meter interoperability. However we have not encountered any need to remove or exchange metering because of incompatible commercial arrangements.

4. **What are your views on whether a single commercial model is needed? If so, is this something that industry should seek to develop?**

A single commercial model would be preferable; however this should not be something that is solely developed through the ERA (much in the way that the smart metering installation code of practice has been). A more effective approach would be to regulate the terms. Given that the big6 Suppliers all have in-house metering businesses, it would be inappropriate to rely on just these parties to develop a solution as it would be skewed to favour in-house MAPS.

5. **Do you consider the implementation of UNC297 to have resolved issues relating to asset visibility in gas metering?**

We cannot comment on this as we have not experienced any changes to our operation.

6. **Are there any specific aspects of the Review of Gas Metering Arrangements, baseline data flows that you consider need to be reviewed?**

We agree that there is scope and benefit to the introduction of a MAP role/party within RGMA.

#### C. Vertical Integration and Network Companies' Obligations

1. **Do you agree with our assessment that the MPOLR requirement remain with GDNs for dumb meters?**

Yes.

2. **At what point of the smart meter rollout would be an appropriate time to remove the MPOLR obligation on GDNs?**

It should be reviewed once smart metering rollout is complete to assess the ongoing need for MPOLR. It is our opinion, however that there should always be a requirement for a MPOLR to exist; it is to the detriment of the consumer if there is no MPOLR.

**We intend to place a Licence Condition on suppliers for domestic credit meters (DCM) and pre payment meters (PPM) to ensure that MPOLR is only used in cases of genuine last resort. Do you consider this to be an appropriate solution to the apparent misuse of MPOLR?**

This is not something we have encountered and therefore do not see a reason for a license condition at this stage. If there is a need to have a licence condition then this can only be in place if all metering is reasonably and fairly available to all suppliers.

3. **Small and/or out of area suppliers have expressed concern regarding availability of dumb electricity meters. Are these concerns valid? If so, please explain (and quantify if possible).**

Yes. We submitted the following evidence on our response to the ROMA request for information in 2010:

- **E-On Economy 10**

*[Domestic] Arrangements for Economy 10 metering are not deemed as available to any other supplier other than E-On in the Eastern (\_A GSP) distribution area. Many of our sites now have heating systems that generate from renewable sources (Ground source heat pumps for example) that come with a recommended need for economy 10 metering. E-On stipulate that this metering is not available to any supplier in the Eastern region other than E-On.*

- **EDF Asset provision**

*[Domestic] Current asset provision arrangements with EDF Distribution in the South East region are being novated to "EDF Customer" (controlled by the EDF supply business). While this should not affect our MAM arrangements it could be problematic to our MAP arrangements in that region. Currently the service is being novated at a time when there is no formal MAP arrangement in place with EDF Customer. The MAP arrangement with EDF distribution is deemed to have stopped from 1st August 2010; however no formal agreements are in place for this action to take place.*

- **SSE and deemed contract**

*[AMR compliant metering] On change of supplier Good Energy may inherit AMR metering that has been installed by Scottish & Southern Energy. Through the terms of their inheritor contract Good Energy is bound to clauses on meters they did not request to be in place. The alternative to the inheritor contract is that of a deemed contract which offers rates that far exceed that of the inheritor contract. The inheritor contract relies on specific behaviour from the nominated MAM, which is not something that Good Energy can currently enforce.*

- **MAP in WPD region**

*[All metering] MOP Services were withdrawn in both the South West and South Wales regions to suppliers in 2008 and we were left to seek alternative arrangements from independent MOP companies that were willing to operate in these regions. These MOP companies have great difficulty in securing the required assets in these regions which results in frequent delays in meter exchanges and scenarios where meters cannot be exchanged or examined at all. Independent MOP agents are reluctant to maintain dumb metering services and most would prefer to run on an "exchange to smart on first site visit" arrangement. Our current service provider is now requesting that Good Energy makes a bulk purchase of dumb metering, which is a drastic shift from our current arrangement.*

4. **Would a non-discrimination obligation on suppliers be an appropriate response to concerns related to access to smart meters during the smart metering rollout?**

We believe that there **is a need** for a non-discrimination obligation on suppliers to ensure full access to smart meters.

**If so;**

- a. *Would this obligation be better placed on the Big 6, or on all vertically integrated suppliers?*

This should be an obligation upon **all suppliers**; this is to ensure that no consumer is faced with having to change their meter when they change supplier. This way all suppliers will be able to

work with all meters. This should be worded in such a way that a “creative” ownership structure could not be used to avoid the obligation (i.e. a metering company that is 49% funded by the supplier and 51% funded by a third party investment company).

Prices and price structures need to be governed and reviewed to ensure they are always fair and reasonable.

- b. Should the obligation comprise meter provision services; meter installation and maintenance services; or both?*

Meter Provision only; however meter providers must ensure that any MAM agent can access, fit, maintain or service their meters, thus maintaining competition in metering and ensuring that suppliers are not forced in to unfavourable metering arrangements/terms.

- c. Could such an obligation be overly burdensome?*

We don't believe so.

- d. Should the obligation contain a sunset or review provision once the rollout of smart meters has been completed?*

We believe that the obligation should be reviewed rather than setting a sunset position now.

**5. Are there any unintended consequences of introducing a non-discrimination obligation on suppliers to offer metering services on equal terms; or consequences that we have not considered?**

Price controls would need to be in place to ensure that prices are not quickly inflated in order to facilitate the obligation.

In addition the price controls will also need to ensure that metering agents do not provide unrealistic discounts/pricing scales – e.g. supplier gets a better discount if they order two million meters; smaller suppliers would never get best price.

**6. Do you consider a MPOLR is required for smart meters?**

We believe there will always be a requirement for a MPOLR for DCM metering and smart metering.

**D. Gas Metering Price Controls**

**1. Do you agree that legacy meters (credit and pre-payment) should remain under price control?**

Yes we do.

**2. What is the impact on customers if we reset price controls for:**

- a. PPM meters?*

Meters will become more expensive to source as metering agents will increase prices to compensate the risk of stranded assets. This cost will essentially be passed through to consumers.

- b. DCM meters?*

The same scenario as PPM meters (above)

3. **We seek views on whether there is any advantage in setting a cost reflective price cap for new and replacement dumb meters, which also accounts for unnecessary meter replacement.**

a. *We are also interested to understand whether an allowance beyond a purely cost-reflective level would encourage competition?*  
We have no comments on this.

b. *In the transition to smart metering, what consideration should be taken into account when setting a new price control tariff for dumb meters?*

Current pricing needs to come in to consideration. The awareness of price controls would enable metering providers to suddenly increase prices when controls are being set and in turn create greater expense to the consumer.

4. **What is your view on the total costs for the provision of PPM and how they are passed onto customers?**

Good Energy has less than 50,000 domestic customers and currently has no prepayment customers; we therefore have no view on this.

5. **What are the likely tradeoffs between the implications for the price for providing PPMs, especially for vulnerable customers versus the incentives for PPM smart rollout and cost reflectivity? For example, if we choose not to review the PPM tariff cap, would this weaken and slow the case for investing in smart PPMs?**

The advent of smart metering will introduce Pay As You Go (PAYG) technology which should actually strengthen the case to invest in PPM rather than weaken or slow it.

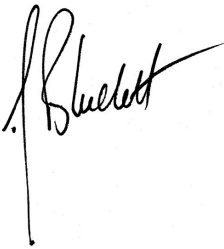
6. **We are aware that National Grid Metering is renegotiating the MSA contracts.**

a. *Can you please indicate what your metering arrangements are likely to be going forward?*

We are currently looking to maintain the status quo.

I hope you find this information sufficient. If you require more detail, then please let me know.

Kind regards,



Andrew Blakett  
Head of Metering