

Title: **Response to Ofgem's ROMA**

Synopsis: To document the AMO members response to the Ofgem Review of Metering Arrangements information request

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1. Introduction

1.1. Purpose

This document is the response to the information request from Ofgem dated 6th July 2010, seeking views on the “Review of Current Metering Arrangements”¹.

1.2. Background

The Association of Meter Operators (AMO) is a trade association representing the interests of its members. There are twenty-one members on the AMO who include all of the active electricity Meter Operators and the largest gas Meter Asset Managers. Many of these companies also own significant quantities of metering assets, either directly or through associated companies.

1.3. Member Involvement

Many of the AMO members are undoubtedly providing their own response directly to Ofgem. This AMO response does not necessarily represent the agreed views of every member on each issue. This response has been prepared by the AMO Consultant on behalf of the AMO members based on views expressed through individual discussion, meetings and written comments provided by members. A draft response has been circulated to members and their comments incorporated into the final submission.

Although we recognise that this work is not seeking to impinge on the smart metering activity it seemed appropriate to make some comments about the forthcoming smart world based on the experience of the current activities. For the avoidance of any doubt the AMO view is that the proposed competitive roll-out of smart meters is the appropriate model and nothing in this document is seeking to alter the proposals reinforced in the recently issued Prospectus.

The AMO membership is grateful for the ongoing dialog with Ofgem, including attendance at our meeting in April to discuss these issues. Ofgem held a workshop with a number of stakeholders on the 30th July which the AMO Consultant attended. The AMO membership would welcome the opportunity to provide any further clarification or discussion of any of the issues raised by this response.

1.4. Key Issues

There is no doubt that competition in metering services progressively introduced since 1994 has driven down the cost of metering services, increased the quality of service and led to innovative solutions to the benefit of all utility customers.

The AMO members are supportive of a competitive environment, therefore the removal of all ‘last resort’ obligations is welcomed.

Competition in metering services has not developed as well as it should have done over the last few years due to two issues causing uncertainty:

- the indecision of any mandate, or then which market model to rollout smart metering across the UK, and
- uncertainty over the competition issues in the gas metering sector.

There is no evidence that the removal of the ‘last resort’ obligations from electricity Distributors from 2007 has had any detrimental effect on electricity customers.

Industry information systems should support the circumstances where a customer has directly appointed the meter services provider.

Energy suppliers should be obliged to deal with agents appointed by consumers, provided that the service they operate and the equipment they deploy is compliant with industry standards.

¹ www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=2&refer=Markets/RetMkts/Metrng/Comp

Consideration should be given to create a 'standard form' bi-lateral agreement between energy Suppliers and metering companies for Meter Asset Provision.

The core metering governance arrangements MAMCOP, OAMI and MOCOPA® could be reviewed to see if there is any opportunity for convergence or consistency.

1.5. Document Structure

The following sections are structured in the format of the Ofgem ROMA request. Under each section there are a series of questions, the question is in *italics*, the response in normal text.

The AMO is unable to submit any cost information of meter asset and installation costs. This may be included in individual member responses.

2. A. Vertical Integration

2.1. Question 1

[Domestic, Non-Domestic, Electricity, Gas] Do you think vertically integrated suppliers should be obliged to offer contractual terms for meter procurement by other supply businesses?

No.

The procurement of meters is part of the commercial package of metering services. To require suppliers, of all sizes to make their procurement of meters and/or services available to all would undermine competition and be virtually impossible to enforce.

In future an obligation should only be introduced if there is a market failure, i.e. that participants are unable to obtain services. This might occur if a dominant player refuses to offer terms for use of an in-situ meter leaving the incoming supplier with no choice but to swap the meter. In such situation Ofgem could judge whether the behaviour is an abuse of dominance and whether the party should be obliged to offer terms.

2.2. Question 2

[Domestic, Non-Domestic, Electricity, Gas] If you are part of a vertically integrated supply business, do you ensure transparency in your arrangements with the supply business (i.e. with the aim of ensuring there are no cross-subsidies)?

In an ideal competitive market the meter and supply activities should be clearly separated to ensure the metering activities could be compared in the event of any regulatory oversight. In practice this is difficult, if not impossible, to enforce. At the Ofgem workshop on 30 July one of the big six supplies indicated that its metering activity is operated within a separate company, with its own accounts, providing clear financial separation. Other 'big six companies apply a similar business model. This is not a panacea as it is then dependent how the 'intra-business' charges are allocated. The AMO would welcome financial clarity across all companies where they are linked to a supplier or distribution activity.

2.3. Question 3

[Domestic, Non-Domestic, Electricity, Gas] Do you consider there to be barriers to entry to the energy market for metering businesses? Give examples.

The qualifications to participate in the metering sector include:

- Establishing a team of suitably qualified and capable staff to create and maintain a credible metering business,
- creating and operating a suitable IT infrastructure,
- seeking suitable accreditations through the BSC, MRA, MOCOPA[®], MAMCoP, OAMI,
- responding to the differing regional requirements of Distributors and Transporters to interface with their networks,
- obtaining a suitable density of work to maintain a cost effective workforce across the operational geography, and
- establishing sufficient commercial arrangements with energy suppliers and/or customers to maintain a viable business.

Whilst these requirements to participate or "barriers to entry" exist, they are no different from establishing any other business which has to invest in the activity before it enters into that market. The nature of the gas and electricity markets means that there are a large number of regulated standards which must be complied with in order to participate. These standards are necessary in order to ensure safety and service levels are kept at an appropriate level for customer protection.

The legacy metering businesses that evolved from supplier or distribution activities have significant market shares. Despite this there are a number of 'independent' players who have established a presence in the metering market either through acquisition or by growing a niche activity into a meaningful business by being more nimble than the 'established players'. Many of these 'independent' businesses are seeking to grow in the smart meter market. A wide range of businesses should be encouraged to give a broad range of choice and to protect customers during the massive increase in activity during the smart meter roll-out.

Regulatory uncertainty and risk that changes in policy will cause economic stranding of assets and organisational activities has acted as a constraint on market development. For example, the proposed market model for smart metering seriously considered re-regulating existing commercial metering businesses by establishing geographic franchise monopolies.

There is a problem with the tariff caps for gas prepayment meters that is set with prices below the commercial rates. See response to question F2.

We do see a specific barrier in the gas market because of the bundled MAM/MAP arrangements adopted by certain participants. In electricity it is permitted (and Ofgem encouraged) for a new MOP to take responsibility for the assets already on the wall, and therefore a new electricity MOP has been able to enter the market but without the need to change all the meters first. This is not the same in gas.

2.4. Question 4

[Domestic, Non-Domestic, Electricity, Gas] If you have concerns regarding the behaviour of vertically integrated metering businesses, please provide full details of your concerns, including any impacts on: the ability of competing service providers to win and/or retain metering work and the ability of new entrants to enter the market.

In recent years there has been an increasing trend for Suppliers to 'in source' the provision of metering services, particularly in geographic areas where they are a significant supplier. This could have the effect of 'squeezing out' the independent agents. The AMO members include a range of members therefore views on this aspect are mixed. Ofgem views since 1994 have been to see a competitive metering market and the AMO membership supports the view that provision of metering services should be provided in a competitive environment. Competition can be expected to drive down cost, increase quality of service and enable innovation, all of which is good for customers and 'UK plc'.

In both electricity and the gas meter markets there has been a clearly defined role for the metering company. This has helped the competitive procurement of metering services because 'the industry' has a common view of the scope of the work performed by an electricity Meter Operator, or a gas Meter Asset Manager. Retaining this clear definition is important going forward into the smart environment.

It is now normal practice for customers in the large electricity and gas metering market to contract directly with metering companies for metering services. The metering service to the customer may also include provision of data derived from the meter. Suppliers recognise this commercial relationship and provide supply offerings *exclusive* of metering charges.

In the Advanced metering market a similar model is developing, particularly for the large customer groups where they are seeing the benefits of securing a common metering and data provision service across their portfolio. Benefits include a single contractor across their portfolio is able to agree an SLA associated with access and installation at agreed times/days of week; provision of meter reading data in a common format (one member reports offering 27 different formats to meet varying customer requirements); achievement of actual reads to suppliers to avoid estimated billing; satisfying the requirements of the government Carbon Reduction Commitment Energy Efficiency (CRC) scheme; transparency of metering costs; and the ability to change supplier without loss of metering data or requirement to change meters.

In the smaller metering market, domestic and SME, to date the metering has provided little or no value to the customer so they have taken little interest. However, the smart metering rollout is intended to instil the same interest by customers in the metering data and creation of innovative data provision services. It should be anticipated that independent metering service companies will emerge with innovative and competitive offerings directly to individual customers and particularly customer groups, such as housing associations, etc.

Suppliers should be under a requirement, on request by the customer, to be transparent about the metering service pricing between an energy supply including and excluding metering services.

An independent company not linked to a supplier or distributor highlighted that some companies do not recognise the full cost of the corporate activities (HR, training, HS&E, procurement, finance, etc.) when calculating their costs. This is unfair compared with an independent company that directly incurs all these costs.

3. B. Commercial Interoperability

3.1. Question 1

[Domestic, Electricity, Gas] In the context of existing smart meters, how are the current commercial interoperability arrangements functioning (for example upon installation or change of supplier)? Please give details of any issues experienced to date.

Technical interoperability can and is achieved at various points in the provision of metering services. The main issue has been, and will continue to be, commercial interoperability.

Commercial Interoperability works on many levels. At the customer level, a customer representative at the Ofgem Interoperability group has made it quite clear that in the electricity market they can go to the market and seek prices for a metering service to provide and maintain a CoP5 meter. After 16 years of this market everyone has a common view of what is included within this activity, and he can confidently compare one offer with another. This is not so true of gas, although the work of developing the ASPCoP is helping this to be more clearly defined.

In the market going forward a similar definition of a 'smart metering provision' will need to evolve so customers (and suppliers) can be clear of the boundary of the activity. All parties can then compare different offers on an equal basis.

At the Ofgem workshop it was explained that where a smart meter has been installed today, after a change of supplier, the new supplier generally treats the meter as a non-smart meter and only wishes to pay the MAP at the rate for a non-smart meter. This leaves the MAP (and Supplier) exposed to the difference in capital costs between the unrecovered smart meter costs and the non-smart meter rental rates. This is not a sustainable approach for financial companies funding smart meters.

The use of exclusive MAP operators assigned by some suppliers to manage their MAP service commercial arrangements on a national basis causes concern in a competitive environment. In these arrangements the exclusive MAP operator becomes aware of the MAP charges that other MAPs are charging, this gives them an unfair advantage in the market.

There is a new data flow being introduced in 2011 into the electricity market to transfer further meter technical details to the new Supplier & data collector after a change of supplier event. This is intended to allow the new supplier hub to continue to use the smart meter functionality. There is no equivalent development occurring in the gas sector.

3.2. Question 2

[Domestic, Non-Domestic, Electricity, Gas] How do you structure your metering charges over its life? Please give details of the cost at the initial installation, and for the ongoing rental. Please distinguish between the meter asset costs and the meter installation costs. What are the main benefits of the chosen model? Please answer using the template provided.

At the Supplier/MAM/MAP level the market has two frameworks for charging for metering services. Both are valid methods of charging, but result in differing impacts for differing suppliers over the life of the metering system:

- Option 1 - Supplier pays transaction fee for meter installation then [lower] rental charge for meter over lifetime, or
- Option 2 - Supplier pays [higher] rental charge over meter lifetime where the installation cost is amortised into the rental charge.

Each model has advantages and disadvantages to the respective stakeholders. A supplier who generally works in the first model will take the 'hit' where the customer has their new meter fitted and then changes energy supplier. The subsequent supplier is only paying the lower rental charge. In the second model the meter provider is 'assuming' that the meter will remain installed and generating income for x years. In a competitive market it is extremely difficult to propose a single solution, although if the market coalesced around one model the commercial interoperability would become easier.

MAPs have expressed a willingness to amortise the installation fee, as in option 2. However, *at this time* the effective life of a smart meter is an unknown. MAPs have concerns about funding their investments if the economic life of assets is uncertain. For example, MAPs could adopt amortised pricing for a Mk1 smart meter. If customers/suppliers then wish to move onto smart meter 'Mk II' before the Mk I meter has fully recovered its installation fee the MAP will suffer unrecovered investment. To resolve this issue it will be necessary to have an early termination fee framework or to include a much higher risk premium in the pricing.

A table of the advantages & disadvantages to various stakeholders could be developed along the following lines:

Stakeholder	Option 1	Option 2
Supplier	May pay installation transaction fee, then lose customer	Spreads installation fee over life of meter irrespective of current supplier
MAM/MOP		
MAP	Lower financing costs, lower exposure to early meter removal	Exposed to higher risk of unrecovered income if meter removed early – either through technology advance, premises being demolished, data errors, meter failure

3.3. Question 3

[Domestic, Non-Domestic, Electricity, Gas] How do commercial arrangements operate on change of supplier? Are the current arrangements effective (give examples if not)? If not what arrangements you believe need to be introduced to achieve interoperability of metering contracts?

In the current market there are situations where perfectly serviceable meters are being changed because the new supplier and the metering company have not reached a commercial arrangement for the continued use of the installed meter. These costs fall within the industry and reflect back into increased charges on customers. This situation is not good for customers or 'UK plc' and is ultimately not sustainable.

There are also situations where the meter remains in place and the new supplier pays a nominal rental but without committing to the full commercial arrangements which may include clauses for 'early removal fees', or liabilities, etc. This leaves the metering company fully exposed to the 'stranding risk'.

A proposal, would be to create a 'standard form' bi-lateral agreement between Suppliers and metering companies. This would give a consistent view of the general role, although the individual participants could change the standard form, and would agree the specific prices bi-laterally. This could assist the industry to 'coalesce' around a single commercial model. Due to Competition Act requirements it would not be appropriate to mandate that two parties use the agreement. If a standard form contract was drafted by industry stakeholders the vast bulk of the terms would meet both parties requirements, the remaining debate will then occur in respect of certain key commercial elements.

One key commercial element will be the rental cost of the meter, the standard form contract would include a schedule for the contract, but not prices. The prices would always be bi-laterally agreed.

The standard form contract could be reviewed regularly to incorporate industry developments, such as recognising new or changed industry codes.

Developing such a 'model agreement' could be led by the AMO if there was sufficient interest across stakeholders. This is not an insignificant activity, but unless someone puts in the effort it is not going to move forward and the debate will continue indefinitely.

4. C. Metering Agents

4.1. Question 1

[Domestic, Non-Domestic, Electricity, Gas] On change of supplier, do you think that the MAM/MOP/MAP arrangements currently work better unbundled (as in electricity), or bundled (as in gas)? What are the benefits of your preferred arrangement?

The industry architecture and processes should support an unbundled commercial arrangement. If the parties then wish to have a bundled arrangement they can do so. By supporting the lowest common denominator (unbundled) in the architecture either commercial arrangement can be supported.

It was reported at the Ofgem workshop that a MAP wants to have access to industry systems to determine the location of their asset and which Supplier is utilising the asset. The MAP can then invoke the appropriate commercial arrangements. The MAP should be fully included in gas industry flows to ensure the relevant supplier and the location of their asset is communicated to them.

4.2. Question 2

[Domestic, Non-Domestic, Electricity, Gas] Is the information provided to suppliers adequate and timely when they are taking over a supply site? If you believe that the change of supplier process is not effective, please give examples.

The current industry processes support the concept of a MAM and a separate MAP, however the data items are not always fully populated or transferred between market participants successfully. This causes difficulty for MAPs to successfully track their equipment and charge the appropriate participants.

The existing industry systems 'assume' a supplier appointment of the metering company and are 'blind' to the existence of direct commercial relationships between customers and metering companies. There would be benefits to all stakeholders, to ensure that new industry systems recognised the existence of these customer/agent commercial relationships and gave visibility - particularly to the incoming supplier.

Energy suppliers should be obliged to deal with agents appointed by consumers, provided that the service they operate and the equipment they deploy is compliant. At present, the Electricity and Gas acts allow for customers to provide their own metering equipment, but industry governance could be strengthened to ensure the right of a consumer to choose their agents.

Greater convergence of gas and electricity governance, IT and processes would be beneficial. The various differing arrangements for iGTs add to complications.

Not all MAMs have fully embraced all the RGMA data flows. When erroneous appointments occur the MAM is unable to provide the full set of data flows.

The gas registration systems operate differently the electricity systems on change of Supplier. In electricity, the registration systems notify the old supplier of the incumbent agents and retains these existing agents (DA, MC, MO) until the new supplier positively changes them. In gas, the new supplier's registration has a 'blank' MAM identified. It then relies on the new supplier to update the MAM details, when the new supplier does not know the incumbent MAM, they may 'guess' - this guess is not always correct. Some simple process improvement is long overdue.

5. D. Electricity Metering

5.1. Question 1

[Domestic, Non-Domestic, Electricity] What metering services do you provide (provision, installation, maintenance)? Do you think there has been enough competing metering service providers in the electricity metering market to provide effective choice to suppliers following the removal of price controls? For example, are there particular geographical regions where you are unable to operate at a competitive price? Please provide information on the nature of difficulties encountered.

The cost of provision of a geographically spread metering service is fundamentally determined by the density of customers within the operating area. In principle, a 100% density should provide the cheapest service, apart from the lack of innovation to reduce cost or increase quality of service. In this competitive environment there are large parts of the country where multiple service providers have sufficient density to offer a competitive service. Although there are rural areas where the customer density is low which makes the cost-to-serve expensive. Travelling time is non-productive, the longer the journey between productive work means fewer chargeable jobs per day, making a higher cost per job.

This can be explained by considering Scotland. If a metering service provider offered a price for servicing the customers in the conurbations of Edinburgh & Glasgow, and a separate price for the remaining rural areas the price per meter install would be substantially higher for the rural areas than the conurbations. However, if the service provider gave a price for each meter install in Scotland it would result in an average price which effectively smears the cheaper cost high volume urban costs with the low volume rural areas.

In some regions of the country the original incumbent dominant provider has withdrawn from provision of metering services. This has resulted in some disruption, but there has always been a provider willing to act in the region at a market determined price. This price may be higher or lower than the withdrawing incumbent provider. The provision of metering services across the whole of the GB is no different from suppliers needing to provide other customer services to customers in the more remote parts of the country.

5.2. Question 2

[Domestic, Electricity] How many domestic consumers own their own metering? Please indicate if you believe there has been a trend since 2007.

Numbers are not known. The indications are that many industrial & commercial customer in the electricity half hourly and Advanced meter market may own their own meters, but this is currently unusual in the domestic and SME non-half hourly sectors.

Over a number of years several hundred customers in one Distribution area have directly procured 'export' metering, as the supplier was unwilling to fund provision of these meters.

6. E. Consumer Protection

6.1. Question 1

[Domestic, Non-Domestic, Electricity] What impact (if any) has the removal of the electricity metering price controls had on the quality of meters and metering services on consumers? Please provide details of any concerns and how they can be addressed.

None are known.

At the same time as the removal of the obligation on distribution businesses to provide a last resort metering service there has been an ongoing discussion about the provision of a Urgent Metering Service (UMetS). There are mixed practices across the country. Some of the suppliers have ensured that their metering service providers are able to provide an urgent call out to metering problems during evening and weekends.

A minimum expectation with respect to pre-payment customers has been enshrined in a Statutory Instrument for many years. The Electricity (Standards of Performance) Regulations 2010 regulation 18 lays out the obligations for attending at premises to resolve problems with pre-payment meters. There is no minimum for attending to problems with other meters, other than the customer service standards of the respective supplier.

In the future all smart meters may fall within the scope of a 'pre-payment' meter. It may be appropriate to redefine the scope of regulation to include all failures of whole current meters whether they be used for domestic or for non-domestic purposes. This will allow for all suppliers to procure this level of service from their meter service providers. Some suppliers may choose to enhance this minimum to provide a 24/7 service to the major population area.

7. F. Gas Network Companies' Obligations

7.1. Question 1

[Domestic, Gas] What are the full costs of metering services for Pre-Payment Meters?

Individual members may be able to provide responses.

7.2. Question 2

[Domestic, Non-Domestic, Gas] Is there still a need to require to have a MPOLR, and if so, who is best placed to be the metering provider of last resort and why?

There is no need for a MPOLR. The AMO members are supportive of a competitive environment, therefore the removal of all remaining 'last resort' obligations is to be welcomed.

The remaining last resort obligations have price caps which are said to under charge prepayment metering services. This is believed to result in prepayment metering being provided under the 'last resort' provision and credit metering under a competitive regime. This artificially distorts both the last resort activity and the commercial metering services.

It has been reported that only a limited number of meters are being fitted under the remaining 'last resort' obligations on gas transporters. If this is the case, then removing the obligations should not be too disruptive to the market.

There is no evidence that the removal of the 'last resort' obligations from electricity Distributors in 2007 has had any detrimental effect on electricity customers, or energy suppliers. It did cause some disturbance to the market as suppliers had to actively procure new competitive service providers, although they did have two years notice of the intended changes.

A lesson from the electricity changes in 2007 is that there should always be clear separation/transparency of metering charges (both MAP & MAM) and use of system charges. The metering charges should not be bundled with use of system charges and presented as a single charge.

In the electricity model there is clear separation between MAP & MOP with an acceptance that different companies can act in the different roles over the life of the metering asset. This concept has not been accepted by all participants in gas metering provision, meaning that certain participants are only willing to operate a combined MAM/MAP activity. The different approach needs challenging to understand if there is any justifiable reasons for maintaining a combined activity.

8. G. Gas Metering

8.1. Question 1

[Domestic, Non-Domestic, Gas] Do you think there has been enough competing metering service providers in the gas metering market to provide effective choice to suppliers? For example, are there particular geographical regions where you are unable to operate at a competitive price? Please provide information on the nature of difficulties encountered.

Yes.

Despite the slow start in the competitive gas metering services there is every reason to expect the market to develop further. The answer to question D1 equally applies to gas and electricity. The regional coverage of gas distribution is more limited than electricity coverage as gas network does not reach into as many rural areas. So meter operatives can access gas customers easier than some of the very remote, and therefore expensive to service electricity customers.

8.2. Question 2

[Domestic, Gas] How many domestic consumers own their own metering? Please indicate if you believe there has been a trend since 2007.

Numbers are not known. The indications are that many industrial & commercial customers in the larger gas and Advanced meter market may own their own meters and loggers, but this is currently unusual in the domestic and SME sectors. This may change into the future.

9. H. Gas Metering Price Controls

9.1. Question 1

[Domestic, Non-Domestic, Gas] What impact are the price control arrangements having on the smart metering rollout? Given the smart metering rollout, should price controls on legacy meters be maintained? If yes, why, and until when?

None.

No.

We are not aware of any price control on non-domestic gas meters. The controls on charges for domestic gas meter rentals cover traditional (“dumb”) credit meters and prepayment meters. The gas networks are also under a provider of last resort obligation – the analogous obligation on electricity networks fell away from April 2007.

We believe that the tariff caps on gas meters should be removed as soon as possible to align the gas regime with electricity metering. The POLR should also be lifted as soon as possible because this distorts the market by artificially removing opportunities for meter operators.

10. Other Issues

10.1. PEMS

Members are still concerned about the significant numbers of meters which are exchanged under the PEMS arrangements. The commercial drivers of network companies and MAMs are different which may be leading to meters (or components of the metering system) being changed unnecessarily. Provision of a PEMS service under a smart meter environment will become extremely burdensome for Transporters and the other stakeholders. Equally the current obligation on suppliers to provide a three to four hour service where prepayment metering has failed, will effectively apply to all 'domestic sized' meters (assuming valves are installed), removing one of the key drivers for PEMS. See the response to question E.

Appendix A gives the statistics of the PEMS activity in 2006, 2007 & 2008. It can be seen that 29,000 meters were changed under PEMS in 2009. Few of these meters found their way back to MAMs to ensure that they really were faulty and in need of replacement. In total PEMS is estimated to have cost the industry over £5.5m in 2008. And 12.7% of all emergency call outs led to some PEMS work. The AMO members are concerned that these levels of activity are considerably in excess of the actual requirements.

The smart metering remote communications functionality will enable the supplier's agents to interrogate the metering equipment for initial fault finding. This initial activity should reduce the need for site visits for 'lack of credit' type calls.

10.2. Gas Act Owner

There may be a need to revisit the obligations of the 'gas act owner' to ensure the obligations on the supplier and gas transporter are made appropriately. For example, where the meter was provided by the gas transporter, going forward the supplier needs to take on the obligation of ensuring that the meter is accurate for customer billing. The supplier has rights of access to replace metering which the 'gas act owner' does not.

10.3. Transporter workforce skills

At the current time with the MPOLR each transporter is required to provide at least a minimal metering activity. This is a cost the transporter recovered under the transportation charges. This revenue income from transportation will result in the MPOLR metering service not being directly comparable to a competitive metering service.

Transporters will need to ensure this emergency call out staff are trained and equipped with metering equipment to perform PEMS work. A 'pure' emergency service would not need to train their staff for emergency meter replacement, saving costs.

The training and skills will extend greatly if the PEMS activity is expected to include fault finding and/or replacement of smart metering equipment. The provision of standing data to update the smart metering installation and the communications equipment will significantly expand the skills and training requirements within PEMS.

10.4. Meter Changes

Many members are reporting that the existing meter replacement activity has declined significantly over the last year or so in anticipation of the smart meter roll-out. This is causing difficulty in retaining skilled staff in the period until there is a substantial ramp up of activity, currently forecast for end of 2012. There is also a concern that certified meters or 'life expired' meters will remain in use potentially causing customers to be incorrectly charged through inaccurate meters.

10.5. Meter returns

A curious difference in gas and electricity has evolved. In electricity the responsibility for returning the meter to the MAP rests with the Meter Operator removing it. In gas the MAM removing the meter needs

to retain the meter available for the MAP to collect within a month. Adopting a consistent approach across both fuels may be easier to manage into the future.

10.6. iGT networks

Members have reported some difficulties in successfully providing competitive metering services on iGT networks. A particular issue for suppliers and MAMs has been the ability to provide prepayment meters on iGT networks. This is an aspect that members believe should be included in Ofgem further investigations.

This was ruled out of scope for the ROMA.

11. Appendix A – PEMS

Numbers of Activities per calendar year		Replace Governor & Connector only	Replace Credit Meter	Replace Prepayment Meter	Other	PEMS total	Emergency call outs	Call outs resulting in PEMS
2006	NGN	47,789	17,820	2,988	2,708	71,305	566,764	12.6%
	W&W	14,156	4,282	560	712	19,710	118,772	16.6%
	Northern GN	9,951	3,812	516	n/a	14,279	144,232	9.9%
	Scotia - Scotland	4,029	2,433	484	508	7,454	124,233	6.0%
	Scotia - south	17,207	5,717	1,000	1,152	25,076	216,172	11.6%
	total	93,132	34,064	5,548	5,080	137,824	1,170,174	11.8%
2007	NGN	44,270	17,262	2,750	2,174	66,456	560,335	11.9%
	W&W	11,304	4,185	460	651	16,600	114,714	14.5%
	Northern GN	10,659	3,052	499	n/a	14,210	152,796	9.3%
	Scotia - Scotland	2,659	1,983	327	376	5,345	113,723	4.7%
	Scotia - south	13,152	4,586	659	835	19,232	204,596	9.4%
	total	82,044	31,068	4,695	4,036	121,843	1,146,164	10.6%
2008	NGN	53,176	9,254	2,378	12,762	77,570	554,373	14.0%
	W&W	13,047	3,860	662	595	18,164	110,308	16.5%
	Northern GN	10,525	3,050	482	n/a	14,057	122,235	11.5%
	Scotia - Scotland	4,992	2,900	357	753	9,002	113,949	7.9%
	Scotia - south	13,339	5,607	641	1,184	20,771	200,299	10.4%
	total	95,079	24,671	4,520	15,294	139,564	1,101,164	12.7%
cost/activity		£ 40	£ 60	£ 190	£ 30			
2006		£ 3,725,280	£ 1,362,560	£ 221,920	£ 203,200	£ 5,512,960		
2007		£ 3,281,760	£ 1,242,720	£ 187,800	£ 161,440	£ 4,873,720		
2008		£ 3,803,160	£ 986,840	£ 180,800	£ 611,760	£ 5,582,560		
Notes:								
Some activity classification may differ between companies								
Replacing meters, may also include replacing regulators								
In some cases number of emergency calls has been reverse calculated								
Charges are an estimate to give a financial significance								
Ofgem 2008 info request: http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=188&refer=Markets/RetMkts/Metrng/Comp/Gas								