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Dear Steve,

Review of Metering Arrangements – consultation on proposed metering industry remedies

SGN welcomes the opportunity to comment on the above consultation. Thank you for agreeing to the extension for our response.

Overall, we are supportive of the review of metering arrangements and consider it important to tackle many of the issues which the industry is currently facing, particularly in the context of the advent of smart metering. However, we do have a major concern in relation to recovery of the costs associated with the reduced asset life of the 'dumb' meters which are currently 'in situ', together with those which will be installed prior to completion of the smart meter roll-out. In our view, Ofgem must give due consideration to this when considering the review as a whole.

We have restricted our comments to the key questions that impact our business, which are generally around Chapters 3 and 4 of the consultation. However, in relation to Chapter 2 Q5, UNC MOD 297 was raised by ourselves and provided increased access to metering information where the MAM was or is registered as the MAM on the Sites and Meters Database. We have received representations post MOD implementation from one MAM noting that although the revised arrangements have proved useful, further liberalisation around access should be considered.

With regard to Chapter 3 of the consultation, we have no difficulty with the present MPOLR arrangements for dumb meters continuing to operate, provided that there is a mechanism to recover costs associated with stranded meters. We believe that the MPOLR obligation should be removed from GDNs at the point of commencement of smart meter roll-out (particularly because of the risk of meter stranding). It is also important, in our view, that GDNs are free to decide, on a commercial basis, whether they wish to provide meters to suppliers.



We welcome the proposal to place a Licence Condition on suppliers for domestic credit meters and pre payment meters to ensure that MPOLR is only used in cases of genuine last resort. However, we have a concern that this will be difficult to “police” in practical terms. We would welcome further guidance from Ofgem in relation to this.

With regard to whether or not MPOLR is required for smart meters, our view is that this is a matter that should be considered once the smart metering process is fully underway. This would then allow Ofgem, suppliers and GDNs to assess the market and consider what may be required. It is possible that this activity could be managed as a bolt-on to the post-emergency metering services which are currently provided by GDNs.

With regard to Chapter 4 of the consultation, we agree that legacy meters (credit and pre-payment) should remain under price control. If they are not price controlled, metering agents with a dominant position in the metering market may be able to take advantage of that position and increase prices which could stifle the introduction of smart meters. This could also pose the risk of increasing the cost of the overall smart meter delivery programme.

We believe that there is advantage in setting a cost reflective price cap for new and replacement dumb meters. In our view, the current level of price cap for PPMs is not cost reflective and needs to be increased. Once again, in the transition to smart metering, stranding costs should be taken in to account when setting a new price control tariff for dumb meters.

I hope our comments are useful and if you would like to discuss these further, please call.

Yours sincerely

Malcolm J. Burns
Senior Regulation Manager