



**Association of
Independent
Gas Transporters**

Ocean Park House, East Tyndall Street, Cardiff, CF24 5GT

16 November 2011

Steve Rowe
Smarter Markets
Ofgem
9 Millbank
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By email only: steve.rowe@ofgem.gov.uk

Dear Steve

TRANSFER OF METER ASSET MANAGER SCHEME: CONSULTATION ON POLICY PROPOSALS AND PROPOSED MODIFICATIONS OF THE STANDARD CONDITIONS OF THE GAS SUPPLY LICENCE AND STANDARD CONDITIONS OF THE GAS TRANSPORTER LICENCE

I am writing on behalf of Association of Independent Gas Transporters ("AIGT") in response to the above letter of the 5th October 2011.

The AIGT's response to the consultation is contained within this letter.

Next Steps

We suggest that this response be taken forward as part of your dealings with AIGT members.

Yours sincerely

**Russell Ward
Chairman AIGT**

APPENDIX 1

Question One: Do you consider that a MAM approval scheme remains appropriate for gas metering?

Yes we do believe the current MAMcop approval scheme remains appropriate for gas metering; there is scope for improvement which could be identified through any revised governance arrangements. The principles upon which the scheme is founded are sound and mirror the Gas Industry Registration Scheme (GIRS) i.e. a register with access qualified by independent assessment and continued surveillance.' Both schemes are successfully operated to meet their objectives.

Although something of a sub-set of the above point; Ofgem should consider whether technical due diligence would still be necessary for a supplier or transporter to contract with a MAM. This would cover that entities' contract award for many other services provided to them, and it would be for the MAM to demonstrate its ability.

Question Two: Do you agree that it is more appropriate for the MAM approval scheme to be managed by the industry rather than directly under Ofgem?

Yes, we agree that Ofgem should not oversee MAMCoP into the future because of the technical nature of the document. There should, however, always remain the right of appeal to Ofgem given that only the latter is underpinned by a wealth of statutory and administrative law safeguards.

Question Three: Do you agree with our policy proposal, to transfer the MAM approval scheme to the SPAA? If not, please set out what your preference would be and why?

No.

SPAA does not cover industrial & commercial suppliers. MAMCoP does cover meters likely to be installed in these premises. Moreover, the more difficult technical areas of MAMCoP relate to these larger capacity meters. Larger meters will not be well catered for.

This gives rise to the related issue of ease of use. MAMCoP governance could become disproportionately cumbersome if all MAMs want a fair level of representation. Many MAMs are small organisations and the need to ensure the right weighting is given to smaller MAMs must be addressed in a way which is sensitive. If voting were based on volumes of meters installed, for instance, this could further (and unnecessarily) consolidate the dominance of the larger MAMs.

Question Four: Are there any advantages or disadvantages to our approach that we have not taken into consideration in this consultation, particularly in the context of the smart metering roll out? If so, please set these out.

The technical standards and application of MAMcop is related mainly to the gas metering functional operation, safety and integrity etc. These core gas metering functions will remain broadly unaltered with the introduction of Smart metering. Exceptions to consider in relation to MAMcop and Smart metering would include:

- a) Inclusion and operation of a gas shut of valve to isolate the meter; a safety case for remote operation would need to be included in MAMcop;
- b) New arrangements for transfer of data and information, MAMcop would need to be updated.

We repeat the point made earlier to DECC that serious consideration ought to be given to the issue of meter governance and smart meter roll out at new developments.

Question Five: How do you consider the scheme should be managed and funded in terms of a Management Board and audits?

The current approach of expecting MAMs to pay reasonable costs for their non-compliance is a practice that has merit. It puts the incentives in the right place.

Question Six: Do you consider that the proposed licence drafting is appropriate to give effect to the proposed scheme transfer and ongoing governance?

No. The appeals process would still be required to be addressed. This is long overdue. Would the arbiter be Lloyds Register bound to SPAA?