



MAMs, IGTs, Suppliers, GDNs,
OAMIs, Consumer Focus, other
interested parties

*Promoting choice and value for
all gas and electricity customers*

Document reference: 42/12

Direct Dial: 020 7901 7000

Email: smartermarkets@ofgem.gov.uk

Date: 29 March 2012

Dear colleague

Transfer of 'Meter Asset Manager' approval role: Statutory consultation on modifications to the gas supply licence and gas transporters licence

This letter sets out Ofgem's decision that the role of approving gas Meter Asset Managers (MAMs) should be transferred from Ofgem to become a function of the Supply Point Administration Agreement (SPAA). We consider that this decision is consistent with our statutory duties¹ and the principles of better regulation.

Annex 1 sets out statutory notices of proposed modifications to the Gas Supply Licence and Gas Transporters Licence standard licence conditions (SLC) to give effect to the decision. In line with the standard process for modifying licences, interested parties have 28 days to make any representations on the proposed changes.

Please email responses to smartermarkets@ofgem.gov.uk by 26 April 2012.

Subject to any formal representations made and our final decision on the proposed licence changes, the modifications will come into effect on 28 August 2012. We expect relevant gas supply and transporter licensees to take all reasonable steps to ensure that appropriate arrangements are in place to facilitate the transfer of this role.

Background

MAMs are responsible for the provision of services to meter owners, gas transporters, gas suppliers or consumers to facilitate the management of meter assets and associated services.

Gas suppliers and transporters are required by their licences² to use MAMs that are approved by Ofgem. Among other things, an approved MAM should meet the requirements set out in the Code of Practice for MAMs (known as 'MAMCoP'), which was developed by a group of gas industry representatives. The Lloyd's Register is the Ofgem appointed Registration Agent for the certification of the MAM process and the ongoing management of this scheme. Individual MAM applicants directly fund the costs associated with this certification process. Further background on MAMs is set out in annex 2.

¹ As set out in section 4AA of the Gas Act 1986 and section 3A of the Electricity Act 1989

² Standard licence condition (SLC) 12.19 of the Gas Supply Licence and SLC 8.1A of the Gas Transporters Licence

In October 2011, we issued a consultation (the October consultation) on our proposal that, consistent with our broader duties and the principles of better regulation, it may be appropriate to transfer the role of approving MAMs from Ofgem to the SPAA. The SPAA is a multiparty agreement that gas suppliers and transporters are required by licence to accede to. It governs certain operational interfaces between the parties, and provides for certain changes to the agreement to be subject to approval by Ofgem.

We noted that it was an appropriate point to review the current MAM approval arrangements given, amongst other things, that the current arrangement Ofgem has in place with the Lloyd's Register is due to expire in August 2012. We noted that the requirements in relation to MAMs are now well established and therefore it would be appropriate to review the regulatory framework for MAM approval, consistent with the principles of better regulation. We noted that the assessment and approval of MAMs is largely technical and hence outside Ofgem's core expertise as an economic regulator.

We sought views on our proposal to transfer the role and in particular on the following questions:

- Does a MAM approval scheme remain appropriate?
- Should approval be managed by industry instead of Ofgem?
- Should approval sit within the SPAA?
- Are there any advantages or disadvantages of our proposed approach in light of the Government programme that will mandate the roll-out of smart meters³?
- How should the MAM approval scheme be managed and funded?
- Are the changes we have proposed to the Gas Supply Licence and Gas Transporters Licence appropriate?

Responses to October consultation and Ofgem's views

We received 21 responses to the October consultation. All responses are available on our website⁴. A list of respondents is included in annex 3.

We have set out below our proposed way forward and our views on some of the key issues raised in responses, under three broad headings:

- Transfer of the approval role
- Management and Funding
- Transition to smart metering.

Transfer of approval role

Decision

Ofgem considers it is appropriate to transfer the role of approving MAMs to the SPAA. This document consults on proposed licence changes to facilitate this.

Discussion

The majority of respondents considered that some form of MAM approval scheme remained appropriate for gas metering. Many considered that such a scheme was needed to ensure that safety standards were maintained across industry and to give ongoing assurance in relation to the competency of MAMs. Several respondents considered that an approval scheme was even more important in light of the significant MAM activity that would be associated with the roll out of smart meters. In addition, there was widespread agreement that the approval role should sit with an appropriate industry body rather than with Ofgem.

³ More information on roll out of smart metering is available on DECC's website:

http://www.decc.gov.uk/en/content/cms/tackling/smart_meters/smart_meters.aspx

⁴ <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=105&refer=MARKETS/SM/METERING/CRF>

There were mixed views on our proposal that the approval role should sit with the SPAA. A number of respondents agreed that this was an appropriate forum; for example, one respondent considered that it was the logical choice as SPAA already includes governance of industry processes in support of gas metering market. However, a small number of respondents were opposed to the role being transferred to the SPAA. Of these, one was strongly opposed and considered that it was inappropriate to transfer the role to a forum which it considered to be dominated by the 'Big 6' suppliers⁵ at a time when their influence is under criticism. We note this concern, but consider that governance and regulatory oversight of SPAA is consistent with effective, inclusive management, were this to be an issue. We consider that the concern can be mitigated through the inclusion of appropriate industry governance arrangements to ensure all relevant parties are appropriately represented in the MAM approval arrangements.

The majority of respondents considered that, whilst it may not be immediately appropriate for the SPAA to take on this role, the proposal could be made to work subject to a number of conditions being met. Conditions proposed by respondents or areas requiring further consideration included:

- *Competition issues*: it is important to ensure that any new arrangements did not result in barriers to new MAMs entering the market.
- *Technical nature of the role*: SPAA is primarily a commercial document. It was therefore important to ensure retention of the engineering aspects of MAMCoP and that appropriate technical resource was available under SPAA.
- *Industrial and Commercial (I&C) suppliers*: respondents noted that I&C suppliers are not currently required to accede to SPAA⁶, but are represented on the MAMCoP board; they considered SPAA was not the appropriate place for the approval role, given lack of I&C representation.
- *Governance arrangements*: there is a need to ensure all appropriate parties (eg MAMs, I&C) are represented in the governance process for the MAM approval scheme and for there potentially to be a right of appeal to Ofgem.
- *MOCOPA*: it would be helpful to explore the similarities/differences from MOCOPA further.
- *Timings*: getting appropriate arrangements in place by August 2012 is not an insignificant task, and it could be challenging to meet these timescales.

We continue to consider that transferring the approval role to SPAA is a reasonable and proportionate step and is in line with our broader duties and the principles of better regulation. We acknowledge that many of the points that respondents have raised merit further consideration, for example to ensure that MAMs and other relevant stakeholders are appropriately represented when developing the detail of any governance arrangements. We consider that this is best done through a transparent industry process, and that the SPAA arrangements will provide an appropriate forum in which to take forward this work. Where appropriate, we will continue to monitor and help facilitate the development of the new arrangements.

⁵ British Gas, EDF Energy, E.On, RWE npower, Scottish Power and Scottish and Southern Energy

⁶ We have noted in our recent publication on tackling gas theft that consideration is currently being given to amending the SPAA governance arrangements so that non-domestic suppliers would have an appropriate voice in determining the content of that code. We noted that once this is established, we intend to consider if it may be appropriate to amend the gas supply licence to require non-domestic suppliers to become parties to and comply with the relevant sections of SPAA:
[http://www.ofgem.gov.uk/Markets/RetMkts/Compl/Theft/Documents1/Tackling%20gas%20theft%20decision\(1\).pdf](http://www.ofgem.gov.uk/Markets/RetMkts/Compl/Theft/Documents1/Tackling%20gas%20theft%20decision(1).pdf)

We note that some respondents considered that it may be challenging to complete the necessary changes by 28 August 2012 (when the current arrangements Ofgem has in place will expire). We accept that it may be challenging to address some of the potentially more substantive issues that may need to be considered to develop suitable enduring arrangements. However, we consider that it should be possible for licensees to work with industry to develop appropriate arrangements within the timescales we have proposed, to ensure, in the shorter term, that the scheme can continue to have the same effect broadly as it does today. If appropriate, we will work with industry to develop any transitional arrangements to facilitate the transfer. Further changes to address any more substantive issues could be implemented at a later date if appropriate. **We would welcome views from respondents on this approach.** We note that the SPAA Executive is already engaging with industry to develop governance options and welcome their, and the MAMCoP Board's, early engagement on this.

Management and funding role

Ofgem's decision

As noted above, the MAM approval scheme is currently managed by the Lloyd's Register and funded directly by applicants. We expect industry, if appropriate, to establish or procure appropriate management arrangements under the SPAA. We think the current funding arrangements are appropriate and have not identified the need for any change at this time.

Discussion

The majority of respondents that commented on the MAM approval management and funding arrangements considered that any additional costs under SPAA would not be likely to be significant, and that the existing arrangements should remain unchanged (ie SPAA parties meet certain management costs, MAM applicants meet audit costs).

Based on the information currently available we agree that there is unlikely to be a need for change to the current funding arrangements, although we expect industry to consider this issue when developing the more detailed framework to facilitate the transfer.

We also note the views in relation to how the management board might operate, and that a number of parties considered it appropriate that the Lloyd's Register retain the audit role. We expect the industry to review and develop appropriate management and governance arrangements as part of the changes needed (as discussed above) to facilitate transfer of the approval role to SPAA. We recognise that there may be a period of time between the expiry of the current contract with the Lloyd's register and the introduction of any future audit arrangements. We consider that transitional arrangements may be appropriate to manage this possible eventuality.

Transition to smart metering

Decision

Ofgem considers that transferring the MAM approval role, and the development of suitable governance arrangements by industry, will enable any changes to the MAM approval scheme required for smart metering to be developed effectively.

Discussion

As noted above, several respondents commented that the continuation of a MAM approval scheme is even more important in light of smart metering. However, a number of respondents questioned whether it was appropriate to retain the current arrangements at this time, rather than making this change in parallel to the wider changes for smart metering, which are still being developed. Others considered that transferring the role had added benefits in light of smart metering, by unifying the gas metering arrangements so that they can be considered as a whole.

We acknowledge that metering arrangements are facing significant change in light of the roll out of smart meters, but do not consider that this should prevent us progressing our proposed change at this time. Indeed, we consider there are significant benefits in making the change now and developing suitable governance arrangements. We expect that this will aid transparency and the development of appropriate changes to these arrangements in the context of the roll out of smart meters.

Discussion of other issues raised by respondents

Some respondents commented that it may also be timely to consider the Codes of Practice in relation to 'Ofgem Approved Meter Installers' (OAMI)⁷ and that transferring MAM approval to SPAA may also facilitate bringing OAMIs under SPAA. We agree that it may be appropriate to review the OAMI arrangements. We note that when the MAMCoP scheme was put in place, there was an expectation that the OAMI Codes of Practice would ultimately be replaced by MAMCoP, which includes provisions in relation to meter installation. We consider that this is an issue that should be considered by industry once appropriate governance arrangements are in place under SPAA. Should industry develop suitable change proposals to facilitate the inclusion of the OAMI Codes of Practice within SPAA, we would expect to consult on appropriate licence changes, where necessary⁸.

Several parties commented on the changes that the Institute of Gas Engineers and Managers (IGEM) have recommended be made to MAMCoP. Some considered it was not clear why these had not been made, and others noted that a transfer to SPAA would provide appropriate governance arrangements in order to progress these changes. We note that MAMCoP is a code of practice that was originally developed by industry. We consider it is therefore appropriate for industry to further consider the changes recommended by the IGEM when appropriate governance arrangements are established under SPAA.

A number of respondents provided comments on the licence drafting set out in our October consultation. We have set out in Annex 4 our views on the detailed points raised. Where appropriate, we have made changes to proposed licence drafting set out in the schedules to the Modification Notices in Annex 1.

Next steps

Subject to consideration of any representations to the notices of proposed modifications attached, and having regard to the Authority's principal objectives and statutory duties, the Authority proposes to modify the Gas Supply Licence and the Gas Transporters Licence as per the accompanying notices. The proposed modifications to the Licences are set out in the schedules of the statutory notices, detailing the modifications that Ofgem is proposing to make to the Gas Supply Standard Licence Conditions and Gas Transporters Standard and Standard Special Licence Conditions under s23 of the Gas Act 1986.

As set out above, in line with the standard process for modifying licences, interested parties have a period of 28 days to make any representations on the proposed changes. Please email responses to smartermarkets@ofgem.gov.uk by 26 April 2012.

After the consultation closes, we will consider any representations made and publish our final decision. Relevant parties will have 20 working days from the date of the publication of the final decision to make an application to the Competition Commission for permission to appeal these licence condition modifications.

⁷Information on the OAMI arrangements is available on our website:
<http://www.ofgem.gov.uk/Markets/sm/metering/crf/metrology/am/oami/Pages/oami.aspx>

⁸ In addition, it may be necessary to review the existing contractual arrangements with the party that currently manages the OAMI approval scheme for Ofgem.

Subject to an appeal to the Competition Commission, the licence change will come into effect on 28 August 2012. For the avoidance of doubt, prior to that date parties seeking MAM approval should continue to apply to Ofgem; if appropriate, we will consider if any transitional arrangements are appropriate to facilitate smooth transfer by 28 August 2012.

Yours sincerely,

Colin Sausman
Partner, Smarter Markets

Annex 1A: Statutory consultation on amendment to the Gas Supply Licence

NOTICE UNDER SECTION 23(2) OF THE GAS ACT 1986

The Gas and Electricity Markets Authority ("the Authority") hereby gives notice pursuant to section 23(2) of the Gas Act 1986 ("the Act") as follows:

1. The Authority proposes to modify all gas supply licences granted or treated as granted under 7A(1) of the Act by amending Standard Licence Condition 1 (Definitions for standard condition), Standard Licence Condition 12 (Matters relating to Gas Meters), and Standard Licence Condition 30 (Supply Point Administration Agreement).
2. The reason why the Authority proposes to make this licence modification is that it is in customer interests that appropriate arrangements are in place in relation to the role of approving gas meter asset managers, including transparent governance to consider changes to the arrangements. This MAM approval role is largely technical in nature, and is not a core function for an economic regulator. Further detail is set out in our document 'Transfer of 'Meter Asset Manager' approval role' published on 29 March 2012 (Document reference: 42/12).
3. The effect of the proposed modification(s) is to ensure that the role of approving gas meter asset managers resides with an appropriate industry body. It will facilitate the ongoing operation of the approval scheme and the development of suitable governance arrangements. This will enable the MAM approval arrangements to be amended if appropriate, to address areas of change industry has already identified, and future changes for the transition to the smart meters. We consider that transferring the role is in the interest of consumers and is consistent with our broader duties and the principles of better regulation.
4. Relevant licence holders for the purposes of this Notice are all holders of gas supply licences at the relevant time with Section A and Section B of the Gas Supply Licence in force.
5. A copy of the proposed modification(s) and other documents referred to in this notice are available (free of charge) from the Ofgem library (telephone 020 7901 7003) or on the Ofgem website (www.ofgem.gov.uk).
6. Any representations on the proposed licence modifications may be made on or before 26 April 2012 to: Lesley Nugent, Office of Gas and Electricity Markets, Cornerstone, 107 West Regent Street, Glasgow, G2 2QZ or by email to smartermarkets@ofgem.gov.uk.
7. All responses will normally be published on Ofgem's website and held in the Research and Information Centre. However, if respondents do not wish their response to be made public then they should clearly mark their response as not for publication. Ofgem prefers to receive responses in an electronic form so they can be placed easily on the Ofgem website.
8. If the Authority decides to make the proposed modification it will take effect on 28 August 2012.

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**Colin Sausman, Duly authorised on behalf of the
Gas and Electricity Markets Authority**

29 March 2012

SCHEDULE 1A

PROPOSED MODIFICATION OF THE STANDARD CONDITIONS OF GAS SUPPLY LICENCES

Standard Conditions 1, 12 and 30 of the gas supply licence are proposed to be modified in the manner set out in this schedule. The proposed insertions are shown underlined and proposed deletions are shown crossed through.

Condition 1: Definitions for standard conditions

[Amend definition in SLC 1.2]

Meter Asset Manager

means: (a) a person or a class or description of persons possessing the expertise satisfactorily to design, install, commission, inspect, repair, alter, reposition, remove, renew and maintain the whole or part of the Supply Meter Installation as defined in Section M, paragraph 1.2 of the Network Code as at 1 August 2007; or a person whose staff have such expertise; ~~and~~

(b) a person or a class or description of persons approved in accordance with the Supply Point Administration Agreement.

Condition 12: Matters relating to Gas Meters

[Amend SLC 12.18]

Approval by Authority

12.18 In this condition, a reference to an approved Meter Installer ~~is to a Meter Installer approved by the Authority for the purposes of this condition.~~

Deleted: or an approved Meter Asset Manager

Deleted: or a Meter Asset Manager

Condition 30: Supply Point Administration Agreement

[Amend SLC 30.5]

The relevant objectives referred to in sub-paragraph 30.5(a) are:

- (a) the development, maintenance and operation of an efficient, coordinated and economical change of supplier process;
- (b) the furtherance of effective competition between Gas Suppliers and between relevant agents;
- (c) the promotion of efficiency in the implementation and administration of the supply point administration arrangements; ~~and~~
- (d) so far as is consistent with sub-paragraphs (a), (b) and (c), the efficient discharge of the licensee's obligations under this licence; ~~and~~

Deleted: and

Deleted: .

(e) the establishment, maintenance and operation of the Meter Asset Manager arrangements.

Annex 1B: Statutory consultation on amendment to the Gas Transporters Licence

NOTICE UNDER SECTION 23(2) OF THE GAS ACT 1986

The Gas and Electricity Markets Authority ("the Authority") hereby gives notice pursuant to section 23(2) of the Gas Act 1986 ("the Act") as follows:

1. The Authority proposes to modify all gas transporters licences granted or treated as granted under 7(2) of the Act by amending Standard Licence Condition 8 (Provision and Return of Meters) and Standard Special Licence Condition A10 (Provision and Return of Meters).
2. The reason why the Authority proposes to make this licence modification is that it is in customer interests that appropriate arrangements are in place in relation to the role of approving gas meter asset managers, including transparent governance to consider changes to the arrangements. This MAM approval role is largely technical in nature, and is not a core function for an economic regulator. Further detail is set out in our document 'Transfer of 'Meter Asset Manager' approval role' published on 29 March 2012 (Document reference: 42/12).
3. The effect of the proposed modification(s) is to ensure that the role of approving gas meter asset managers resides with an appropriate industry body. It will facilitate the ongoing operation of the approval scheme and the development of suitable governance arrangements. This will enable the MAM approval arrangements to be amended if appropriate, to address areas of change industry has already identified, and future changes for the transition to the smart meters. We consider that transferring the role is in the interest of consumers and is consistent with our broader duties and the principles of better regulation.
4. Relevant licence holders for the purposes of this Notice are all holders of gas supply licences at the relevant time with Standard Licence Condition 8 or Standard Special Licence Condition A10 in force.
5. A copy of the proposed modification(s) and other documents referred to in this notice are available (free of charge) from the Ofgem library (telephone 020 7901 7003) or on the Ofgem website (www.ofgem.gov.uk).
6. Any representations on the proposed licence modifications may be made on or before 26 April 2012 to: Lesley Nugent, Office of Gas and Electricity Markets, Cornerstone, 107 West Regent Street, Glasgow, G2 2QZ or by email to smartermarkets@ofgem.gov.uk.
7. All responses will normally be published on Ofgem's website and held in the Research and Information Centre. However, if respondents do not wish their response to be made public then they should clearly mark their response as not for publication. Ofgem prefers to receive responses in an electronic form so they can be placed easily on the Ofgem website.
8. If the Authority decides to make the proposed modification it will take effect on 28 August 2012.

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**Colin Sausman, Duly authorised on behalf of the
Gas and Electricity Markets Authority**

29 March 2012

SCHEDULE 1B

PROPOSED MODIFICATION OF THE STANDARD CONDITIONS AND STANDARD SPECIAL CONDITIONS OF GAS TRANSPORTER LICENCES

Standard Condition 8 and Standard Special Condition A10 of the gas transporters licence are proposed to be modified in the manner set out in this schedule. The proposed insertions are shown underlined and proposed deletions are shown crossed through.

Condition 8: Provision and return of meter

[Amend 8.1A]

1A. For the purpose of paragraph 1, "Meter Asset Manager" means:

a) a person approved in accordance with the Supply Point Administration Agreement as possessing expertise satisfactorily to provide Meter-Related Services or a class or description of persons so approved ("relevant expertise"); or

Deleted: by the Authority

b) an undertaking approved in accordance with the Supply Point Administration Agreement as having staff possessing the relevant expertise

Deleted: by the Authority

and for the purposes of this definition,

(i) "approved in accordance with the Supply Point Administration Agreement" means approved by it for the purposes of this condition generally and "staff" includes officers, servants and agents; and

Deleted: by the Authority

(ii) "Meter-Related Services" means the provision, installation, commissioning, inspection, repairing, alteration, repositioning, removal, renewal and maintenance of the whole or part of the Supply Meter Installation as defined in Section M, paragraph 1.2 of the Network Code of Transco plc as at the date this paragraph 1A has effect.

Condition A10: Provision and Return of Meters

[Amend A10.1A]

1A For the purposes of paragraph 1, "meter asset manager" means:

(a) a person approved in accordance with the Supply Point Administration Agreement as possessing expertise satisfactorily to provide meter-related services or a class or description of persons so approved (the "relevant expertise"); or

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(b) an undertaking approved in accordance with the Supply Point Administration Agreement as having staff possessing the relevant expertise and for the purposes of this definition,

Deleted: by the Authority

(i) "approved in accordance with the Supply Point Administration Agreement" means approved by it for the purposes of this condition generally and "staff" includes officers, servants and agents; and

Deleted: by the Authority

(ii) "meter-related services" means the provision, installation, commissioning, inspection, repairing, alteration, repositioning, removal, renewal and maintenance of the whole or part of the Supply Meter Installation as defined in Section M, paragraph 1.2 of the Network Code of Transco plc, as at 12 July 2004, as defined within Amended Standard Condition 9 (Network Code) of Transco plc's gas transporter licence on that date.

Annex 2: Background on Meter Asset Manager role

Prior to metering competition in gas, the roles and responsibilities of transportation, meter ownership and meter asset management were all undertaken by the relevant gas transporter. When metering competition was introduced, it was considered appropriate to provide clarity about the requirements on gas suppliers relating to MAMs, to facilitate metering competition and protect consumers. The requirements relating to the approval of MAMs ensured that there was guidance for metering businesses in the areas of safety, system integrity, competency and skill, and installation best practice.

MAMs are responsible for the provision of services to meter owners, transporters, gas suppliers or consumers to facilitate the management of meter assets and associated services. These may include contract management, data management and the coordination of other services such as installation, replacement or maintenance. The provision of asset management services supports meter owners seeking to provide meters into the market. It supports them in the management of the metering assets and services that they offer to consumers.

Approved MAMs are assessed and audited by the Lloyd's Register to ensure that the MAMs are compliant with the MAM code of practice. The code of practice is managed by the Scheme Management Board, operated by the industry. Ofgem's appointment of the Lloyd's Register as the Registration Agent is due to expire in August 2012.

Annex 3: Respondents to October consultation and consultation questions

Respondents

Association of Independent Gas Transporters	MOCOPA Review Panel
Association of Meter Operators	National Grid
British Gas	National Grid Metering
eDF Energy	National Grid Gas Distribution
e.on UK	OnStream
ESP Pipelines Limited	RWE npower
Energy Services and Technology Association	SBGI
Gazprom	ScottishPower
Gemserv	SPAA Executive Committee
The Gas Transporter Company Limited	SSE Scotia Gas Networks
Major Energy Users' Council	

Consultation questions

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

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?

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?

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.

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

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

Annex 4: Legal drafting comments

In the table below:

- **'SLC 1'** refers to Standard Licence Condition 1 ('Definitions for standard conditions') of the Gas Supply Licence
- **'SLC 12'** refers to Standard Licence Condition 12 ('Matters relating to Gas Meters') of the Gas Supply Licence
- **'SLC 8'** refers to Standard Licence Condition 8 ('Provision and Return of Meters') of the Gas Transporters Licence
- **'A10'** refers to Standard Special Licence Condition ('Provision and Return of Meters') of the Gas Transporters Licence

	Comment	Respondent	Our views
1.	Appeals process should be addressed	AIGT	Whilst an appeals process may be appropriate, we do not agree that it is appropriate to include in the licence the detail of any appeals process. We consider that this is a matter for industry to consider in developing appropriate changes to the SPAA.
2.	Consider whether to mandate I&C suppliers to use a MAM	AMO	We have noted in our recent publication on tackling gas theft that consideration is currently being given to amending the SPAA governance arrangements so that non-domestic suppliers would have an appropriate voice in determining the content of that code. We noted that once this is established, we intend to consider if it may be appropriate to amend the gas supply licence to require non-domestic suppliers to become parties to and comply with the relevant sections of SPAA.
3.	Unclear how MAMs being "approved by SPAA" would work. May be better to describe as approval against criteria within MAMCoP, governed through the SPAA	British Gas; SPAA Executive	We have proposed an alternative form of words in annex 1.
4.	Need to include robust appeals process	E.ON	Whilst an appeals process may be appropriate, as noted above we do not agree that it is appropriate to include in the licence the detail of any appeals process. We consider that this is a matter for industry to consider in developing appropriate changes to the SPAA.
5.	Relevant changes should be made to Standard Special Condition A(10) of the DN and NTS licenses	National Grid Gas Distribution (NGD) and National Grid Metering (NGM)	We agree and have set out proposed changes to A10 in the schedule to the statutory notice in annex 1.
6.	The current licence (A10) refers to the Network Code as at 2004; unclear as to the rationale for 2007 date.	NGD	The draft changes in annex 1 reflect that A10 refers to 2004.
7.	A10, Section 1A (a) refers to "person" approved by the Authority; this does not include partnerships.	NGD	Consistent with the Interpretation Act 1978, person is defined to include a body of persons corporate or unincorporate. Where a legal arrangement does not fall within the scope of this definition (for eg some partnership arrangements), we expect that a approval would be limited to the persons carrying on a

	Comment	Respondent	Our views
			business.
8.	Reference to "approved by Supply Point Administration Agreement". Unclear how this entity can approve.	NGD	We have proposed an alternative form of words in annex 1.
9.	Definition of Supply Meter Installation is in section M, paragraph 1.2 of the Uniform Network Code	NGM	We are satisfied that the proposed reference to "Network Code" is appropriate and consistent with other references in the gas licences, which use the term "Network Code" when referring to the Uniform Network Code.
10.	The licence changes do not (and cannot) address the detailed governance of the scheme. This needs to be set out and agreed by industry and industry participants prior to any licence changes being made.	OnStream	We agree that the licence drafting should not address the detailed governance of the scheme. However, we do not agree that this governance must be established prior to the licence obligation coming into effect. We have proposed that the licence changes come into effect on 28 August 2012. We consider this should provide for an appropriate period of time for industry to develop suitable arrangements, with potentially more substantive issues being addressed in longer timescales.
11.	Proposed change is only appropriate if the transfer is to SPAA; if a different approach adopted would need to change.	SBGI	Agree; we continue to consider it appropriate that the transfer is to the SPAA.
12.	Legal drafting is appropriate, but further legal drafting required to SPAA, which could take time so may be appropriate to maintain current arrangements until governance established.	SP	We agree that further legal drafting is required to the SPAA. We recognise it may take longer to address any more substantive issues.
13.	Drafting needs to reflect that the industry body will be responsible for the Code of Practice, and not the Authority	SSE	We are satisfied that the wording we have proposed in annex 1 is appropriate. It reflects our view that the approval role should be within the remit of the SPAA. The detail of any SPAA changes required to reflect this should make clear how this role will be carried out and how the Code of Practice will be managed/governed.
14.	Should reflect that SPAA will only act as a manager of the Code of Practice, and will not approve MAMs.	SSE	We are satisfied that the wording we have proposed in annex 1 is appropriate. It reflects our view that the approval role should be within the remit of the SPAA. The detail of any SPAA changes required to reflect this should make clear how this role will be carried out and how the Code of Practice will be managed/governed.