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Dear Steve

Transfer of the Meter Asset Manager (MAM) Scheme

Thank you for the opportunity to respond on the proposed transfer of responsibility for the management of the Meter Asset Manager Code of Practice (MAMCoP) to the Supply Point Administration Agreement (SPAA).

Please find our response to the questions raised in the consultation below. We are happy for our comments to be made available on your website.

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

We believe that there is an enduring need for there to be some form of MAM approval scheme in order to provide consistency and assurance to other parties operating within the gas supply market.

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?

We agree with the rationale set out in the consultation paper and presented at the meeting held by Ofgem on 9th November 2011. As the market has matured, following the introduction of metering competition, management of MAMCoP is no longer in line with the core role of the Authority.

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?

Although there may be some merit in Ofgem's proposals, we do not believe that there is a compelling argument that SPAA is the most appropriate vehicle. The MAMCoP is a primarily technical document as opposed to SPAA which, with the exception of the RGMA Baseline, has no obvious parallels. A further review of SPAA may therefore be required to

ensure that it has the viries to ultimately be responsible for compliance with MAMCoP and to approve any changes to it.

Given the short timescales being proposed by Ofgem, and as yet unknown governance arrangements for smart metering, we believe that Ofgem should be mindful of wider industry developments and seek to place MAMCoP under the most appropriate governance as opposed to the most convenient. With the introduction of smart metering there is the potential for electricity and gas metering arrangements to be placed under one code and that this would seem to be the most appropriate place for MAMCoP. We would suggest that Ofgem give full consideration to rolling over the current arrangements as discussed in their paper with a view to developments in smart.

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.

We are aware of ongoing efforts to develop governance arrangements that will encourage I&C Suppliers to join SPAA. The inclusion of MAMCoP under SPAA will further widen the remit of the agreement and may add to the argument for the accession of I&C Suppliers.

The RGMA Baseline is covered by SPAA as a SPAA Product and we see that there could be benefits in including MAMCoP as a similar product. The RGMA Baseline covers a number of communications between existing SPAA Parties and MAMs and may provide an opportunity for more direct involvement from all parties concerned as well as an opportunity in the future for more direct governance of the processes impacting the industry.

With regards to the roll out of smart metering, a review of the impact on SPAA will be required. Inclusion under SPAA will ensure engagement with MAM parties through this process. As above however, we question whether this should be carried out through SPAA, under the governance arrangements for smart, and or in conjunction with the arrangements for electricity.

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

We would expect that the scheme could be managed by the reconvening of the existing MAMCoP board as a SPAA expert group similar to the SPAA Expert Group or SPAA Prepayment Expert Group. This would meet as required and report back to the SPAA Executive.

We do not believe that it would be necessary for MAMs to become signatories to SPAA nor that they would be provided any voting rights in the change process. Should the relevant expert group conclude that a change to the MAMCoP was required; the group would be able to request an existing SPAA party to sponsor the change. Should a change be materially altered or blocked by a SPAA party, the MAMs would continue to have a right of appeal to Ofgem.

We expect there to be an additional cost placed on SPAA Parties as a result of increased duties carried out by the SPAA Administrator. We do not believe these to be sufficiently material to warrant a separate review of the SPAA funding arrangements specifically for this but would appreciate further detail on the current costs.

Any costs that were incurred by a party directly, for example through the audit process, should be borne by that party only.

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

The legal text proposed meets the requirements to transfer responsibility under the licence from the Authority to SPAA. However further legal drafting may be required to SPAA and this, in addition to procuring and appointing an auditor, may take some time.

As we stated above it may therefore, on balance, be more appropriate for Ofgem to maintain the current arrangements until such a time that the most appropriate governance structure has been established.

I hope that you find these comments useful and would be happy to discuss any of the points raised via the telephone number above.

Yours sincerely,

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