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By email: Steve.Rowe@ofgem.gov.uk

16 November 2011

Dear Steve

Consultation on Transfer of Meter Asset Manager Scheme

The SPAA Executive Committee has considered your letter dated 5th October, inviting responses to the proposed transfer of responsibility for management of MAMCoP. In preparing our response we have also taken account of the additional information provided by Jon Dixon at the meeting held on 9th November 2011 in your offices.

Q 1. Do you consider that a MAM approval scheme remains appropriate for gas metering?

- a) Yes. The SPAA Executive agrees that there is an enduring requirement for a MAM approval scheme and that this has not reduced as a consequence of metering competition now being firmly-established.

Q 2. Do you agree that it is more appropriate for the MAM approval scheme to be managed by the industry rather than directly under Ofgem?

- a) Yes, the SPAA Executive accepts the rationale for reform set out in your letter. We agree that it is inappropriate for the Authority to manage the scheme as it no longer aligns with its primary role.

Q 3. 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?

- a) We do not feel that the case for governance under SPAA is compelling, but we are satisfied that, with modification, the SPAA provides appropriate ownership.

- b) Your letter acknowledges that there are some challenges. For example, MAMs are not signatories to SPAA and the Code of Practice is a technical document that has no obvious parallel with existing SPAA products. It is not a simple transfer therefore and the SPAA will need to modify its arrangements to ensure that MAMs have a voice in the management of the Code that sets out their obligations.
- c) We believe this can be achieved, probably through the establishment of an Expert Group, but that the existing change management processes in SPAA should remain unchanged. The MAMCoP is a mature and stable document with little recent history of change. Clearly, it will not be immune to the impacts of smart metering but we do not envisage any significant divergence of views between technical experts proposing changes and SPAA parties approving them. In the event of a MAMCoP change being blocked or materially altered in the process, a route of appeal for MAMs to Ofgem should provide an appropriate level of assurance. We recommend that Ofgem gives this issue consideration before proceeding. At the meeting held at your offices on 9th November we were pleased to note your acknowledgment of this as a likely requirement.

Q 4. 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.

- a) An advantage of SPAA governance over alternative approaches is that it would tie the Code more closely to RGMA. It should also provide wider engagement in SPAA by suppliers and MAMs. However, the Executive Committee believe that bringing the governance of the Code of Practice under SPAA would only be truly effective if Industrial and Commercial suppliers were required to be party to SPAA.
- b) The Smart Meter Implementation Programme has begun to consider the consequential impact of smart deployment on existing industry codes. There is benefit in using SPAA to ensure that MAMCoP is included in this review.

Q 5. How do you consider the scheme should be managed and funded in terms of a Management Board and audits?

- a) We anticipate a requirement to increase the SPAA budget to cater for a small number of meetings though, in common with other SPAA committees, we would expect these to be picked up by industry through rotation of host locations by members of the Expert Group. We can anticipate an additional charge from the Code Administrator for support to MAMCoP activities. We noted your comments at the 9th November discussion and will estimate costs on the basis of four meetings and the need to undertake the procurement exercise.
- b) On the basis that this should be a small proportion of SPAA costs, we see no reason to amend SPAA funding arrangements
- c) We would expect the registration and audit activities to continue to be fully-funded by the applicants and subjects of the audit.

Q 6. Do you consider that the proposed licence drafting is appropriate to give effect to the proposed scheme transfer and ongoing governance?

- a) No, we are unclear how the concept of MAMs being 'approved by the SPAA' would work. It may be better to describe approval as being given against criteria within the MAMCoP, governed through the SPAA.

We agree that there is no enduring requirement for the MAMCoP to be managed by Ofgem and, although there are alternatives, we are satisfied that there is a rationale for transfer to SPAA. We are concerned at the urgency with which, if the transfer proceeds, SPAA would need to undertake a procurement exercise for a scheme auditor. We would welcome further information from you on what options are available for continuation of the existing contract with Lloyds Register, on an interim basis.

Yours Sincerely,

On behalf of the SPAA Executive Committee



Elizabeth Lawlor
EC Secretary