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Date: 16<sup>th</sup> November 2011

Dear Steve

**Transfer of Meter Asset Manager (MAM) 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**

Thank you for providing SSE and SGN with the opportunity to comment on the above consultation. We have detailed our answers to the consultation questions below.

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

We are currently assessing whether or not we believe the MAM approval scheme remains appropriate for gas and will report back to Ofgem in due course.

**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?**

Yes. If the scheme is to continue, we agree that it is no longer be inappropriate for the Authority to manage as it no longer aligns with its primary role. However, before any transfer is carried out, it is extremely important to establish which party will hold ultimate liability for the scheme.

**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?**

We agree that it is appropriate for the scheme to be managed by industry rather than directly by Ofgem. However, we do not believe that there is an existing body that the MAM approval scheme would naturally fit with.

If Ofgem proceed with the transfer of the scheme to SPAA, rather than to another body such as IGEM or Gas Safe, we believe that it should be established in the following way:

- MAMs would be invited to join SPAA, but would have no voting rights.
- An Expert Group comprised of MAM SPAA members would be established to manage the MAM COP.
- If a change to the MAM COP were suggested or required (due to a change in legislation), the Expert Group would submit a change proposal to the SPAA Executive for decision.
- If the change proposal were rejected by the SPAA Executive, the Expert Group could appeal the decision via an Ofgem appeals process.
- We do not believe it would be appropriate for SPAA to manage compliance with the COP, as it does not have the resources to do so, and could lead to competition issues (as MAMs on the Expert Group would be assessing other MAMs). We believe Lloyds Register or another independent party should to carry out this function.

**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.**

An advantage not mentioned in the consultation document is that SPAA governance would allow the Code to be more closely linked to the Review of Gas Metering Arrangements and the Smart Meter Implementation Programme.

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

We believe an Expert Group should be established to manage the transfer of the COP and any issues which arise as a result. We see no reason as to why the establishment of the Expert Group should require an increase in SPAA funding.

We believe a Memorandum of Understanding should be established between the separate Registration Authorities to create common auditing arrangements as doing so will reduce overall audit costs.

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

No. The proposed supply licence drafting would need to be changed to reflect the fact that the industry body will be responsible for the management of the COP, rather than the Authority.

If Ofgem opt to transfer the approval scheme to SPAA, the drafting will also need to be changed to reflect the fact that SPAA will only act as a manager of the COP and will not approve MAMs under the COP.

**Additional Comment**

We note that Ofgem have not provided details on when it envisages that the proposed transfer will take place. We would request that Ofgem provide the industry with this information as soon as possible.

We hope you have found our comments helpful. If you would like to discuss any of the points we have raised in further detail, please do not hesitate to contact me.

Yours sincerely

Claire Basil-Ratney  
**Regulation**