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26 April 2012

Dear Colin,

**TRANSFER OF 'METER ASSET MANAGER' APPROVAL ROLE:
STATUTORY CONSULTATION ON MODIFICATIONS TO THE GAS SUPPLY
LICENCE AND GAS TRANSPORTERS LICENCE**

I am writing in response to Ofgem's statutory consultation dated 29 March 2012 on bringing the management and governance of the Meter Asset Manager (MAM) approval role under the Supply Point Administration Agreement (SPAA).

We are pleased to note that Ofgem have taken account of a number of concerns on the technical nature of MAMCoP, and the appropriateness of SPAA to govern this that were raised during the consultation process. As a result, we do not have any objection to the substance of the proposals. However, we would be grateful if you could consider two issues:

- (a) The timetable for implementation and the associated transitional issues; and
- (b) A possible drafting unclarity in the proposed new Gas Supplier Conditions definition of "Meter Asset Manager"

Timetable and transition

The intended implementation date for the new licence conditions is 28 August 2012. This will coincide with the end of the existing contractual arrangement with Lloyd's Register for the management of the MAM approval scheme, which gives a challenging timescale for SPAA to tender for, and procure, a new provider of these services.

If such arrangements cannot be put into place by this date, there is a risk that this could adversely impact competition in the MAM market in the short term by preventing existing MAMs from renewing their accreditation or allowing new entrants join the market. As suppliers have a licence obligation to have an accredited agent appointed to meter points that they supply (SLC 12.18 according to the consolidated list in

Ofgem's E-Public register)¹, there is a real risk that this gap may also place them in breach of Licence purely as there has not been sufficient time to make alternative MAM approval arrangements.

This needs to be addressed, either by setting a later date for the new approval process to come into effect or by Ofgem granting derogations from SLC 12.18 until such time as SPAA is able to put in place its own approval arrangements.

We would also encourage Ofgem to consider extending the current contract to a point where SPAA is able to take it over or put alternative arrangements in place. We welcome the intention by the SPAA Executive Committee to set out a defined timescale for this work and ask that Ofgem take note of this when making their decision.

Work is ongoing to amend the voting constituencies within SPAA to encourage accession by I&C suppliers. While it is hoped that this could be introduced before the proposed implementation date for these changes, we are mindful that this could be delayed and as such introduce inter-operability issues as well as leaving these parties without a voice in the management of the scheme. Ofgem must be cognisant of how these developments are progressing in order to ensure that this does not happen.


As stated above, any delay in delivering these changes, combined with the end of Ofgem's involvement with the approval scheme, could potentially place Suppliers in breach of their Licence. It may therefore be prudent to complete the work on I&C accession before transferring the MAM approval scheme to SPAA or to link these two items together.

Drafting

As footnoted below, it is important to check that the right paragraph references have been used. We also think that the definition in Gas Supplier SLC 1.2 is unclear as to whether the MAM is a person or class of persons who (a) has the skills etc and (b) is approved in accordance with SPAA or whether a MAM is somebody with either of these characteristics. The repetition of "a person or a class of description of persons" could be read as implying that both subsets separately satisfy the definition (ie "or"). This may not be what you intend.

I hope you find these comments useful but please do not hesitate to contact me if you wish to discuss.

Yours sincerely,



Rupert Steele
Director of Regulation

¹ The current set of Consolidated Gas Supplier's Standards conditions on Ofgem's E-Public register (dated 10 Nov 2011) has a different numbering of paragraphs to the Notice published with the statutory consultation. In particular, the register identifies the obligation to use an approved MAM as SLC 12.18 and the (old) definition of approved MAM as SLC 12.19, but the Notice refers to the definition of approved MAM as being SLC 12.18.