

Steve Rowe
Smarter Markets
Ofgem
9 Millbank
London
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14 November 2011

Dear Steve

Transfer of Meter Asset Manager 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

EDF Energy is one of the UK's largest energy companies. We provide 50% of the UK's low carbon generation. Our interests include nuclear, coal and gas-fired electricity generation, renewables, combined heat and power plants, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including both residential and business users.

We welcome the opportunity to respond to this consultation and the detailed responses to the questions raised in Ofgem's paper are set out in the attachment to this letter.

I can confirm that we are happy for this letter and its attachment to be published on Ofgem's website.

Should you wish to discuss any of the issues raised in our response or have any further questions, please do not hesitate to contact my colleague Dan Simons (0787 511 3701) or myself on the number shown above.

Yours Sincerely,



Paul Delamare
Head of Corporate Regulation

Attachment

Transfer of Meter Asset Manager 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

EDF Energy's response to Ofgem's questions

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

Yes. Following the publication in May 2000 of Ofgem's proposals to secure effective competition in the provision of gas metering services within Great Britain, the Review of Gas Metering Arrangements (RGMA) project was established.

A key consideration of the RGMA project was to ensure that any technical and safety issues associated with the move to a competitive gas metering market had been effectively assessed and addressed. As such, the Meter Asset Managers Code of Practice (MAMCoP) was developed to bring together all relevant GB technical documentation and legal requirements covering the complete life cycle of meter installations.

An essential feature of the approval process is to protect customers by ensuring that any Meter Asset Manager (MAM) is fully compliant with all sections of the MAMCoP and is able to meet its obligations in the areas of safety, system integrity, competency, and installation best practice.

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?

Yes in principle subject to any competition concerns being appropriately considered (see answer to Q3). We do note that this approach would be consistent with the equivalent approval scheme in the electricity market, the Meter Operation Code of Practice Agreement (MOCOPA), which is administered by Gemserv on behalf of the industry.

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?

We are broadly supportive of the proposal to transfer the approval scheme to SPAA and agree that the SPAA model could provide an appropriate level of governance and incentive for the industry, whilst protecting the interests of consumers. We also agree that the SPAA is an appropriate registration body to operate the approval scheme given the synergies from operating the RGMA baseline and associated data flows.

However, it is important that any competition concerns that may arise from moving the MAM approval process to SPAA are appropriately addressed. Under this proposal the SPAA will set the entry conditions for MAMs to enter the market. This might lead, for example, to existing players using the SPAA to create new standards in order to deter new entry into the market. In order to address such concerns, we believe Ofgem should

ultimately determine on any proposed changes to the MAM Scheme (and in particular the MAMCoP) in order to protect the interests of consumers through promoting competition.

In addition, we believe that additional clarity would be required in the following areas prior to any transfer occurring:

- Confirmation of funding arrangements
- Confirmation of the role of MAMs within SPAA
- Confirmation of the status of the MAMCoP document within SPAA

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 broadly satisfied with the approach taken in the consultation with regards to the advantages and disadvantages of moving the scheme to the SPAA.

However, we do note that the development of the Smart Energy Code (SEC) and Smart Metering Installation Code of Practice (SMICoP) is still ongoing. This development work is likely to lead to a number of existing industry documents being migrated into SEC governance, particularly given the perceived similarities between the MAMCoP, MOCOPA and SMICoP.

Therefore, in the short term it may be more appropriate for Ofgem to continue to administer the MAM scheme until the scope of the SEC / SMICoP is better understood. Otherwise there is a risk that parties could dedicate unnecessary time and expense to amending licence conditions and moving governance into the SPAA now and then having to undergo a similar exercise a year or so down the line should the development of the SEC generate a further requirement for licence and governance changes.

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

Whilst we recognise that extending the scope of SPAA to incorporate the approval scheme will mean that MAMs can be affected by changes to the SPAA, we do not consider that significant changes to SPAA governance arrangements would be required.

Including the MAMCoP as a stand alone product within the SPAA, similar to the RGMA Baseline, would help to limit MAM's involvement in SPAA governance to this specific area. This should help to minimise changes that would otherwise be required to SPAA governance arrangements to enable MAM accession.

It would also seem appropriate to reconstitute the existing MAMCoP Board as an expert group under the SPAA as a means of managing the day to day activities of the scheme, This group would then report in to the SPAA Executive Committee as the decision making body. This approach would be consistent with other working groups operating within the SPAA.

The existing approval scheme to ensure MAMs are complying with the code of practice is audited via Lloyds Register and is funded by MAMs. Our preference would be for this

arrangement to continue. However, should novation of this contract not be possible, then the cost of procuring a new service provider would need to be understood prior to any transfer to SPAA occurring.

We also note that there are likely to be some additional administration costs incurred in operating the scheme. We anticipate these to be minimal and recoverable under the existing SPAA funding mechanism.

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

Yes.

EDF Energy

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