



Andrew Wallace,
Senior Manager
Smarter Markets
Ofgem
9 Millbank
London
11th August 2014

Dear Andrew,

RE: Consultation Response: Moving to reliable next day switching.

The Community of Meter Asset Providers (CMAP) is a group of meter asset providers (MAPs) that includes Calvin Capital Limited, Macquarie Energy Leasing, Lowri Beck, Northern Powergrid Metering, Utility Funding Limited, UK Power Networks and Smart Metering Systems.

The CMAP was formed in late 2011 in response to the Smart Metering Implementation Programme to review and address a number of concerns that MAP's had in tracking their assets through industry data flows and effective commercial interoperability to reduce commercial risks and unnecessary meter exchanges following change of supplier.

In general, we are supportive of Ofgem's policy objective to improve switching rates and remove barriers to the speed of switching and welcome the opportunity to respond to the consultation.

We hope that the project will result in positive changes where data is stored and distributed from a central location to registered parties and we welcome the inclusion of the MAP ID as listed on Page 18 of the appendices document as one of the potential new data items to be held in central systems. We view this as a positive recognition of the role of MAP and its inclusion would lead to a more robust form of asset tracking that is not dependent on

separate gas and electricity industry codes to allow access to relevant, non-consumer information.

The introduction of Licence Conditions 50 (electricity) and 44 (gas) for i) the outgoing energy supplier to notify the incoming supplier of the MAP's details and ii) to notify the MAP of the identity of incoming energy supplier will go a long way to address existing weaknesses in the current industry arrangements. However, this will only be effective in as much as the capability of the underpinning processes and systems to support any increased frequency and volume of switching.

We would urge caution when implementing a centralised meter database as access to accurate, timely data is critical to all industry parties, including MAPs. Regardless of the system which is implemented by the central bodies, it would be worthwhile holding the MAP Identifier (MAP ID) of a meter as a key field alongside supplier and MAM/MOP identifiers to assist MAPs in tracking their assets. Indeed, with Ofgem's support, we would encourage the governing bodies of the current industry systems to make the simple change to add MAP ID to further improve the effectiveness of these systems..

Not all the questions in the consultation are relevant to meter asset providers – we have excluded those from the detailed response shown in the appendix letter.

CMAPI has set out responses to the relevant questions in the attached appendix.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Paul King', written in a cursive style.

Paul King, **CMAPI** Chairman

Appendix 1: responses to questions

Chapter: Three

Question 2: Do you agree with our proposal to implement next-day switching on a new centralised registration service operated by the DCC?

Answer 2: CMAP believes that energy suppliers, consumer groups and Ofgem are better placed to assess the different policy options of next-day, two-day and five-day switching as we have no active consumer facing role and act as passive recipients of data flows rather than active distributors of data across the industry.

However, if the preferred policy option of next-day switching is taken forward then we do support Ofgem's conclusion that a new centralised registration service operated by the DCC offers the most effective long term solution. A key concern for MAPs is asset tracking to ensure that the correct energy supplier is invoiced and currently all MAPs will experience some issues with existing gas and electricity industry processes and systems to achieve this objective.

The introduction of Licence Conditions 50 (electricity) and 44 (gas) for i) the outgoing energy supplier to notify the incoming supplier of the MAP's details and ii) to notify the MAP of the identity of incoming energy supplier will go a long way to address existing weaknesses in the current industry arrangements.

Chapter: Four

Question 1: A central electricity metering database is not currently included within our proposed package of reforms. Do you agree it should be excluded?

Answer 1: The CMAP would support the implementation of a central system for SMETS meters as we believe that these meters are more likely to facilitate next day switching. We can see that there is a limited benefit in centralising the conventional meter recording systems at this late stage in the expected life of the meters, but would encourage Ofgem to join us in recommending that a simple change be made to include MAP ID in all industry meter tracking systems to enable us to better track these assets.

Question 2: If a central electricity metering database is included within our proposed package of reforms, do you consider that it should cover both AMR and traditional

meters? Do you think that there would be any benefit in extending the central electricity metering database to cover smart meters?

Answer 2: The CMAP support a central register for meters, linked to MAP ID to assist the industry with the efficient tracking of our assets. We believe that the case for a centralised system for SMETS smart meters is particularly strong and logical given the central nature of the DCC. We can see that there may be limited benefit in transferring conventional and AMR meters to this system given their relatively short anticipated life, but we would expect improvements, such as the inclusion of MAP ID, in the existing systems (particularly in the gas meter rental market) in order to ensure effective asset tracking.

Chapter: Five

Question 2: Do you agree that Ofgem has identified the right risks and issues when thinking about the implementation of its lead option (next-day switching with centralized registration)?

Answer 2: CMAP agrees with the broad categories of implementation risks identified, and in particular the transition to new arrangements which could cause significant issues to both consumers and industry parties if not executed in a well-controlled manner and with appropriate contingency arrangements should the transition not proceed smoothly. We also note that the document is silent on the treatment non-domestic customers and Ofgem should give some consideration about the risks introduced by effectively splitting the management of these markets.

Appendix: Four

Question 2: Do you agree with our approach for approximating the direct costs for market participants of investing in upgrading existing registration systems to real-time processing and the ongoing costs of operating these systems?

Answer 2: Ofgem may wish to consider if additional cost has been factored into its approximations resulting from increased levels of churn activity leading to loss of meter data and/or physical meters due to the limitations of the existing industry tracking systems. CMAP would be happy to discuss this further with Ofgem.

Question 5: Do you agree with our assumption (See Annex Figure 2) on the reduced efficiency of operating a central electricity metering database for traditional and AMR meters as the numbers of traditional meters declines?

Answer 5: The Ofgem assumption is logical regarding the reduced efficiency of operating a centralized electricity metering database, however, we note that there is an assumption of 0% efficiency saving by 2021 as the smart meter installation programme will have delivered by this date. It may be that 100% penetration rate of smart meters is not practicable (e.g. some consumers may refuse to have a smart meter installed), so there could be a stock of traditional meters which remains after 2021 and it may be appropriate to consider this as part of the analysis.