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18 September 2015

Dear Pooja,

REFORMING SUPPLIERS' METER INSPECTION OBLIGATIONS

Thank you for the opportunity to comment on the above consultation document.

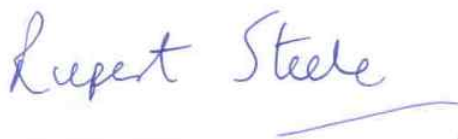
We agree with Ofgem that the relevant licence conditions should be removed entirely for gas and electricity in order to promote a level competitive playing field. As Ofgem says, the safety element underpinning the inspection requirement is already dealt with under Health and Safety Legislation. This legislation requires the duty holder to adopt a risk based approach which may (depending on the circumstances) require inspections more or less frequently than the two year standard. The existing conditions do not add usefully to that obligation. The other elements underpinning the inspection requirement (around theft and accurate billing) are now dealt with in separate licence conditions that postdate the existing requirement.

We would, however, caution that gas and electricity meter inspections are vital in preventing potentially fatal incidents. While we endeavour to apply rigorous and dynamic risk assessment in meeting our own Health and Safety legislation obligations, we cannot be certain those same standards have been applied by a previous supplier when we gain a customer through the Change of Supplier process. Suppliers currently receive details of the last meter inspection date through industry data flows, and going forward this information will continue to inform suppliers' risk assessments.

I have set out our responses to the consultation questions in Annex 1 below.

I trust this is helpful, but please feel free to contact me or Gareth Williams (0141 568 3930) if you have any questions.

Yours sincerely,



Rupert Steele
Director of Regulation

REFORMING SUPPLIERS' METER INSPECTION OBLIGATIONS SCOTTISHPOWER RESPONSE

Chapter 1: The policy issue

1) Do you agree with our assessment of the need for reform?

We agree with the concerns that have been raised that a supplier by supplier approach to this issue could cause competitive distortions, and that a market-wide solution is desirable.

In addition, we agree with Ofgem's assessment that the safety element underpinning the inspection requirement is already dealt with under Health and Safety Legislation. This legislation requires the duty holder to adopt a risk based approach which may (depending on the circumstances) require inspections more or less frequently than the two year standard. The existing conditions do not add usefully to that obligation. The other elements underpinning the inspection requirement (around theft and accurate billing) are now dealt with in separate licence conditions that postdate the existing requirement.

Chapter 2: Reform options

1) Do you agree with the scope of our review?

We agree that the new industry arrangements for meter inspections should cover all meter types, and that removing the backstop requirement on suppliers to inspect meters will not override existing health and safety legislation.

We also agree with Ofgem's view that industry parties should share information on meter inspections to help suppliers and DNOs to manage risks effectively and efficiently, particularly as consumers switch between suppliers. The last meter inspection date should be notified to a new supplier during the Change of Supply process, and this information will inform the new suppliers' risk assessment.

2) Do you think we have focused on the right options for reform?

Yes, we think Ofgem has focused on the right options for reform.

Chapter 3: Approach to assessment

1) Are there any important impacts of reforming suppliers' meter inspection obligations that we have not identified?

We are not aware of any impacts of reforming suppliers' meter inspection obligations that Ofgem has not identified. We agree with Ofgem's principle of applying regulation only where it is necessary to protect consumer interests.

Chapter 4: The preferred options

1) Do you agree with our assessment of the options?

Based on our experience, inspections are critical to preventing potentially serious incidents. As such, we feel it is important that relevant risk based assessments should be carried out in an effort to prevent such occurrences. In principle, we are in agreement with Ofgem's assessment of the options, and are supportive of the preferred policy option to repeal the meter inspection provision in the supply licence conditions, while recognising the requirement for suppliers to manage a dynamic risk assessment of customers' meters to ensure compliance with existing Health and Safety legislation.

We agree that sharing of key information through data flows will assist industry parties in managing the risks more effectively to identify unsafe installations and prevent dangerous incidents.

2) Do you have any evidence to support your views?

We would be happy to share examples of inspections we have conducted where unsafe installations have been identified and potentially fatal incidents have been prevented.

Chapter 5: Implementation

1) Do you think we have identified the consequent impact of the preferred policy option?

We broadly agree with the consequent changes identified required to implement the preferred policy option. If the licence conditions are repealed, we recognise that ongoing arrangements will be necessary to ensure that data is shared between parties to assist suppliers and other industry parties in managing their frameworks for ensuring that meters are kept in a safe, accurate and proper working order.

2) Do you see any issues with our implementation approach?

We do not envisage any issues with Ofgem's proposed implementation approach.