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17 September 2015

Dear Pooja,

Reforming Suppliers' Meter Inspection Obligations

Thank you for the opportunity to respond to your consultation on reforming suppliers' meter inspection obligations that you published on 23 July 2015.

While we appreciate that the above consultation is primarily aimed at energy suppliers, SGN provides a number of metering services activities to stakeholders in our role as a gas transporter. We hope that our responses to the questions raised in Ofgem's consultation will assist with future policy making on this subject.

We have structured our response to be consistent with the questions raised in Ofgem's consultation, and these are outlined below for your reference.

CHAPTER: One

Question 1: Do you agree with Ofgem's assessment of the need for reform?

SGN response:

We agree that the need for reform is relevant to SMART gas meter installations because of the increased fraud monitoring capability that will be introduced.

However, we believe that the current 2 year inspection obligation should remain for traditional gas meters due to the risks associated with fraudulent activities that can arise with these meters.

We think it is also important to note that consumers currently still have the option of not having SMART meters installed, and therefore we consider that instances of theft could go undetected for an unacceptable amount of time.

CHAPTER: Two

Question 1: Do you agree with the scope of our review?

SGN response:

We believe the scope of the review should also consider the retention of the 2 year inspection regime for traditional meters and for the reasons outlined in our response to the previous question.

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

SGN response:

We believe that the right options have been considered for SMART meters but these should not be applied to traditional meters because of the concerns we have already highlighted around the potential theft of gas.

CHAPTER: Three

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

SGN response:

We believe all of the impacts have been identified.

CHAPTER: Four

Question 1: Do you agree with our assessment of the options?

SGN response:

For the reasons noted previously, we consider the current 2 year inspection regime should be maintained for traditional meters.

Question 2: Do you have any evidence to support your views?

SGN response:

We are not convinced that the proposed repealing of SLC12 for traditional meters would adequately remove the risk relating to potential theft activities. The paper by GL Noble Denton indicates that there is an increased risk associated with theft activities that may go undetected should the frequency be increased to 5 years for all meters (subject to a risk based approach).

British Gas operate the Revenue Protection Services in the mainland UK for all Gas Suppliers and, whilst they have increased their numbers for the current derogation, they may have to be increased again should the inspection regime be repealed for all suppliers.

CHAPTER: Five

Question 1: Do you think we have identified the consequent impacts of the preferred policy option?

SGN response:

Yes, we believe the impacts have been identified.

Question 2: Do you see any issues with our implementation approach?

If the 2 year inspection regime is retained for traditional meters then the requirements in SLC 12 and Gas transporters licence conditions 8(g) would need to remain in place for these meter populations.

Should you require any further information with regards to our response then please do not hesitate to contact me at paul.mitchell@sgn.co.uk .

Yours sincerely,

Paul Mitchell
Regulation Manager