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Dear Catherine

Distributor Provision of MPAS Services

Thank you for the opportunity to comment on these proposals.

United Utilities supports the central thrust of your proposals to place obligations on new distribution licensees to provide MPAS and to extend the obligation on existing distribution licensees to cover networks outside of their distribution services area.

We believe all licensed distributors should face identical obligations and preferably have commercial freedom to determine whether they wish to offer MPAS on behalf of other distributors. The proposals are inconsistent with this approach in that appear to retain some differential between existing licensees (within their distribution services area) and new licensees, in that the existing licensee will be obliged to provide MPAS to other distributors and not vice versa (Paragraph 5.9). However, we note that the drafting of Condition 14 C in appendix 2 appears inconsistent with this statement.

It is not clear from the existing drafting of the licence that such an obligation presently exists given the definitions of Metering Point Administration Service and Master Registration Agreement which are referred to in Condition 36 1 (c). The contract that would need to be in place between the two distributors would be fundamentally different to the MRA which is primarily a contract between distributors and suppliers. It is also likely a new series of distributor to MPAS provider data flows would need to be established and result in additional degree of complexity being introduced into industry processes.

If this differential in the obligations could be removed then United Utilities would positively support the proposed licence changes.

We would also like to reiterate two points made in response to the November letter.

- The revised condition 37 is now little more than an expansive definition of the MRA that could be accommodated within the definitions section of licence or within the revised condition 14. Sub-clause 1 of this condition was drafted to facilitate the development of the MRA in 1998 and is no longer relevant. The

maintenance reference in this sub-clause seems unnecessary given the requirement for licensees to be a party to the MRA and the fact that any changes to the key components of the MRA require specific Ofgem approval. In light of this, we feel condition 37 should be removed from the licence with sub-clause 1 deleted and sub-clauses 2 & 3 included in condition 14.

- We note your comments regarding interim measures and agree that implementing licence changes is the preferred way forward. However, if the licence modification rules are not implemented prior to the granting of a new distribution licence then the interim measures should be adopted to protect the interests of the customers connected to the new distributors' network. These measures could be revoked when changes are made to the standard licence conditions.

I hope you find these comments helpful and if you wish to discuss any of the points raised in this letter please do not hesitate to give me a call.

Yours sincerely

Stephen Parker

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