

Your ref

Our ref RA/LW/THS

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Dear Catherine

Distributor Provision of MPAS Services

Thank you for the opportunity to comment on Ofgem's Distributor Provision of MPAS Services consultation document and, in particular, on Ofgem's proposed licence modification. I am providing this response on behalf of both Northern Electric Distribution Limited (NEDL) and Yorkshire Electricity Distribution plc (YEDL).

We support the broad rationale of Option 3 in Ofgem's document: *Maintain safeguards on provision of an MPAS and enquiry service for all licensed distributors*, that proposes all licensed distributors should be obligated through their licence to provide (or procure), in an adequately regulated manner, MPAS and associated services for all suppliers and (where appropriate) customers. This solution will, of course, be facilitated by the P62 modification to the BSC.

However, we do have concerns about residual obligations within Section C of the Distribution Licence.

Condition 36B

Essentially, we believe that a modification is required to licence condition 36B to remove the obligation for the provision of MPAS services, which has in effect been transferred to the proposed licence condition 14.

We agree with Ofgem that new licensed distributors who do not have a distribution services area should:

- be obligated to provide or procure MPAS for electricity suppliers using their network;
and
- not be obligated to offer MPAS services to other distributors (whether they have a distribution services area or not)

However, we do not share Ofgem's view that existing distributors who have a distribution services area should have the obligation to offer MPAS and metering services to other licensed distributors operating from within their distribution services area, on the basis that it is both inconsistent and unnecessary. We believe that all distributors who operate under a licence should operate from a common set of requirements so as not to distort competition.

We therefore believe that the continuing inclusion of metering point administration services within the list of distributor metering and data services in Condition 36B is unnecessary and unhelpful. Ex-PES DNOs no longer require to be obliged to provide these services within their respective distribution services areas if all licensed distributors are to be obliged to provide them in respect of premises attached to their own networks. It is not clear why, as suggested in Paragraph 5.9, a new licensed distributor could otherwise find itself having to provide an MPAS to other existing distributors. Moreover, the retention of the Condition 36B obligation in respect of metering point administration services would create duplication of obligations – and hence confusion – in respect of premises connected to licensed networks “inset” within the networks of ex-PES DNOs.

Additionally, it should be borne in mind that the initial creation of skeleton MPANs is a distributor responsibility. We believe it would introduce unnecessary complexity if the initial creation of an MPAN and the running of an MPAS were separated.

Given the considerable advances in competition in metering services, we are also of the view that the obligations set out in paragraphs 1(a) and 1(b) of Condition 36B should be moved into Section B of the Distribution Licence. To require distributors to provide or procure MPAS but not meters appears inconsistent.

Condition 37

If all distributors are to have equal rights, then it is reasonable that they should also have equal obligations. It is therefore difficult to understand why Ofgem believe that new licensed distributors should have no obligations to maintain the MRA (Condition 37). This would appear to be inconsistent if a “new” distributor is to have voting rights but no obligation to maintain. The view could also be taken that “maintain” includes “modify”. New distributors might well resent being excluded from modification of a document to which they were obliged to be parties.

Similarly, this potentially impacts on funding arrangements. We acknowledge Ofgem’s view that it is appropriate for all distributors to contribute towards the costs incurred by MRASCo. We firmly believe each distributor should have equal obligations and continue to receive an equal service on an appropriately equitable proportionate cost contribution basis, which will be equally applicable for both existing distributors and any future entrant. The costs of maintaining MPAS should be apportioned on an equitable basis and should avoid any undue cross-subsidy. Customers connected to an existing distributor’s system should not have to fund (through DUoS) MPAS provision to customers on another distributor’s system.

Existing signatories to the MRS fund the development of the entry process, and the testing phase of a new entrant, at a considerable cost. Only when an entrant has successfully passed the entry process are they required to contribute to MRASCo costs. We therefore consider the current arrangements to be both equitable and cost reflective for all distributors.

We believe that obligations in this respect should apply equally across all licensees so as not to distort competition. Although the costs of providing MPAS to suppliers and using an ex-PES distribution network are recovered through the price control mechanism, any additional costs of providing MPAS to other distributors are clearly not, since such a scenario was not envisaged or allowed for at the last price control review.

We recognise that Ofgem have a duty to promote competition: however, we believe that this should be on an equitable basis and not on a basis where existing distributors have to assist competitors.

Typographical etc changes

A number of proposals for minor changes to the revised wording of relevant licence conditions proposed by Ofgem are set out in the attachment to this letter.

I trust the comments I have provided at this stage are helpful. If you need anything further, please do not hesitate to contact me.

Yours sincerely

TONY SHARP
Regulation Manager
Attach.

NEDL / YEDL

Attachment to letter on Provision of MPAS Services, 16 May 2003

Suggested wording change

With regard to the title of Condition 37 (The Metering Point Administration Service and the Master Registration Agreement), it may be appropriate to remove the reference in the title to MPAS, in keeping with the transfer of the MPAS obligations to condition 14, and re-title condition 37 to read "Maintenance of the Master Registration Agreement".

Suggested Typographical Amendments

Condition 14A

Delete "a" immediately prior to the last word of paragraph 7.

Condition 14C

Change "all" to "any" in the first line of paragraph 2 (clearly any one supplier does not have to apply in respect of all connected premises) and add "directly" between "premises" and "connected" in the same line to aid clarity.

Insert "the" before "metering point administration services" in paragraphs 3(a) and 3(b), and also before "parties" in paragraph 3(a).

Add ": Requirements for Transparency" in paragraph 3(b)(i) to complete the title of Condition 14A.

Insert "an" before "agreement" in the first line of paragraph 4.