



SP Transmission & Distribution

Ms C Monaghan
Ofgem
9 Millbank
London
SW1P 3GE

Your ref

Our ref

Date

16 May 2003

Contact/Extension

01698 413476

Dear Catherine,

Distributor Provision of MPAS Services

I am writing in response to the paper issued in April 2003.

We agree that it is appropriate to require all distributors to procure or establish an MPAS service, and to be parties to the MRA. Accordingly, we broadly support a number of the proposed licence amendments. However, we have some concerns over the proposals, and others relating to existing provisions that have not been altered. These are set out below.

(1) Charging statements for MPAS services (new condition 14A)

This new condition has been based on the existing requirement in Condition 36 for a statement of charges in respect of Distributor Metering and Data Services.

We make transactional charges for certain MPAS-related services, which are set out in a schedule in our use of system charging statement. Condition 4 paragraph 3(e) says that such charges may appear in the Condition 4 statement. We do not charge separately for a baseline MPAS service, as this is recovered through general DUoS charges.

Accordingly, while Condition 14A may be appropriate for new distributors, it is not readily applicable to those distributors with Distribution Service Providers (DSPs) in its present form, especially as no amendments have been proposed to the existing Condition 36.

We therefore suggest that Condition 14A includes a new paragraph that reads

This condition shall not apply to a licensee for whom Condition 36 is in force, or where any separate charges for the provision of metering point administration services are set out in the statement of charges for use of system required under Condition 4.

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(2) Requirements to provide MPAS services to new distributors

This represents one of our main concerns with the current proposals. Existing Condition 36B requires the DSP to offer terms for an MPAS service within its distribution service area to any person. With the emergence of new distributors, this raises the possibility of a licensee operating in different areas across the country invoking this condition by seeking an MPAS service from each DSP where he has a network. This is not compatible with the P62 changes to the BSC, which require one MPAS service per distributor.

This requirement should therefore be removed, as it will lead to inconsistency with the agreed solution to facilitate registration and settlement. The requirement to offer services to suppliers will be covered by the new Condition 14C. New distributors should make their own arrangements for MPAS services to meet their obligations, and we see no case for a regulatory requirement, backed up by powers of determination, for DSPs to offer such a service to other distributors.

(3) The requirement to provide MAP/MAM services


We note that no proposal is being made at this stage to revise the existing obligation on DSPs in Condition 36B to offer to provide these services in the distribution services area to any person. We do not believe that it is appropriate for this obligation to be continued, and it should in any case be reconsidered at the forthcoming distribution price review. The need for such a requirement is questionable given the contested nature of the meter operation market, and its continuation is likely to distort competition.

(4) Responsibility for maintaining the MRA

The revised Condition 37 continues to require distributors with Distribution Service Obligations (DSPs) to maintain the MRA, and no such obligations are proposed for other distributors. We believe that all distributors of a significant size should play their part in maintaining the MRA, and that this should be looked at again in due course.

I hope that this is helpful, but please contact me if you need any further information.

Yours sincerely



Jim Sutherland
Asset Director