

Our ref :
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11 July 2003

Rates on Gas Meters – Initial Consultation Document

Dear David

We welcome the opportunity to comment on the Consultation Document on Gas Metering Rates, as the issue of rates on meters and the current legislation which gives non-network meter operators an unfair competitive advantage is of significant concern to us.

As has been recognised in your paper, the issue of unfair competition is due to the fact that meters are included in the definition of network assets for the purposes of prescribed rates however separate meter assets are not treated as rateable.

Our view is that the only appropriate solution to this, as submitted by the EA, is that meters should be removed from the assessment entirely. Under current prescribed rates this would not impact on the level of rates payable by the network monopoly companies. Furthermore, it would remedy the situation of a network company being assessed for rates on assets that are no longer defined as distribution assets.

In terms of the consultation paper itself, our understanding of the proposed legal position is different from that presented in your summary and rationale. The explanatory notes to the Local Government Bill state that 'Clause 67 makes meters subject to rating whether belonging to the network operator or a separate metering company'. At the present we believe it is not clear that the rates on these meters will be assessed only on the network company.

Regardless of our difference in understanding above, we concur with the view that the current prescribed rates should all be included within the price control for the distribution businesses. We support the proposals to modify Transco's price control and would expect a similar treatment of rates within future distribution price controls.

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If you require any further discussion on the above points, please do not hesitate to contact Andrew Neves on 01332 393323, or myself.

Yours sincerely

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