

Modification proposal:	Supply Point Administration Agreement (SPAA) Change Proposals (CP): 10/178 – Management of Prepayment Activities, 10/179 – Prepayment Meter Misdirected Payments Process, and 10/180 – Prepayment Meter File Formats		
Decision:	The Authority ¹ consents to these changes being made		
Target audience:	SPAA Parties and other interested parties		
Date of publication:	10 November 2010	Implementation Date:	November 2010 SPAA release

Background to the change proposals

The Gas Pre-payment Meter (PPM) Forum (the Forum²) previously dealt with matters relating to PPMs, though it did not sit under any formal governance framework. However, suppliers were required under the contract between themselves and the current Quantum PPM System Provider (Siemens) to comply with decisions made by the Forum. Decisions on issues and processes were reached by the Forum through unanimous votes by parties.

In April 2009 we approved CP08/125³ which inserted mandatory schedule 25 into Supply Point Administration Agreement (SPAA) to cover the PPM activities supported by the Forum. The intention of the Schedule was to create a framework that identified the activities which would come under the SPAA Governance, though the detailed procedures and processes were not included as part of the initial introduction of the schedule. The Schedule introduced set out the Terms of Reference (ToR) for a new Gas PPM expert group, which would replace the Forum. As a result of the implementation of CP08/125 any decisions made to introduce new procedures into the SPAA by the Gas PPM expert group would have to be consulted on under the standard SPAA change process.

The change proposals

CP10/178 has been raised in order to introduce a mandatory schedule that will set out the procedures and processes for the management of prepayment activities. The new schedule will replace Schedule 25 which was inserted by CP08/125. The original Schedule 25 inserted by CP08/125 did not set out any of the processes and procedures surrounding pre-payment meters. It simply provided the ToRs for the Gas PPM Expert Group to develop the Schedules that would be introduced under the governance of SPAA. If there is a need for revised ToRs for the Gas PPM Expert Group these can sit outside of the SPAA document, as they do with other groups.

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

² Membership comprised of Suppliers with PPM Customers and other licensed suppliers, MRA Service Company (MRASCo), Ofgem, Prepayment Meter Infrastructure Polling, NetworkService Providers, Meter Manufacturers, Meter Operators and Meter Reading Agents.

³ CP08/125 decision letter -

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=21&refer=Licensing/GasCodes/SPAA/Mods>

CP10/179 seeks to introduce mandatory Schedule 27 which will set out the procedures and processes for dealing with misdirected payments.

CP10/180 seeks to introduce mandatory Schedule 28 which sets out the file formats for supplier communications relating to prepayment meters.

All the procedures and processes that are being introduced into the SPAA by these change proposals are essentially the same procedures and processes that are currently in place under supplier's individual commercial contracts with Siemens. The Gas PPM Working Group reviewed the processes and procedures in these contracts and produced Schedules that would be inserted into the SPAA by these change proposals. By inserting them into the SPAA this brings them under the SPAA governance regimes. The proposer of these change proposals considers that by bringing the gas prepayment meter processes under the governance of SPAA this will facilitate relevant objective (c)⁴ of the SPAA. These modifications came to us for decisions as they were modifications to introduce Mandatory Schedules.

Respondent's views

CP 10/178, CP10/179 and CP 10/180 were considered at the SPAA Change Board on 16 September 2010.

All voting members, six of whom represented Domestic Suppliers and six represented I&C Suppliers, were in favour of all three CPs being implemented. This equated to 100 per cent of the weighted votes cast by relevant parties. The threshold for a change proposal being accepted by relevant SPAA parties is 65 per cent⁵. There was unanimous support for the proposed implementation dates for CPs 10/178 and 10/180 being the November 2010 scheduled release of the guidance. There was majority support for the proposed implementation date for CP 10/179 being the November 2010 scheduled release.

The Authority's view

We note the unanimous support from those who voted on the proposals and the majority support of those who responded to the consultation. We also note the concern raised regarding the implementation date CP 10/179.

In respect of the concern expressed on the implementation date for CP 10/179 one respondent felt that the change might result in them needing to make changes to their systems and that the November 2010 release date would not give them time to do this. It was noted in the September 2010 SPAA Change Board minutes that during the development of the change proposals parties were asked about implementation dates. All parties confirmed that manual processes were currently in place and that no system changes would be required to implement the modifications. It was also noted that, whilst the party may wish to make system changes to introduce an automated process, the processes being introduced by the Schedules are manual.

We have considered the concerns of the respondent but note that the change proposals do not specifically require changes to systems, but simply change the governance of

⁴ As set out in Standard Condition 34 (4) of the Gas Suppliers Licence, see: http://epr.ofgem.gov.uk/document_fetch.php?documentid=4257

⁵ The SPAA change control procedures are set out in clause 9 of the agreement.

those manual processes currently being followed. The party may wish to automate these processes but that is not a result or a requirement of CP10/179. We have therefore decided to consent to CP10/178, CP10/179 and CP10/180.

Relevant objective (c) – Promotion of efficiency in the implementation and administration of the supply point administration arrangements

We agree that these changes would facilitate relevant objective (c). Parties were required under the contract between themselves and Siemens to comply with decisions made by the Forum. Although, parties were able to vote on any proposed changes to the contract there was no formal governance or change process.

By bringing the processes under SPAA governance it ensures that clarity and transparency will be brought to the procedures surrounding PPM sites and related change proposals. The change process for these procedures would be clearer as it is set out in the SPAA. Therefore, parties will be aware of their rights with regard to raising changes and voting on them. Parties will be able to raise change proposals that could result in more competitive or efficient processes. There will also be a more equitable voting process. A route for enforcement of the processes would also become available through these changes, should a party not comply with the Schedules.

Decision notice

For the reasons set out above, we consent to the following change proposals being made:

CP10/178: *'Management of Prepayment Activities'*

CP10/179: *'Prepayment Meter Misdirected Payments Process'*

CP10/180: *'Prepayment Meter File Formats'*

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Associate Partner, Retail and Market Processes

Signed on behalf of the Authority and authorised for that purpose.