
Transferring responsibility for approving meter installers under the Supply Point Administration Agreement

Department for Business, Energy & Industrial Strategy - Ofgem

RPC rating: validated

Description of proposal

Gas suppliers are required to ensure that any meter installed or subsequently inspected is installed or inspected by a person approved as being competent for that task. The approval of such persons has, historically, been carried out by a service provider hired by Ofgem. The contract for the current service provider is up for renewal, and Ofgem has chosen to transfer the responsibility for procuring and managing the service provider to SPAA Ltd, an industry body supported, collectively, by the gas suppliers. This aims to ensure robust governance of the agreements between gas suppliers and Ofgem.

Impacts of proposal

199 gas suppliers will be affected by the decision; they will collectively incur the costs of procuring and managing the service provider, together with some familiarisation costs associated with reading the guidance document setting out the change. Ofgem argues that suppliers should also receive some efficiency gains, as a result of managing the service provider alongside other activities with which it has some overlaps.

The regulator estimates the total one-off costs of familiarisation with the new arrangements at £2,587, using standard assumptions about reading speeds and appropriately uprated ASHE salary data. Based on its own experiences, it estimates the total costs of procuring and managing the contract at around £335 per annum, though it notes that the costs experienced by SPAA may be different if the body's approach to procurement and contract management differs.

Quality of submission

As originally submitted, the impact assessment was not fit for purpose, as it did not consider the costs of procuring and managing the contract. Ofgem has now estimated these costs, based on its own experience of managing this contract. It properly notes that SPAA may experience different costs if it takes a different

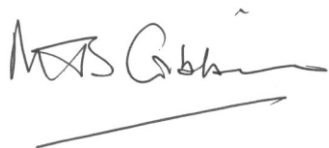
approach to project management, but such costs would have to vary very considerably to alter the EANDCB. For this reason, the RPC is now able to validate the (zero) EANDCB presented. The assessment is otherwise clear, concise and proportionate.

Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net cost to business (EANCB)	£0.0 million
Business net present value	£0.0 million

RPC assessment

Classification	Qualifying regulatory provision (IN)
EANCB – RPC validated ¹	£0.0 million
Business Impact Target (BIT) Score ¹	£0.0 million
Small and micro business assessment	Not required



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANDCB and BIT score figures to the nearest £100,000.