

SIEMENS

Consultation reference: URN 12D/406

Smart Metering Implementation Programme: Stage 1 of the
Smart Energy Code – a Government response and a
consultation on the draft legal text. (URN 12D/406)
Response from Siemens

Statement of interest / Executive Summary

Siemens, through its Metering, Communications & Services business unit, is one of the largest independent providers of metering services to the electricity, gas and water industries in the UK. It serves all segments from domestic consumers through SMEs and commercial customers up to major energy users.

Through its Infrastructure & Cities sector Siemens provides smart grid, distribution, and connection solutions as well as building technologies from a residential up to an industrial scale. Siemens is active in these segments throughout Europe and much of the rest of the world.

As an established market participant Siemens is actively engaging with the UK smart market from an asset management, meter installation and data management perspective and our responses reflect our views in these areas.

In general we are supportive of the Government's position as set out in this consultation response. We have highlighted in other responses to DECC that more attention needs to be given to multi-dwelling units (MDUs) where the technological solution and ownership of the installation as well as the equipment is significantly more complex. We believe that further clarification is required to ensure clear responsibility for the provision of the communications network to the meter and to the IHD where this cannot be satisfied using a standard communications hub and where a shared network within a building is the most cost effective technology solution for all parties concerned. When responsibility is finally agreed it may be necessary for the SEC panel to oversee some element of the additional requirements to deliver an open network solution to all users for a MDU.

Questions and Answers

Answers in blue. Note: where questions appear in grey rather than black we believe that other parties are better placed provide an opinion and have therefore chosen not to answer.

General question on SEC legal drafting

1. Do you agree that the Government conclusions are appropriately reflected in the SEC Stage 1 legal drafting? Please provide a rationale for your views, and any further comments on the draft legal text.

DCC Charges

2. Do you have any comments on format of the DCC's Charging Statement for Service Charges?

3. Do you agree with the thresholds applied to the 'first comer / second comer' principle (Five Year Rule for costs over £20,000)? If you disagree please set out the reasons for your preferred approach.

SEC Panel

4. Do you think the members of the Panel nominated by industry should be drawn from and elected in equal numbers by Party category OR be elected by all Parties (as set out in the legal drafting). Please give reasons for your answer.

We believe that Option A would be best in order to ensure that the Panel represents as wide as an understanding as possible of the market and can address future requirements for consumers and users and the smart energy market. In addition if Option B was

implemented it may be possible for representatives of integrated energy companies to distort the interests of individual sectors.

Modifications

5. Do you support the proposed composition of the Change Board and its decision making arrangements?

Siemens current activities make us unlikely to be a member of the Change Board or the SEC Panel but from an interested party perspective and as a potential user the Government's membership proposal seems reasonable. However, we believe that we may have a contribution to discussion and decision making at the Change Board as a MOP, MAP, software provider or equipment supplier as would other agents, manufactures or trade bodies to certain topics. We would advocate that the Change Board should be able to invite other interested parties to participate in discussion but with no voting rights.

6. Do you think that the SEC should provide for Parties and the consumer representative to appeal Change Board recommendations before they are submitted to Ofgem? If so, what is the appropriate mechanism for determining such appeals?

7. Do you have any further comments, or views on the cost implications to SEC Parties, regarding the proposals for governance, the modification process and the approach to appeal rights set out here and reflected in the legal drafting of Stage 1 of the SEC?

Liabilities

8. Do you agree that liability provisions for intellectual property rights and confidentiality should be included in the SEC. If so, do you agree that they Government response and a consultation on draft legal text should be unlimited?

9. Do you agree with the Government's proposal that in instances where the DCC is exposed to liabilities that exceed what it can claim from the person causing the original breach, the net liabilities for the DCC will be recoverable from SEC Parties by way of an increase in the DCC's fixed charges?

Dispute resolution

10. Do you agree that the Government's proposal to allow DCC to link service provider and SEC disputes in the arbitration process?

Code co-ordination

11. Do you agree that the proposed legal drafting covering change co-ordination with other codes meets the requirements as set out in chapter 5?

Yes, Siemens agree with this wording. The additional requirements for SEC Stage 1 contained within Chapter 5 mention existing codes MRA, BSC and UNC whilst avoiding to say this is the complete list. It explains that existing codes are not considered in isolation and how changes consider other codes as appropriate. It then goes on to say that the requirement is that the SEC will operate in a similar way.

As such it shows that co-ordination between codes is already in place with existing ones and the SEC should be operated in a similar way with any relevant codes.

Passing registration information to the DCC

12. Do you agree that the proposed legal drafting for the SEC covering obligations on SEC Parties to pass registration information to the DCC is appropriate? Please provide a rationale for your views.

Transitional arrangements

13. Do you agree with the proposed variation to the SEC modification regime in the transitional period, including a right of veto for the Secretary of State?

14. Comments are invited on the approach to transition as set out in this chapter and section L of the SEC. Please provide rationale to support your views.

Licence conditions

15. It is the Government's intention to introduce a regulatory obligation on suppliers to enrol SMETS-compliant domestic meters with the DCC and that this obligation would apply in relation to smart meters installed (from a specified point in the future). Do you agree with this intention? Please provide a rationale for your views.

Yes, on the basis that supply and energy service competition should be enhanced through easier switching arrangements for all enrolled smart meters.

We also raise the issue of what mechanisms would apply to customer owned meters and meters provided by small private network owners and landlord owned networks where customer's now have the right to be supplied by an external supplier.

16. Do you agree in principle with the placing of a licence condition on gas and electricity suppliers to accede to and comply with the SEC?

Yes, on the basis that the proposal is to share the costs of the DCC between users, including suppliers using a DCC enrolled smart meter. However, we note that paragraph 264 raises the issue of suppliers specialising in larger non-domestic customers. For these customers, where a smart meter may have been installed by a previous supplier, the customer may have a restricted set of suppliers (those that have acceded to the SEC) who are able to supply them and the smaller bespoke suppliers will eventually be squeezed out of the market or be required to accede to the SEC.

17. Do you agree that the licence conditions as drafted meet the policy requirements as set out in the chapter? Please provide a rationale for your views.

18. Do you agree in principle with the placing of a licence condition on gas and electricity network operators to accede to and comply with the SEC?

Yes, for the reasons set out in paragraph 266.

We also raise the issue of customers that are served by suppliers on non-licensed networks. Will the network operator have to provide a mechanism for registration of these meters too?

19. Do you agree that the licence conditions as drafted meet the policy requirements as set out in the chapter? Please provide a rationale for your views.

For any questions or further information on Siemens response to this consultation please contact:

About Siemens in the UK

Siemens was established in the United Kingdom 169 years ago and now employs 12,972 people in the UK. Last year's revenues were £4.4 billion*. As a leading global engineering and technology services company, Siemens provides innovative solutions to help tackle the world's major challenges, across the key sectors of energy, industry, infrastructure & cities and healthcare. Siemens plc has offices and factories throughout the UK, with its headquarters in Frimley, Surrey. The company's global headquarters is in Munich, Germany. For more information, visit www.siemens.co.uk