



Non Confidential

FAO: smartmetering@decc.gsi.gov.uk

8th October 2012

Dear Sir / Madam

Re: Consultation on the second version of the Smart Metering Equipment Technical Specifications (SMETS2)

Thank you for the opportunity to comment on the second version of the SMETS we do not consider our response to be confidential and are happy for it to be shared with interested parties.

Gazprom Energy (GE) operates as a Gas and Electricity Supplier to the UK Non Domestic sector and our customers range from Large Industrial & Commercial sites, Group Customers, Local Authorities & Small & Medium Enterprises (SME's).

GE has engaged with the Programme both individually and through the work of the I&C only Shippers & Suppliers (ICoSS) trade body.

Our understanding of the proposed Gas Licence Conditions is that it is only Designated Premises (meters consuming less than 25,000 Therms) which do not have Larger Meters (Meters with a Qmax => 11 cms/hr) and which have not or will not have an Advanced Meter fitted under an existing arrangements which will be required to install a SMETS compliant meter (see diagram below).



We also understand that Non Domestic Suppliers obligation vary from Domestic Suppliers obligations in that they are not required: -

1. To contract with the Data Communication Company (DCC)
2. Require an integral remote operated valve
3. Require the Supplier to provide a In Home Display (IHD)

Overview Gas
Licence Drafting

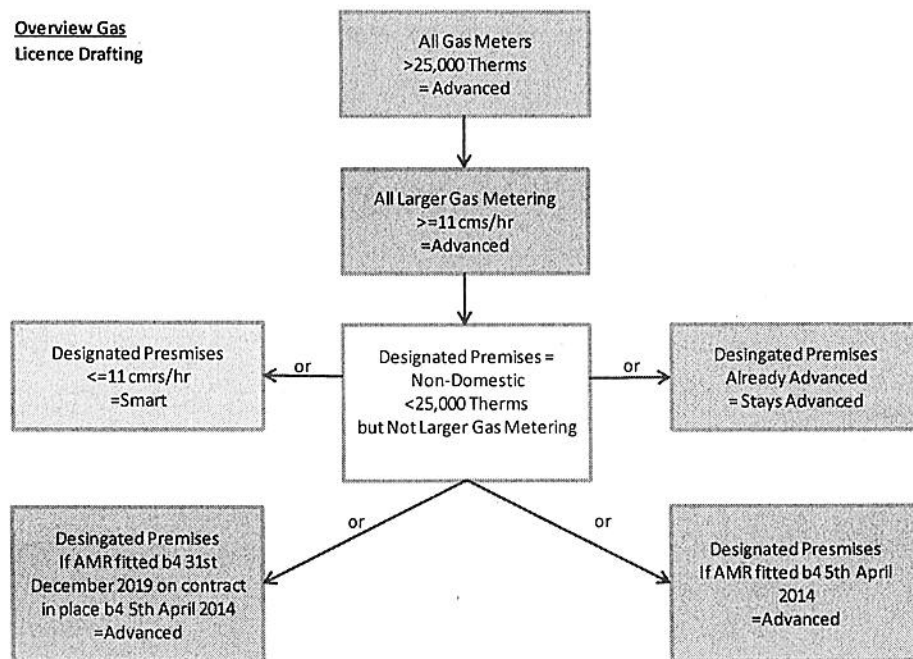


Diagram 1: Overview of the Gas Supplier Licence Obligation

Competition in the Non Domestic Sector

GE welcomes the Governments & Programmes approach which throughout the development of proposals has sought to preserve the competitive and developing Energy Service market in the Non Domestic sector.



This competitive market has developed without the need for direct intervention and has put in place its own self regulation framework through the Automated Meter Reading Service Providers (ASP) Code of Practice (ASPCoP) developed by the industry and managed by ESTA. These companies can also be referred to as Energy Service Companies (ESCo's)

<http://www.esta.org.uk/RESOURCES/ASPCoP/>

The signatories to the CoP represent the vast majority of the Advanced Metering market.

http://www.esta.org.uk/RESOURCES/ASPCoP/ASPCoP_Management.php

Development of the Non Domestic market

GE would note that the roll out of Advanced Metering in the Non Domestic market is roughly split 50/50 between services being provided directly by the Supplier to the Consumer and services being provided by Third Party Energy Service Companies (ASP's / ESCo's) directly to Consumers.

This structure is totally different to the Supplier led roll out of Smart Metering in the Domestic Market.

Additionally the scope and size of this market for energy services extends beyond the primary fiscal meter to cover secondary and check metering downstream.

It is also vital to recognise that the market has developed from two distinct directions:

1. I&C only Suppliers rolling out Advanced Metering from the top down (to meet the Advanced deployment obligation)
2. Domestic Suppliers who also operate Non Domestic businesses rolling out Smart Metering from the bottom up



As such we have the deployment of Advanced Metering on domestic sized metering installations in the Non Domestic Sector to meet Consumers requirements to have a common product across their whole portfolio e.g. Group customers, Local Authorities etc. who have a mixture of metering but want to see common energy service goods and services.

Were Advanced Metering is installed on a consumers premises the external communication gateway is generally provided in a number of ways e.g. GPRS, GSM, Internet etc. As such the interoperability is managed through commercial arrangements.

An example of how the Non Domestic market manages interoperability can be in seen in an example relating to the Change of Supplier (CoS). The Stranding risk associated with such equipment can be managed in a number of different ways: -

As previously noted, and unique to the Non Domestic market, consumers contract directly with the ASP's / ESCO's and therefore the existing arrangements are agnostic to changes to the Supply Arrangements.

Alternatively ASP's / ESCO's providing services directly to Suppliers tend to have arrangements in place with other Suppliers to enable a seamless transfer and continuity e.g. provide a service to the new Supplier, enter into new arrangements with the new Supplier or their chosen agent.

Or ASP's / ESCO's have arrangements in place with other ESCO's to enable seamless transfer and continuity e.g. provide the data to the new ASP / ESCO, sell the asset to the new ASP /ESCO etc.

We therefore believe the existing and developing Non Domestic market is operating well and has taken appropriate measures to self regulate it activities.

Rather than addressing the numerous questions set out in the consultation we would like to make some general comments on the proposals



Access to Data

Were a Smart Meter is deployed on a Non Domestic Premises and the Supplier is not utilising the DCC (opted out) the ASP / ESCo will need to be able to interact with the Meter to enable the ASP / ESCo to remotely capture the Meter Read / Consumption data from the Meter. Therefore we need the ASP / ESCo to be able to access the Read / Consumption data via a simple, straightforward communication link with the Smart Meter.

Data Communication Company (DCC)

We do not believe a Smart Meter which has never had or has opted out from a relationship with the DCC should be seen as presenting any risk to the DCC or wider market and subsequent any Entry (opting in) rules would need to be met if that meter was to in future communicate through the DCC. Therefore we do not see opted out meters as presenting any systemic risk to the DCC and any meter prospectively seeking to opt in to the DCC would need to meet the appropriate Entry requirements to ensure it is fit for purpose.

Provision of DCC WAN Hub

Of the models discussed we prefer the CSP led approach as this provides a clear division between monopolistic DCC services and competitive Energy Service products including the collection and analysis of consumption data.

Where a Smart Meter is being installed in premises with the intension to operate in an Advanced Mode i.e. not through the DCC (opted out) we do not believe it is appropriate to require the installer to be forced into installing a DCC WAN Hub. We believe this approach is inefficient as it requires the installation of equipment which may never be utilised and also places an additional cost burden on the installer e.g. training, extra time on site, installing a competitors equipment etc.

Therefore we support a CSP lead approach with the installation of a DCC WAN Hub not being mandatory when installing a Smart meter which is intended to operate in Advanced Mode



Security

While we understand the need for appropriate levels of security it is important to distinguish between commercial premises, of any size, and a domestic property where consumption information may be more sensitive as it relates to a particular individual. We need to ensure any approach taken is proportionate and avoids over engineering based on irrational fears.

In particular we believe that were a Smart Meter is being installed which will not be used in conjunction with the DCC (opted out) then the installation cannot be considered to present a systemic risk to the market as a whole. In such cases ease of access to consumption data is important to support the provision of Energy Services. The Consumption data is the core data around which Energy Service Companies can build their commercial propositions and this will only develop with easy access to this information.

A proportional approach to security is needed to ensure appropriate protection whilst also providing the data necessary to drive the competitive development of Energy Services

Easy Access to Information

For the roll out of Smart & Advanced metering to deliver the benefits in the IA the ability to access consumption information easily locally is crucial. Easy local access to data will be at the heart of developing a competitive and innovative Energy Services market.

The Non Domestic sector has been at the forefront of the developing Energy Services goods and services through the rollout of Advanced Metering and has provided the consumption data key to analysing customers operations and identifying opportunities to reduce energy usage. To support this market the Industry has developed its own self regulating code of practice and all the major players in the market have signed up to the ASP CoP.

Ease of connection and the ability to access consumption data remains key to developing a vibrant Energy Services market.



Flexibility

Having rolled out, a significant cost, a Smart solution that provides access to detailed consumption information it would be counterproductive and counter intuitive to then limit the ability to access and use the information to help consumers reduce their energy consumption. Subject to appropriate checks and balances being in place we believe it is important to deliver the granularity which forms the core of being able to analyse a consumers use and deliver meaningful advice.

Conclusion

GE welcomes the open and engaged approach taken by Government & the Programme to date and believe the benefits of supporting a flexible competitive solution are key to delivering the program as a whole and in particular the benefits set out in the IA.

GE believe it is important that Government and the Program does not lose sight of the fact that the roll out of Smart & Advanced meters will not in and of itself deliver any reduction in energy consumption by consumers. It will be the development of innovative Energy Services goods and services which change consumer behaviour and which will ensure consumer buy in and the delivery of the benefits case.

To ensure these benefits are delivered and maximised we need to ensure that any decisions do not foreclose the market to competition. GE hopes you have found our comments to be useful and we would be happy to discuss them further. Should you have any questions please contact me directly

Yours sincerely