



Smart Metering Implementation Programme
Department of Energy and Climate Change
Whitehall Place
SW1A 2AW

5th December 2013

Dear SMIP team

Smart Metering Implementation Programme – AMR Extension open letter

In general we are in agreement with the decisions made, based on the initial consultation in July 2013 and with the legal drafting that has been developed to facilitate these.

We understand and respect the logic of DECC's position with regard to the pace of change from AMR to smart, and remain of the view that AMR should be facilitated where appropriate pre and post 2020. To a great extent, actual development will drive the logic of mandatory replacement, for example by the convergence (or not) of data and communications solutions and platforms for AMR and smart, and the stranding (or not) of associated infrastructure.

This response is not confidential

Yours sincerely

PAE npower

Trigenos
Windmill Hill Business Park
Whitehill Way
Swindon
Wilshire SN1 1BB

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F

E

www.npower.com

Registered office:
PAE npower plc
Windmill Hill Business Park
Whitehill Way
Swindon
Wilshire SN1 1BB

Registered in England
and Wales no. 3892762

Part2**DOMESTIC AND NON-DOMESTIC MARKETS: A CONSULTATION ON DRAFT AMENDMENTS TO SUPPLY LICENCE CONDITIONS**

Q2: Do you have any comments on the Government's intention of clarifying the licence conditions on installation of advanced meters under the exceptions to the smart metering roll-out obligation, and do you have any comments on the proposed legal re-drafting (at Annex 4)?

We support the need to clarify the installation exceptions within the licence conditions.

We disagree with the proposal to require replacement of AMR with Smart Meters post 2020

Having reviewed the drafting at Part 2, Annex 4 we understand and support the proposed changes but would ask that further clarification is provided by setting each of these exceptions apart from the others by use of an emboldened title that clearly specifies the scenario that each particular clause is intended to cover.

We have the following concerns that we require to be considered with regard to the proposed arrangements 'post 2020', as per our response to Part 1, question 1, these are reproduced here for clarity and consistency:

Technical and contractual changes:

- To replace an AMR meter with a SMETS compliant equivalent will require a complete system replacement and a range of contractual re-negotiations which will increase time and costs, for no additional benefit to the customer;
- The supplier head - end systems set up to receive information from AMR meters will be supporting a diminishing number of meters and therefore a greater proportion of investment will be stranded or needing to be recovered via a smaller pool of customers; and
- If the customer has purchased the communications contract and / or AMR meters directly (i.e. they are not the responsibility of the supplier) then the supplier will have no direct control over a licence obligation that has been placed upon it. The supplier can only ensure the customer terms include this clause requirement. Failure to comply will result in the supplier being in breach of the licence, while the customer would have breached the supplier contract. The potential damages for these two breaches are not equitable in any sense.

Prevention of the development of known energy policy aspirations:

- An AMR meter is COP10 compliant and can therefore be settled half hourly. A SMETS compliant Smart meter is not COP10 compliant, although we understand the shortfall to be relative small and soluble. There is an increasing drive for a voluntary approach for half-hourly settlement which can only be achieved by an AMR meter under current industry arrangements. COP10 compliance would change this.
- It would not be possible to facilitate products in the non-domestic market requiring half-hourly settlement (e.g. Flex products) with a Smart meter.

Replacement of an AMR meter would also mean a breach of contract with the customer and would undoubtedly provide an inferior service, in this regard; and

- Customers who have installed AMR proactively to sit alongside their half-hourly metered portfolio for the purposes of consolidating their product contracts and management of energy in their portfolio will lose this functionality.

Further, we note that within the body of the consultation document itself (paragraph 2.9, page 17) that the decision has been made that where a meter fault occurs for these installed AMR meters that they will have to be replaced with a smart meter. We currently believe that this approach is too restrictive and under certain circumstances could prove to be disadvantageous for customers who, under contract, have specifically requested that AMR meters be installed as part of their approach to managing their energy consumption portfolio.

It may be that future industry developments overtake the need for suppliers to maintain AMR meters, for example, the current proposal to settle these sites half-hourly. However, we believe that these developments are best left to market forces to determine how and when these customers should be provided with smart metering systems that they wish to have installed.

Part2

DOMESTIC AND NON-DOMESTIC MARKETS: A CONSULTATION ON DRAFT AMENDMENTS TO SUPPLY LICENCE CONDITIONS

Q3: Do you agree that the licence conditions should be amended to allow data that is collected for billing purposes also to be used to produce statements of account, and do you have any comments on the proposed legal drafting (at Annex 4)?

We understand that this amendment ensures a consistent approach to the licence conditions.

We support the proposed drafting to extend the references to billing to include a statement of account. We would ask that a final and complete review of both Electricity and Gas Supply Licence Conditions is made to ensure that there is consistency throughout.

Part3

CONSULTATION ON DRAFT LICENCE CONDITIONS IMPLEMENTING THE EU ENERGY EFFICIENCY DIRECTIVE PROVISIONS ON CONSUMER ACCESS TO CONSUMPTION AND EXPORT DATA.

Q1 Do you agree that the draft licence conditions fully reflect the policy intentions for Article 10(2)(b) of the EED? If not, please provide comments on the legal drafting.

Yes- we agree that the draft licence conditions reflect the Article 10(2)(b) policy intentions. However, we require further clarification on certain aspects.

It is our understanding that these Licence Conditions taken together with those designed and drafted to cover Data Access and Privacy requirements adequately cover the policy intentions of Article 10(2)(b). That is to say, for suppliers to notify consumers regarding access to their consumption data and providing the relevant amount data that is available to that consumer under prevailing conditions.

However, we require a better understanding as to the intended scope of '...readily understandable format...', as this could require numerous further developments in order to fulfil each individual customers needs, in the limit.

Part3

CONSULTATION ON DRAFT LICENCE CONDITIONS IMPLEMENTING THE EU ENERGY EFFICIENCY DIRECTIVE PROVISIONS ON CONSUMER ACCESS TO CONSUMPTION AND EXPORT DATA.

Q2 Do you agree that the draft licence conditions adequately reflect the exemption for consumer access to consumption data on change of supplier, for meters not operating in the smart mode? If not, please provide comments on the legal drafting and the rationale for this.

We generally agree that the exemptions envisaged are covered by the Licence Condition drafting. However we have further comments for consideration.

We disagree with the drafting of the exceptions in paragraph 8.

We understand and agree with the intent of the drafting within clauses 4 and 8, that when, taken in combination, adequately reflect the exemptions that should apply where a Supplier does not operate a meter in smart mode. Further, this approach also does not preclude the possibility of a customer obtaining any data that they wish, directly from the meter or display device.

However, we do not agree with the drafting of the exception in paragraph 8, as it stands, as we can envisage situations whereby the supplier is unable to provide data to the consumer through no fault of their own. For example, if remote communications were to fail for any number of technical reasons the supplier would not be technically able to fulfil this obligation in a timely manner, despite attempts to do so.

We believe that paragraph 8 currently says that the exception applies where the smart meter in question was not installed by a particular supplier and does not have a communications link. Therefore by this drafting the exception would not apply if we have installed the Smart Metering System but communications have been lost, thus putting the supplier in breach. We suggest that paragraph 8 should be drafted as paragraph 11 to give proper effect to the condition, as we suspect was the intention and ensure a consistent approach.

Part3

CONSULTATION ON DRAFT LICENCE CONDITIONS IMPLEMENTING THE EU ENERGY EFFICIENCY DIRECTIVE PROVISIONS ON CONSUMER ACCESS TO CONSUMPTION AND EXPORT DATA.

Q3 Do you agree with the proposed approach to the implementation of Article 9(2)(d) and that the draft licence conditions fully reflect policy intentions? If not, please provide comments and explain the rationale behind them.

We do not believe that the draft licence conditions adequately reflect the policy intentions of Article 9(2)(d), in all circumstances.

We believe that Article 9(2)(d) needs further interpretation as there may be different suppliers for import and export at a particular premises, which is unique feature of the GB market. We therefore do not believe that the policy intent is covered by the draft Licence Conditions as they stand. For example, there is a need for consistent drafting of the definitions of Relevant Export and Consumption Data. In particular we ask that part (b) and (c) of the Relevant Consumption Data definition to apply to Relevant Export Data.