

July 27th, 2012

Smart Metering Implementation Programme
Department of Energy and Climate Change
Room M09
55 Whitehall
London
SW1A 2EY

Consultation on a draft licence condition relating to security risk assessments and audits in the period before the DCC provides services to smart meters

Dear Sir,

Please find First Utility's response to the above consultation below.

Question 1: Do you consider that the draft licence conditions deliver the policy intention outlined in this document?

We agree that it is important that consumer concerns around data privacy be addressed as part of the smart metering rollout and governance relating to this. It is therefore appropriate that certain requirements be placed on suppliers to ensure that the appropriate security standards are achieved and maintained and we feel that the proposed licence conditions achieve this aim. We believe that particular emphasis needs to be placed on suitable protection of customer identifiable data in relation to collection and data storage with a primary focus on ensuring the control aspects of the end to end infrastructure are secured. We are also of the view that, in order to avoid smaller suppliers being disadvantaged in terms of cost requirements and ability to compete, an exemption should be provided for any existing smart meters installed pre SMETS and also, in the case of SMETS compliant smart meters, where the number of these installed by a supplier is fewer than 100,000.

Question 2: Do you have any comments on the proposed approach that suppliers should carry out a number of good practice security disciplines and procedures as is set out in this document?

This seems a reasonable approach, although we are concerned by the proposal that suppliers operating in the pre-DCC "go live" phase should seek to align their security operations with ISO 27001 during this period. Smart Meter data is in many ways less sensitive than other forms of Personally Identifiable Information held by suppliers and we believe that existing security practices and policies should be sufficient in protecting that information. We also believe that the costs of implementation required in reaching this standard are likely to be a disproportionate burden on a supplier of our size and would suggest that, if this were to be a requirement, it could have a significant negative impact from a competition point of view.

Question 3: Do you have any further comments with regard to the issues raised in this document?

First Utility is of the view that, in order for the widespread offering of time of use tariffs to domestic customers to be viable, and for those customers who desire these products to subsequently receive the full advantages of smart meter provision, supplier access to half hourly data will be necessary in these scenarios.

first:utility

The national smart meter roll out was designed to give customers more information and thus more control around their energy consumption, which should in turn assist security of supply by moving some demand at peak times to other times of day. However, without half hourly data this will simply not be possible as suppliers will not have a sufficiently granular view of customers' consumption to provide them with the appropriate level of advice to assist them in reducing their overall consumption or moving it to other times of day and offer them an appropriate individually tailored time of use tariff in line with these aims. We are, however, sensitive to customer's concerns around suppliers being given blanket access to their data. Therefore, we would suggest that, in the case where a customer desires a tariff of this nature, consent for the supplier to access half hourly consumption data be a requirement in order for that customer to access the tariff. This then allows the customer the opportunity to provide specific consent and provides the supplier with the ability to deliver the full benefits of smart metering to those customers who have expressed a desire to take advantage of this.

An additional item to note is that, while non half hourly sites are settled against a profile rather than actual read information, there is little incentive for suppliers to provide products of the type discussed as this settlement will clearly not be reflective of the actual reads against which the customer has been billed.

We would also like to make the point that, in a future where half hourly settlement is likely to be the norm following the conclusion of the national smart meter rollout, customers exercising their right to opt out of half hourly information provision to their supplier is likely to result in the problematic scenario whereby that customer would be settled against half hourly information which the supplier was unable to measure. We believe that it is important that steps be taken by industry to prepare for this scenario in order to allow meters to be moved from half hourly to non half hourly settlement as customers change their data privacy settings without serious issues being created for the supplier and thus competition as larger players will be much better able to absorb any costs resulting from this.

Please do not hesitate to contact me if you have any questions or would like any further information.

Yours sincerely,