Smart Metering Implementation Programme

Haven Power Response to DECC Consultation URN 11D/836

Smart Metering Implementation Programme: consultation on draft licence conditions and technical specifications for the roll-out of gas and electricity smart metering equipment (August 2011).

1. The Government is seeking new evidence and views on the impacts of specifying a completion date that is in the earlier part of 2019.

Haven Power agrees that an aggressive target will bring forward the benefits of SMART metering; however, it is important that the roll out target is weighed up against the available capacity for installing smart meters. It would be undesirable if the time pressure imposed by this target jeopardises the quality of the Smart Metering installation, and subsequently the customer experience of the process.

It is our opinion that the likelihood of a back loaded approach by some suppliers is high, which inherently raises concerns over the capacity of metering providers towards the end of the roll out period. With Haven Power's reliance on a small number of independent meter operators, a situation faced by most if not all smaller suppliers, the capacity of metering providers would become a primary concern.

The date for successful rollout completion is dependent on achieving the timescale targets for preparatory work, such as the finalisation of the technical specifications and the commencement of the DCC service. As the delivery of these is outside of the control of suppliers, an early date imposed on suppliers by licence would need to be subject to the intended start of the roll-out being achieved as envisaged in 2014.

Question 2: Do you think the licence conditions (AA1-2) as drafted effectively underpin the policy intention to complete roll-out of Smart Metering by a specified date? Are there any areas where you consider further clarification is necessary? Please explain your reasoning.

The inclusion of the date within the Supply Licence ensures that penalties enforceable by Ofgem can be imposed on the supplier. However, it is important that despite the pressure that this licence condition is going to create, suppliers still ensure that the quality of the installation is not jeopardised. If time becomes a concern we may see less effort placed on aspects of the meter installation that are essential for the benefits of Smart Metering to be realised, i.e. ensuring the meter is capable of communicating with the DCC/ DR.

With this in mind Haven would support a phased approach for the larger suppliers, who exceed pre set criteria. Not only would this ensure that capacity would not become an issue but also enable

suppliers, who are reliant on the independent metering providers, to plan their roll out more effectively.

The difficulties associated with customer withholding permission to access their premises will ultimately constrain meter roll out and prevent a supplier from achieving 100% installation. We agree that applying for a warrant solely for the purpose of installing a smart meter is not appropriate and presume that "all reasonable steps" will be interpreted to both fall short of warrant application and place a natural limit on the amount of attempts a supplier has to make to install the meter.

Question 3: Do you agree that the licence conditions as drafted effectively underpin the policy intention to deliver Smart Metering Equipment with the functionality and interoperability required to meet the business case? Please explain your reasoning.

Licence condition AA7 states that the licensee should take all reasonable steps to ensure that the Smart Metering Equipment is interoperable. It is Haven Power's belief that this licence condition as it stands is not strong enough to ensure interoperability. The current licence condition is not explicit enough, allowing interpretation of what constitutes 'reasonable steps'. Haven Power's belief is that interoperability is key to realising the benefits of Smart Metering without which, efficiencies in the change of supply process would be lost and market competition would be seriously reduced. A change from 'the licensee must take all reasonable steps to ensure that equipment is interoperable' to 'the licensee must ensure that equipment is interoperable' would be necessary to effectively underpin the policy intention.

Not only is it important that interoperability can be achieved, it is also important that it can be achieved with the minimum intervention from the supplier. Haven has experienced instances where AMR metering has been inherited in a condition where reconfiguration has been required. In order for Haven Power to be able to read the meter correctly, extensive interaction between a number of parties was required. This interaction extended over a period of 6 months. This level of manual intervention would be uneconomical and cause unnecessary delays during the change of supply process, adversely affecting the customer experience and subsequently removing the customers desire to change suppliers.

Question 4: Do you agree that Smart Metering Equipment should be compliant with the SMETS extant at the time of installation and that it should continue to be compliant with that version of the SMETS through the operational life of the equipment? Please explain your reasoning.

It is important that if SMETS compliant metering is installed that there is no requirement placed on suppliers to exchange the meter if the SMETS are changed. The necessity to change the meter if the technical specifications are changed would cause an unmanageable financial burden on suppliers and also place further strain on the limited meter installation capacity.

Question 5: Do you agree that in some exceptional circumstances suppliers should be required to retrofit Smart Metering Equipment that has already been installed? Please explain your reasoning.

Haven Power believes that some care has to be taken here to detail the criteria that would outline an exceptional circumstance. The primary concern here would have to be customer's safety and anything that jeopardises this would necessitate a change of meter. This we feel, however, is no different to the current arrangements.

We also believe that this sentiment is not translated into the licence condition. The condition as it stands suggests that any change to the SMETS could result in the necessity for the Smart metering equipment to be modified, replaced or reconfigured. Although it is stated in the document that the Government expects that retrofitting would only be implemented if strictly necessary, Haven Power would expect further clarity, whether this be in the form of an amended licence condition or some further legislation.

Question 6: Do you think that the licence conditions (AA3-6) as drafted effectively underpin the policy intention for the new and replacement installation of Smart Metering Equipment? Please explain your reasoning.

Haven agrees that the licence condition as drafted effectively underpins the policy intention. It is important that customers do not have to undergo the disruption of meter installation more than once in the Smart Meter rollout period. Conversely, it is important to recognise that in some instances the installation of Smart Metering will not be suitable or possible at the time of installation and this licence condition effectively addresses this.

Question 7: What period of notice do you think would be appropriate before the new and replacement obligation comes into effect? Please explain your reasoning.

It is important that careful investigation of the supply chain is made before mandating the new and replacement obligation. Meters may be available to one part of the market place before others, dependent on commercial arrangements between meter manufacturers and meter operators/suppliers. It is important that before this obligation comes into place that all sectors of the market are considered. Haven Power would suggest at least a period of 12 months between the availability of SMETS compliant metering and the new and replacement obligation coming into effect.

Question 8: What contribution do you think the interoperability licence condition as drafted could play in ensuring that suppliers work together to ensure Smart Metering Equipment is interoperable? Please explain your reasoning.

Including the issue of interoperability in the licence condition ensures that enforcement for non-compliance would fall to Ofgem using their standard powers, and this is appropriate given the central importance of this issue for the functioning of the competitive market. However, due to the

complex nature of the interface between the meter, communications hub and the WAN, interoperability is going to require cooperation from a number of parties. It is Haven's belief that interoperability is the key aspect of the Smart Metering Implementation Programme, without which the effectiveness of the programme would be jeopardised. Haven Power would fully support the addition of further regulatory intervention, whether this is in the form of an assurance framework or as part of the Smart Energy Code, to ensure that interoperability is realised throughout the industry.

Question 9: Do you think the licence conditions as drafted effectively underpin the policy intention to ensure Smart Metering Equipment is interoperable? Please explain your reasoning?

As expressed in our response to question 3, Haven Power strongly believes that the current licence condition as it stands does not go far enough to ensure the interoperability of metering systems. As previously mentioned the supply licence 'must' ensure interoperability otherwise additional costs would be incurred, the customer experience would be adversely affected and customers would be inhibited to switch supplier.

Question 10: What role could a dispute resolution mechanism have a role in ensuring interoperability? What key features should such a mechanism have?

If the regulation surrounding interoperability is correctly implemented, a dispute resolution mechanism would be superfluous. However, we do recognise the benefits that a dispute resolution mechanism could bring. For example, the mechanism would provide a means to resolve issues experienced during change of supply in a formal environment contributing to the identification of reoccurring issues and/or offenders. It would also provide a means for the industry to react and adapt, reducing the frequency of future occurrences.

If a mechanism was to be implemented it would have to show a number of key features. Most importantly, the mechanism needs to be prompt and effective. This will help to ensure that problems are resolved following the change of supplier prior to the first bill. This will be key to maintaining the quality of the consumer experience across a change of supply event, which will help to maintain consumer engagement and competition within the market place.

Question 11: For the smaller non-domestic sector do you agree that where there is a Current Transformer meter then suppliers should be required to install an advanced rather than Smart Metering Equipment? Please explain your reasoning.

Haven Power agrees that there should be no requirement to install a Smart Meter where current transformers are present. The development of a smart product for CT meters would not be cost effective and would place a cost burden on suppliers of non-domestic customers to drive the development of a CT smart product. Furthermore the majority of benefits of Smart Metering are already available to business customers using the present generation of advanced metering when combined with suitable software tools – remote reading and reconfiguration, access to detailed energy consumption information, energy management capabilities.

Question 12: Do you think that the licence conditions as drafted effectively underpin the policy intention for Current Transformer meters? Please explain your reasoning.

The licence condition as it stands effectively covers the policy intention for current transformers for sites where metering currently exists, and also for new connections. The inclusion of this within the supply licence provides the supplier with maximum clarity on the handling of CT sites.

Question 13: Do you think under the new and replacement obligation gas suppliers should be given the option to wait for the installation of electricity Smart Metering Equipment before installing the gas Smart Metering Equipment? Please explain your reasoning.

Haven Power believes that under the new and replacement obligation a gas supplier should be able to wait until after the electricity meter has been fitted. This would allow the gas supplier to avoid the cost implications of a gas first install and also avoid the potential for unnecessary future disruption.

The regulation surrounding this will have to be carefully considered to ensure that failure of the gas supplier to install a smart meter by the roll out date cannot be attributed to the timing of the electricity supplier's installation. It is also important that the benefits that Smart Metering provides are not lost by customers who do not hold their gas and electricity with the same supplier. This would not only negatively impact the customer's experience of Smart Metering, but also place specialist suppliers of gas or electricity at a disadvantage.

Question 15: What do you think the implications would be of extending the new and replacement obligations to the licences of other relevant parties in relation to installing Smart Metering Equipment in new developments without the involvement of a supplier? Do you think mechanisms other than licence conditions should be considered to achieve the policy objective? Please explain your reasoning.

The implications of extending the new and replacement obligations are positive. Currently, the emphasis of the Smart Metering roll out is placed fully onto the supplier. We would support the inclusion of obligations, not only in licence conditions, but also in agreements such as MAMCoP, MOCoPA and SMICoP. Haven Power would also support the placement of obligations on accredited meter operators via the Balancing and Settlement Code.

Question 20: Do you agree that the Standard Licence Conditions identified above require consequential changes in light of the roll-out licence conditions? Do you agree with the Government's proposed approach? Please explain your reasoning.

Yes, it is important that the current licence is amended to support the implementation of the new licence conditions.

Question 34: Do you agree with the Government's proposal that fully integrated electricity meters and Communications Hubs will not comply with the SMETS? Please explain your reasoning.

Including the Communication Hub as part of the Smart Meter would reduce the flexibility following installation and also impact the costs involved where the gas meter is fitted first. It is important that costs are kept to a minimum. With this in mind Haven would support the Government's proposal to exclude meters with a fully integrated Communication Hub from the SMETS.

46. Do you agree with the proposed approach for consumers to access data and transfer it from the HAN via a separate "bridging" device? Please explain your reasoning.

We support the Government's position to allow customer bridging devices (Option A). We believe this gives customers a sense of control, it is sufficiently low cost and allows for a certain level of technological independence.

Question 54: Do you think that an assurance framework, underpinned by regulatory obligations, is needed to support the delivery of the required functionality, interconnectivity, interoperability, and security of Smart Metering Equipment? Please explain your reasoning.

An assurance framework would be welcomed by Haven Power; our belief is that interoperability is the key to unlocking the benefits of Smart Metering and also to maintain market competition. Underpinning the assurance framework with regulatory obligations would mean that all parties are working under the same framework reducing the likelihood of different interpretations of the same rules. This would allow suppliers to be confident that they can service any metering that they are likely to inherit.

Question 56: What are your views on the options outlined for a testing regime? Are there other options that should be considered?

Although the market led approach would seem to offer a number of attractive benefits, the potential for a less certain outcome should outweigh them all. If the idea of the testing regime is to provide assurance to interested parties it would be undesirable if the outcome of the testing were uncertain.

A similar model to the current technical assurance of HH metering undertaken under the BSC could be an option worth exploring. Haven Power believes that this post installation solution, along with a pre –certification or accreditation scheme could provide many of the benefits of the market led approach without the negative connotations surrounding the outcome.