LOWRI BECK

SMART METERING IMPLEMENTATION PROGRAMME

A Consultation on draft licence conditions and technical specifications for the roll-out of gas and electricity smart metering equipment

Executive summary

The Government's vision for every home in Great Britain to be equipped with Smart Metering Equipment by the end of 2019 is extremely ambitious and the publication of this consultation is a very important step. Lowri Beck welcomes the level of detail it and previous work has provided but we are still concerned that the certainty in final specifications and timescales needed to give us confidence to invest is still not there.

Smart compliant meters installed during the Foundation Stage will ease the pressure on installation activity during mass rollout, but for this volume to be meaningful we urgently need clarity on the meter and HAN technical specification.

We are also concerned about the proposal to shorten the mass rollout period by moving the completion date to the beginning of 2019 at a time when the start date (currently planned to be mid 2014) is not definite. The implementation of the DCC to mark the beginning of mass rollout carries significant risk. Full operational requirements are still to be agreed and the procurement of DCC and service providers has only just started. To complete this and build/test/implement new business processes and systems by mid 2014 will be extremely challenging. Squeezing the rollout period from the beginning and bringing the end date forward is unrealistic.

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Detailed questions

Question 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.

The completion date for the installation programme of the end of 2019 is already ambitious and subject to significant risk. At this stage Lowri Beck feel it would not be realistic to bring the date forward due to;-

- Resource constraints. In simple terms just replacing the entire meter stock over 5.5 years (mid 2014 to 2019) on a like for like basis would require approximately 2 to 3 times the current work force, but including the additional activities needed for the full SMS installation – communications commissioning and IHD set up, we estimate requiring 3 to 4 times the number of engineers currently employed. Training will be more complex for a dual fuel meter and communications commissioning and the softer skills needed for IHD explanations to the consumers.
- The additional engineers recruited to meet the earlier completion date will exacerbate the problem of redundant workers when the work load falls back to maintenance and replacement.
  Whilst contract workers will be used during the peak installation times to limit the cost of redundancies, LB prefer to use directly employed staff as we feel this ensures a more efficient service
  Key will be balancing the ratio of directly employed engineers and contracted staff to minimise the redundancy costs but still maintaining an efficient service to suppliers and consumers
- We recognise that the smart meters will be installed through the Foundation Stage currently thought to be 4 million. LB will actively work with suppliers during this stage to provide interoperable solutions to maximise the volume installed prior the DCC start up and reduce the pressure through 2014 – 2019. However we will not invest in meter or processes until we have clarity on the meter and HAN specifications and confidence that smart compliant meters installed will remain for their economic life.
  The sooner this clarity is provided, the sooner we can start the installation programme.
- DCC start – It is currently planned for the DCC to become active mid 2014, but this is subject to significant risk. The full service is still to be agreed, the DCC appointed and service providers contracted, processes and systems built and tested. Setting an earlier completion date without the certainty of the start date is difficult.

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

Yes

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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.
Yes

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.
Lowri Beck believes the Smart Metering Equipment should be compliant with the SMETS at the time of manufacture not installation. This would prevent the cost of obsolesce of meters held in stock at the time of change to the SMETS. The actual volume or percentage of meters affected is unknown as the lead time from agreement of specific change, through manufacture to stock turnover is dependent on many issues.

To minimise the potential obsolesce cost meter stocks could be kept low, however this may have an impact on installation rates in peak times.

If SME should be compliant with SMETS at time of installation we would want dispensation for meters held in stock at that time.

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.
Lowri Beck recognises that in exceptional circumstances the SMETs could be updated and retrospective changes required to meters already installed. We welcome the view that this would only be for security or safety issues.

The MAP will have invested in smart compliant meters on the assumption that the SME will have a certain economic life. Premature replacement will create additional costs and impact consumer's experience. Any changes requiring refits must be consulted on widely and carefully.

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.
Yes

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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.
As the Foundation Stage and Industry Implementation Programme progresses it will become clearer when the DCC will be operative and mass roll-out can begin. Therefore a long formal notice period should not be necessary – perhaps 3-6 months.

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.
For interoperability to fully work, meter functionality, communications (HAN and WAN) and commercial issues need to be addressed

Adherence to the SMET and use of the DCC should ensure the meter functionality and communications are interoperable.

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?
Yes

Question 10 - What role could a dispute resolution mechanism have a role in ensuring interoperability? What key features should such a mechanism have?
Lowri Beck supports the development of a dispute resolution mechanism particularly in providing a neutral view on the assessment of costs.

However we believe it is just as important to have a robust mechanism to ensure compliance to SMETS on an ongoing basis, especially as disputes will arise mostly from a change in supplier when the consumer will have been adversely affected.

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 advanced rather than Smart Metering Equipment? Please explain your reasoning.
Yes

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Question 12 - Do you think that the licence conditions as drafted effectively underpin the policy intention for Current Transformer meters? Please explain your reasoning.
In some very exception circumstances CT meters have been installed at large domestic premises, we believe these should also be excluded from the smart requirement.

The wording excludes the requirement to install smart for 'existing' CT meters; we believe this should be extended to include new installations where the technical survey of the site deems a CT meter installation to be appropriate.

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.

Relaxing the obligation in this instance could result in significant number of 'dumb' gas meters being installed due to the recertification programme. These would still need to be replaced before the end of 2019 resulting in a disruptive 3rd visit for the consumer.

The gas supplier is best placed to balance the cost and customer implications of managing the recertification programme with the possible implications of installing the gas smart meter first. Therefore we would support them having the option to delay.

Question 14 - Do you think there are any other barriers to gas Smart Metering Equipment being installed before electricity Smart Metering Equipment? Please explain your reasoning.
Installing the gas meter prior to the electricity meter requires the gas installer to be suitably trained and accredited to work on the meter tails between the cut out and meter to connect the communications hub and to have the appropriate permission from the Network Operator.

Neither of these issues are significant barriers especially where the Meter Operators are dual skilled.

Question 23 - Do you think there are any consequential changes to existing codes needed in order to make the proposed roll-out obligations work correctly? Please explain your reasoning.
Until the business processes have been agreed in enough detail it is difficult to define all the changes needed to existing codes. However it is clear that with the new smart processes and development of the DCC's responsibilities based on the supplier hub principles greater emphasis is being placed on the suppliers to manage and communicate data updates. It is essential that the work currently underway in the BPDG reviews all legacy processes and clearly documents all changes.

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Question 28 - Do you think that the SMETS should ultimately be governed as part of the Smart Energy Code? What alternative arrangements could be adopted for the ongoing governance of the SMETS? Please explain your reasoning.
Yes, although it is essential that all organisations that are affected by SMETS should have the opportunity to be involved in changes to SMETS even if not signatories to the SEC.

Question 30 - Do you agree that the Government should include a requirement for a Communications Hub in the SMETS? Please explain your reasoning.
Yes

Question 24 - 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.
Yes

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.
Yes, as a meter operator Lowri Beck requires the clarity and confidence that meters purchased will not be prematurely removed before we will make any significant investment

An assurance framework which provides suppliers the certainty through certification/accreditation and on-going monitoring that meter acquired through change of supplier will be fit to support their smart product offerings will stop them removing them.

Question 55 - Do you agree that as part of any assurance framework adopted, there should be a testing regime in place to support the delivery of the required functionality, interoperability and security? Please explain your reasoning
Yes

Question 56 - What are your views on the options outlined for a testing regime? Are there other options that should be considered?
We would support the development of an industry code delivered by the SEC as long as all interested parties are included, eg meter operators.