



Smart Metering Implementation Programme

Smart Metering Rollout Strategy- consultation response from the Sustainable Energy Association

1. Do you agree with the minded to position to set a de-minimis obligation for all large suppliers to install, commission and enrol 1,500 SMETS 2 meters or 0.025% of total meter points (whichever is the lower) within six months of DCC Live? Please explain your rationale and provide evidence.

Yes. The SEA would support a de-minimis obligation which, in this manner ensured that larger suppliers had to install a substantial quantitative volume of SMETS2 meters yet which through using a percentage will ensure this requirement does not punish smaller suppliers. In principle, this is a robust proposal.

With regard to the volume required, given that 50 million new 'smart meters' are required to be installed by 2020 across 50 million homes and non-domestic sites, the SEA would advocate that there is a second, higher volume requirement DCC Live + 12 months.

Obviously, as time moves forward the supply chain delivering this infrastructure roll-out will become more robust, and suppliers will be able to deliver installation of appliances more readily. Having a second, more ambitious target at 12 months would help underscore the importance of achieving these targets to government policy – as well as give clarity and consistency with regard to government intention to push this forward.

As of this moment, it is important that policy is put in place which makes the final objective- installation of SMETS2 meters across a domestic and non-domestic customers where possible- is reinforced and supported wherever possible.

The increasing obligations should consolidate focus on achieving SMETS2 roll-out targets. It is of note, that in delivering advanced metering systems, Ofgem found that companies:

- May have begun their advanced meter roll-out efforts in earnest too late.
- May not have committed sufficient time and effort and senior management oversight for the roll out of the meters.
- Had assumptions about the time and resources required to install advanced meters which did not reflect lessons learned as advanced meters were rolled-out.

A de-minimis target, stepped in the manner described above would highlight the importance of rapid roll out of meters, and also give companies an ongoing means of measuring progress.

Lastly, however it is important that the roll out of SMETS2 meters is done in conjunction with preparation and activation of the DCC system. The latter is essential to ensure that suppliers are fully able and prepared to move to installation of SMETS2 meters at the earliest possible opportunity.

2. Do you agree that given the importance of consumers continuing to receive smart metering benefits upon change of supplier, all suppliers should be Users at DCC Live plus 12 months? Please provide evidence to support your position.

Consumer satisfaction with smart meters will be useful in extending their roll-out as far as possible, with the greatest expediency. The difficulties arising with installing smart meters in HMO and flat properties are one example where word of mouth communication from satisfied customers could help further stimulate a receptive attitude amongst potential smart meter users. An appetite for the technology in this way could further ease roll out.

Additional costs will be incurred should interoperability be delayed in any manner. Ideally of course, a means to avoid this would be to ensure all suppliers are DCC users as soon as possible. However, practical implications make this more difficult. As such, the proposed 12 month timeframe is likely more suitable than one before then.

It is important that CoS events should not result in loss of core smart metering benefits. As long as smart meters are not replaced with dumb meters (as could be currently the case) the first step towards ensuring continuing consumer benefit has then been taken. With regard to further advantages endowed by SMETS2 over SMETS1 it is preferable that once gained, these are not lost. It is essential that a mechanism for the rental agreement of a SMETS2 meter to be transferred between suppliers (who can utilise its functions) is devised as soon as possible. There

additionally must be a date where all suppliers are DCC users, which preferably should be as soon as possible.

Should a CoS situation arise with the consumer moving toward a supplier who is not yet a DCC user, then it would be unfair for the consumer to be penalised unnecessarily through loss of function. A suitable arrangement could be for the new supplier to compensate the previous supplier for the cost of the SMETS2 meter, which would remain on site, ready to be reinstalled later, as an interoperable unit when all suppliers were capable of using it. Either way, policy needs to reduce a continuing process of installation and reinstallation as best possible.

3. Do you agree that given the importance of consumers continuing to receive smart metering benefits upon change of supplier, all suppliers should be Users at DCC Live plus 12 months? Please provide evidence to support your position.

Please see our answer to question 2.

4. Do you agree that electricity DNOs should be mandated to be DCC Users from DCC Live? Please provide evidence to support your position.

Many smart services are going to be required by DNOs to manage their networks and to reduce the need for network reinforcement. This will be especially true following the transition from DNOs to DSOs, when they are likely to have a balancing function and to trade energy. Many DSR approaches will be delivered via the DNO/DSO route- for example, there is a means to deliver load management control via the DCC.

If the DNO cannot directly access the DCC they would lack access to the data they need to manage their networks. In the future the DNO/DSO might need the further capability to optimise their networks.

CADs do provide the facility to access loads, but any loads switched via a CAD will not be seen by the DCC or the "system" and the "system" (National Grid, Suppliers, DNOs) will thus be left to react to grid demand changing, rather than proactively managing it.

As such, DNOs should be DCC users- if even just to view data.

5. Would a direction from the Secretary of State, focused on electricity DNOs only, to be ready for Interface Testing provide additional impetus to be ready for DCC Live?

Any measure to increase clarity, comprehensiveness of measures or predictability is to be welcomed in this process.

6. Please provide views on whether iDNOs should be mandated to become DCC Users from DCC Live plus 12 months. Please provide evidence to support your position.

N/A

7. Do you agree with the position not to mandate GTs and iGTs to become Users at the present time? Please provide evidence to support your position.

N/A

8. Are there benefits that could be driven by imposing a DCC Mandate for GTs and iGTs before the end of rollout? Please provide evidence to support your position.

N/A

9. Do you agree that 'Install and Leave' should be permitted where expected WAN coverage is not available; but only in cases where HAN is established? Please explain your rationale.

The SEA would support 'Install and leave' on the grounds the installed apparatus' would still be able to deliver HAN orientated benefits to the consumer- it is a step in the right direction. These meters should be SMETSII compliant only as this is an investment for the longer term, when wider WAN services would be available.

The areas where WAN services are unable – in the contemporary context- to be rolled out are part of the greater objectives of smart meter roll out, and will remain a 'longer term objective.' There should be no opportunity missed to move towards the desired end point- that of installation to the greatest extent of SMART meters of maximum economic utility.

10. Do you think there are grounds for the Government enabling “proactive” Install and Leave and would your organisation use it as part of their rollout strategy? Please explain how you would mitigate the potential challenges to consumer experience.

N/A

11. Do you agree that the Government’s minded to position on ‘Install and Leave’ should apply to both SMETS1 and SMETS2 installations? Please provide views on specific issues you think the Government would need to consider in implementing this provisional policy position; and in particular whether there is a suitable period of time during which we would expect WAN coverage to become available, where this has not been available on installation.

With the ultimate ambition of delivering SMETSII compatible meters, it is arguable that it would be preferable to directly proceed to installation of the higher requirements of SMETSII directly. The SEA would welcome efforts to make this happen directly.

Recently, it has been noted that an undisclosed number of the SMETS1 meters will not be interoperable with Smart Meter infrastructure built before 2020. Indeed, a large number of them require replacement due to being outmoded after just a few years of service with SMETSII compliant meters.

A long term view should be taken; installing a deficient product, for limited benefit only to have to install an further meter unit later is not appropriate.

12. Do you agree that the Government does not need to regulate to exclude operation of SMETS meters in PPM mode from the scope of its minded to policy position on ‘Install and Leave’? Please explain your company’s strategy for handling PPM where the WAN is not available at the point of installation.

N/A

13. Do you agree with the proposal to enact the New and Replacement Obligation in mid-2018?

The SEA would support the principle of a NRO.

14. Do you agree with the proposal to set a SMETS1 end date of DCC Live plus 12 months? Please provide evidence for your answer.

The SEA would approve of an end date for SMETS1. The SEA considers this should be as soon as is cost-effectively possible.

15. What are the advantages and disadvantages of a SMETS1 'cap' on individual suppliers both in combination with an End Date and as the sole means that SMETS1 meter installations are regulated? How could such regulation best be designed? Please provide evidence for your answer.

The SEA would consider that regulations should be implemented in a way that neither favoured nor penalised any supplier or meter installer to the greatest extent. However, a further imperative is to move toward the most up-to-date technical specifications.

The impact of a SMETS1 cap would impact more or less on any given actor depending on their historic activity with SMETS1 technology. An obligation which caused replacement of a SMETS1 meter should it cease to function properly, or by a certain date from its installation might be a useful route, spreading out the impact of this regulation and minimising the cost to installers.