

Smart Metering Implementation Programme
Consultation on Smart Metering Rollout Strategy

Response from Siemens

May 2015

Questions and Answers

Questions in black - answers in blue.

Q1 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.

We agree with a minded to position to set a minimum SMETS2 installation, commissioning and enrolment obligation on large suppliers within six months of DCC Live. This will help to encourage these organisations to become early Users of DCC Services within the six month window and progress with their roll-out programmes. The volumes outlined are large enough to provide early testing of DCC Services, but small enough so as not to be too onerous for energy suppliers.

Q2 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.

We agree with this position. Unless consumers are able to maintain smart metering benefits upon change of supplier, it is likely that they will lose confidence in the programme and the competitive market. There should be no barriers to switching in a competitive market and a long window, over which energy suppliers can become DCC Users, runs the risk of creating them.

Energy consumers that agree to the fitting of a SMETS2 meter should be able to do so with the confidence that the value proposition will still be available to them if they change suppliers. Energy suppliers should be mandated to become Users of the DCC in a timely fashion to ensure that smart metering benefits are maintained.

Q3 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.

See answer to question 2

Q4 Do you agree that electricity DNOs should be mandated to be DCC Users from DCC Live? Please provide evidence to support your position.

We acknowledge the benefits of DNOs being early DCC Users. However, we believe that the mandate should be relaxed from DCC Live to within six months of DCC Live, given the modest volumes of SMETS2 meters that will have been deployed over this period. It is likely to be some time until a sufficient enough volume are providing data to assist DNOs with Low Voltage outage detection and improving network performance through lower Customer Minutes Lost.

Q5 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?

We agree with a position which sets clear milestones throughout the SMIP to ensure that steady progress is made. Exercising the provision that enables the Secretary of State to direct DNOs to be ready for Interface Testing would align with this approach. Our only concern is the capacity of the DCC to support the scope of testing when so many parties are being obliged to begin testing at the same time. So in principle we agree with this approach but would ask that the DCC are fully involved in the process to ensure that a reasonable plan for Interface testing is delivered.

Q6 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.

We agree that iDNOs should have 12 months before they are mandated to become DCC Users. Whilst some manage a large number of meters right now, these meters will typically be spread over a number of small geographic areas. It is therefore unlikely that iDNOs will be able to manage their networks better in the short term, when they are likely to have very few SMETS2 meters communicating over the DCC.

Q7 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.

Whilst we do not see the same urgency for GTs and iGTs to become DCC users as we do for DNOs and iDNOs, we think it would be better to set a clear date (whenever deemed suitable or timely) for when it should happen rather than leave it as "before the end of the rollout". An alternative approach would cause ambiguity and uncertainty with regards to strategies and investment for network operators, potentially impacting both consumers and the industry at large.

We agree that there is merit in GTs and iGTs becoming DCC users and we do not see any significant enough obstacles to setting a date in order to realise the benefits.

Q8 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.

Yes, we think that a date should be set before the end of the rollout, mandating GTs and iGTs to become users of the DCC. This is likely to be after a mandate for DNOs and iDNOs given the fact that there are no outage management benefits for gas distributors from access to DCC data. Where there are likely to be benefits are in using the consumption data to support better operational and long term planning on the network. As regulated organisations there are incentives for gas distributors to invest more wisely through the RIIO framework. At 24 months post DCC Live, there should be a reasonable volume of data accessible from gas meters across the networks to support better planning.

Q9 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.

We agree with the proposal to permit reactive 'Install and Leave' in the circumstances outlined, that is when WAN coverage was indicated by the CSP but not achievable at the point of install, yet a HAN is established. Forming a Smart Metering System over a HAN will provide a better customer experience than an aborted job, but only if WAN communications are enabled in a timely manner.

Whilst CSP data suggests high levels of WAN coverage, signal strength is based on kerbside readings and there are likely to be differences found at the meter location. As long as a HAN can be established, a consumer will be able to leverage many of the main benefits from the Smart Metering System. The requirement for the CSP to establish a connection within the following 90 days should then minimise the compromises to the smart metering experience in terms of having to submit meter reads or the supplier manually update tariffs.

It is not clear whether the Government are minded to 'permitting' reactive Install and Leave for the industry to use as a standard approach or 'permitting' it as an option for suppliers to use if they wish. Siemens would prefer clarity on this matter, from a consumer expectations perspective and also to support planning its operational activities and system investments.

In addition to clarity on installation policy, the detail of the industry solution for reactive install and leave needs to be better understood so that Meter Operator systems can be developed to deliver this. We have reviewed the various DECC Design Notes on this and other subjects but would welcome a review of the Install and Leave process to ensure a consistent solution across the industry.

Siemens also note that the scenario of no WAN (and indeed no HAN) is particularly prevalent in Multi-Dwelling Units (MDUs) because of the propensity for meters to be located in metal meter rooms, often in communal areas such as underground car parks.

Utilisation of alternative HAN solutions can solve the “no WAN” issue as well as the “no HAN” issue if the service contracts are scoped correctly. Reading this question in parallel with the proposed procurement approach detailed in the current “Consultation on HAN solutions” will leave situations where a service provider has installed an Alternative HAN solution, but the meter installer still needs to install and leave because the WAN issue was out of scope of the service contracts.

This situation is eminently avoidable, and Siemens urge DECC and the Programme to set the service scope for Alternative HAN services to maximise the benefits that can be realised – specifically in this case to identify and resolve any WAN issues as part of the same service.

Q10 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.

We would not support a “proactive” Install and Leave process due to the level of uncertainty over securing a WAN and the accompanying consumer experience issues. In extreme cases it may be that a WAN cannot be established until the end of the installation programme. Over the course of four years there are likely to be a number of configuration changes needing to be made to the meter. Deploying these manually will be cost prohibitive and neglecting them will mislead the customer and reduce trust in the overall programme.

Whilst a consumer could be expected to submit meter readings on a monthly basis, there will be no opportunity for them to make tariff changes, switch a meter to operating in a new payment mode, or deploying firmware updates. Careful consideration therefore needs to be given to coverage timetables in order to understand potential risks.

Q11 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.

Siemens do not believe an Install and Leave policy on SMETS1 meters is valid unless the lack of a WAN can be addressed within a timely manner. Lengthy delays on getting a WAN in place are likely to result in a poor customer experience. Whilst some might be happy to submit meter readings manually, they are unlikely to be happy with second visits to modify tariffs. Given the prevalence of fixed tariffs and the likelihood of tariff changes in any given year, we would expect that WAN coverage should be addressable within 6 months of an install.

Q12 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.

We believe that the Government should regulate to exclude the operation of SMETS meters in PPM mode where no WAN is available. Pay as you go is expected to be the poster child of the Smart Metering Programme. An inability to top-up a meter remotely without manual intervention is likely to deliver a poor customer experience and may drive increased calls to an Energy Supplier from customers struggling with a meter keypad or PPMID.

Q13 Do you agree with the proposal to enact the New and Replacement Obligation in mid-2018?

An early introduction of a New and Replacement Obligation would help to maintain steady progress with respect to the roll out of smart meters. However, Siemens agrees that there are certain pre-conditions that need to be in place prior to this.

Firstly, a New and Replacement Obligation should be enforced after the SMETS 1 end date in order to limit the volumes of meters that do not have all of the benefits of SMETS2 meters and to limit the impact upon the DCC in terms of adoption implications. This is dependent upon the outcome of consultation question 14.

Secondly, it needs to be after all suppliers become DCC users and when their systems are operating at scale and as such is dependent on the outcome of consultation question (2). Smaller suppliers may be DCC users up to 12 months after go live. We would suggest that smaller suppliers may then require a period of time to establish their roll out programme, before being obliged to adhere to a New and Replacement commitment.

Thirdly, we agree that it needs to be after the dual band communication hubs are available in volume – estimated to be Q3/Q4 2017 being dependent upon the ZigBee certification to available product timescales.

The timescale of mid-2018 would seem to account for these but this date will need to be kept under review in case any of these are delayed.

Q14 Do you agree with the proposal to set a SMETS1 end date of DCC Live plus 12 months? Please provide evidence for your answer.

Siemens agrees that there should be a timely end date to the installation of SMETS1 meters and DCC Live plus 12 months seems a fair proposal. Given that the DCC has yet to deliver an impact assessment on the transitioning SMETS1 meters into their systems, it seems sensible to mandate that no more are installed after a year so as to minimise

programme costs. This would also give a reasonable window over which Energy Suppliers that have still got stocks of SMETS1 meters can deploy them and avoid redundant assets.

Q15 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.

Siemens believe other parties are better placed provide an opinion and we therefore choose not to comment.

For any questions or further information on Siemens response to this consultation please contact:

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