



Smart Metering Implementation Programme
Department of Energy and Climate Change
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SMART ENERGY GB RESPONSE TO THE DECC CONSULTATION ON SMART METERING ROLLOUT STRATEGY

Executive Summary

Attaining the maximum volume of meter installations at the earliest point in the rollout post DCC Live, and creating the conditions that sustain maximum supplier rollout profiles delivers the greatest opportunity for consumers and the nation to maximise the promised benefits of the Impact Assessment. It is Smart Energy GB's belief that this point of view must be the prime factor considered when taking any decision to delay or otherwise constrain the development of a single market experience for consumers at the earliest point in the rollout and the principle must drive the strategy.

Given the above statement we have approached our response with an examination on where we believe a mandate or approach sets the optimal conditions on suppliers, network operators, the DCC and all other industry parties involved in the rollout to deliver benefits; customer first and industry a very close second.

Key Concern

Smart Energy GB is concerned that all the questions in this consultation have cost implications that we believe have the potential to change the benefit profiles for consumers and industry. Given the scale of Programme delay since the Impact Assessment was last publically updated (January 2014), and the implied costs incurred by decisions taken post this consultation, we believe it is imperative that Government review and published an updated Impact Assessment as a matter of urgency.

Smart Energy Consultation Responses

We support:

- The principle of a de-minimis period post DCC Live (paragraph 1)
- A mandate that all suppliers should be DCC Users at DCC Live plus 12 months (paragraph 2)
- A mandate that DNOs and iDNOs to be DCC Users at DCC Live plus 12 months (paragraph 4&6)
- A position that Install and Leave should be permitted with strong caveats (paragraph 9)
- PPM remaining in-scope of Install and Leave conditional on caveats in questions 9 and 10 (paragraph 12)



- A mandate for New and Replacement (paragraph 13)
- A mandate to set a SMETS 1 end date of DCC Live plus 12 months (paragraph 14)
- A cap on individual supplier SMETS 1 suppliers in combination with and End Data (paragraph 15)

We do not support:

- Proactive Install and Leave (paragraph 10)
- Install and Leave for SMETS 1 meters (paragraph 11)
- No mandate for GTs for iGTs to be DCC Users (paragraphs 7&8)

Detailed Responses:

1. **Question 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 below) within six months of DCC Live?
 - a. Attaining the maximum volume of meter installations at the earliest point possible delivers the greatest opportunity for consumers to realise benefits, throughout the period of rollout post DCC Live. Smart Energy GB believes that every condition set on suppliers, network operators, the DCC and all other industry parties involved in the rollout must retain as its primary focus, the delivery of benefits.
 - b. It is essential therefore that every effort is made to maximise volumes from the start of DCC Live as early as it is safe and practical to do so.
 - c. Smart Energy GB accept the principle of de-minimis, if:
 - i. suppliers are not permitted to justify de-minimis as their maximum volume of installed, commissioned and enrolled meters unless it is essential to prevent the DCC's or their systems from impacting negatively on the consumer experience, and;
 - ii. the DCC does not, unless for operational reasons, constrain suppliers to 1,500 meter installations during the period of de-minimis
 - iii. suppliers to not subsequently call for a delay to the 2020 rollout completion date during or post the de-minimis period, citing de-minimis as a justification
 - iv. any small supplier wishing to be a DCC User, and who has met and passed the necessary criteria and testing are permitted to be so, and to install, commission and enrol SMETS 2 meters
 - v. small supplier volumes are not incorporated into de-minimis targets for large suppliers. A suitable maximum small supplier volume set that would support those small suppliers who are ready to participate from DCC Live, but that would not constrain the large supplier de-minimis target must be considered as part of the whole de-minimis solution



2. **Question 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?
- a. The maximum benefits for the Programme are achieved if all suppliers network operators and other industry partners are DCC Users at the earliest possible safe moment. This is a stated position in the consultation document; "a significant majority of the benefits of smart metering are expected to be delivered through the installation, enrolment and operation of SMETS 2 meters operated through the DCC"¹
 - b. For consumers, SMETS 2 meters offer the opportunity to maximise their benefits, in ever increasing numbers as rollout progresses. But to achieve all their benefits and the creation of a single operational market for them to be engaged with it will require all meters to be in the DCC.
 - c. This is particularly the case where the consumer seeks to benefit from Smart Change of Supplier. As the volume of installations increases (post any de-minimis period) the percentage of consumer switches that can retain smart meter benefits will ramp up at significant pace as volumes installed reach the millions and beyond. These customers must, wherever possible, not be faced with the prospect of having to choose to lose the benefits of their smart meter in order to achieve the best tariff for their personal circumstances. Consumer volumes of switching are increasing, which we welcome as an expression of consumer choice in the market, and every opportunity to cement benefits realisation from smart meters into the market experience must be pursued with vigour.
 - d. Smart Energy GB recognises that the ideal would be for all suppliers to be DCC Users at DCC Live, however the practicalities of building systems or sourcing 3rd party service provision, and/or other operational costs associated for smaller suppliers may not make their business models sustainable if forced to be DCC Users immediately.
 - e. Therefore our position is that the Government must mandate conditions that do not delay the creation of a single market experience for consumers beyond DCC Live plus 12 months and that the Government should therefore;
 - i. Mandate all large suppliers are DCC Users at DCC Live
 - ii. Mandate that all small suppliers that have completed the necessary testing by DCC Live must be accepted as DCC Users and permitted to install, commission and enrol SMETS 2 meters
 - iii. Mandate that all small suppliers are to be DCC Users by no later than DCC Live plus 12 months
3. **Question 3:** nil response (duplication by DECC of Question 2)

¹ Smart Metering Rollout Strategy Consultation Chapter 2, paragraph 7



4. **Question 4:** Do you agree that electricity DNOs should be mandated to be DCC Users from DCC Live?
- a. Consumers benefit from DNO user status through the introduction of automated alarms and alerts that permit the DNO to deliver improved network management and response to outages that result in associated cost savings
 - b. It is Smart Energy GB's understanding that such benefits accrue from the commencement of SMETS 2 meter rollout, therefore every effort must be made to deliver these benefits, without exception. To delay benefit delivery compromises the Impact Assessment that underpins the Programme.
 - c. Smart Energy GB therefore supports a mandate for DNOs to be DCC Users from DCC Live
5. **Question 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?
- a. nil response.
6. **Question 6:** Please provide views on whether iDNOs should be mandated to become DCC Users from DCC Live plus 12 months?
- a. Smart Energy GB's response to this question must be considered alongside our response to Question 4 and Smart Energy GB's position, that all DNOs should be mandated to be DCC Users at DCC Live
 - b. There are impacts to consumer benefits if DNOs are mandated DCC Users at DCC Live but iDNOs are granted an optional 12-month extension which in our view will create the conditions in the market whereby consumers may experience differing levels of service provision across regions. It is our view that such an approach creates the potential to undermine trust in the benefits of the Programme and should not be permitted
 - c. Smart Energy GB therefore believes that all iDNOs should be DCC Users from DCC Live, but accepts that if technically or for prohibitive cost issues this was not practical then it would support a mandate for iDNOs to be DCC Users from DCC Live plus 12 months
7. **Question 7:** Do you agree with the position not to mandate GTs and iGTs to become Users at the present time?
- a. Smart Energy GB does not support a position not to mandate GTs and iGTs to become Users.
 - b. We accept that this position has the potential to increase costs for GTs and iGTs. We would therefore support the issue being addressed through the SMDG Costs and Benefits sub-group prior to any final policy decision.
 - c. It remains our view that is critical that all components of the smart meter system that have the potential to deliver benefits to consumers are available at the earliest point in the Programme. Smart Energy GB understands that GTs benefits are dependent upon volumes of smart meters installed, and that this will delay their delivery to a point beyond DCC Live. However, we remain concerned that if GTs and iGTs are permitted to delay their participation in the live environment



of the DCC there is the potential to compromise the system resulting in unseen impacts to the benefits case.

- d. Like DNOs and iDNOs, GTs and iGTs have in our opinion been given identical opportunity to prepare for DCC Live and unless there are pressing operational or system critical safety issues that would preclude their participation fully in the deployment and rollout of smart meters they should not be granted a de-facto release

8. **Question 8:** Are there benefits that could be driven by imposing a DCC mandate for GTs and iGTs before the end of rollout?

- a. Smart Energy GB is concerned to ensure that wherever it is technically and operationally sound to do so, all parties delivering an integral component of the total smart meter system, are operationally integrated at the point of DCC Live.
- b. It is our firm belief that only if this approach is taken, can the Government deliver fully on its current Impact Assessment and afford consumers and the nation the maximum opportunity to realise all the benefits they rightly expect. However as outlined in our response to question 7 we would support the matter being referred to the SMDG Costs and Benefits sub group for investigation prior to any final policy decision
- c. As with DNOs and iDNOs Smart Energy GB is not supportive of any separation in preparedness and participation in DCC Live from any part of the industry. It potentially exposes the consumer to differing experiences across the market and we believe that such circumstances create an atmosphere of doubt and encourage negative comment across all forms of media

9. **Question 9:** Do you agree that "Install and Leave" should be permitted where WAN coverage is not available; but only in cases where HAN is established?

- a. Consumers rightly expect, and are entitled to have, the smart meters installed in their premises operate with full functionality and deliver all their entitled benefits from the point they are installed.
- b. It is Smart Energy GB's position that this must be the principle from which all suppliers approach any installation, and the application of the DCC SLA of up to 90 days to resolve any WAN communications introduces a lengthy delay to benefits realisation and must therefore be focused in its application
- c. "Install and Leave" for prepayment customers would pose additional challenges, not experienced by the credit customer, to maintain a positive experience. We would therefore require the conditions outlined below to be mandated as the absolute minimums on suppliers and incorporated into the SMICoP prior to the Government permitting "Install and Leave" for prepayment
- d. "Install and Leave" creates the conditions that erode the consumer experience promised, and Smart Energy GB can envisage it creating a rapid increase in negative customer experience that



ferments resistance to the rollout, and feeds a growing media campaign that the programme is failing to deliver its promised benefits

- e. Smart Energy GB therefore with reservation supports "Install and Leave". In particular should the Government permit "Install and Leave" for prepayment customers then the following minimums must be applied:
- i. "Install and Leave" must be only permitted in circumstances where the DCC have confirmed to the installing supplier that communications coverage has been delivered to the premises
 - ii. The industry must be driven to minimise the use of any permitted "Install and Leave" whilst maintaining progress towards the 2020 target
 - iii. SMICoP must ensure that any consumer whose smart meter system is installed under "Install and Leave" fully understands the short-term limitations and loss of benefits, imposed by no WAN connectivity, and that where a supplier identifies a customer vulnerability that would make "Install and Leave" inappropriate for that customer they do not proceed with installation until the no WAN issue is resolved
 - iv. Suppliers must incorporate into their customer care procedures for the smart meter installation journey the ability to support customers throughout any "Install and Leave" period, and as a minimum they must:
 1. Maintain regular contact with the customer until the WAN is connected
 2. Contact the customer of the day of WAN connection, or as soon as they can after this date, to establish if the customer needs any additional support to demonstrate the complete systems operation, and;
 3. Be prepared to re-visit consumer premises when any consumer requests on WAN communications being established to demonstrate the system and comply fully with their SMICoP obligations
 - v. Particular care must be offered to any prepayment customers. We would require suppliers to not leave the premises of a PPM customer until, as a minimum:
 1. The customer has sufficient credit installed on the meter to meet their needs
 2. The customer has demonstrated that they can access the UTRN method of installing purchased energy and successfully load credit
 3. The supplier can assure themselves that any consumer who has any vulnerability can utilise the system with the limitations of no-WAN. And if the supplier cannot assure themselves that the customer will benefit from the system with no-WAN they do not install a smart meter system until the communications issue is resolved



4. If, at any point during the no-WAN period, the tariff rate the customer is on changes, the supplier contact the customer, and arrange for the new tariff to be loaded to their meters at the earliest opportunity
5. The supplier does not leave the customer's premises until any debt management protocol that the customer requires is loaded onto their smart meter, and the supplier is satisfied that it will operating throughout the no-WAN period
6. The supplier must maintain regular contact with PPM customers up to the point that the WAN is established to guarantee that the customer has full continual access to UTRN top up and that no unintentional self-disconnection has occurred

10. **Question 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?

- a. Smart Energy GB cannot support the concept of a "proactive Install and Leave"
- b. See also our answer to Question 9
- c. Smart Energy GB's prime objections to "proactive Install and Leave" are:
 - i. "Proactive Install and Leave" creates the circumstances where a consumer requirement to submit meter readings to their supplier and be subjected to estimated billing is for an indeterminate period of time post installation; potentially up many years. This would significantly undermine the consumer's opportunities to realise their maximum smart meter benefits
 - ii. The consumer would have a smart meter but no access to the benefits of smart switching, being reliant on using the traditional switching methodology at best
 - iii. "Proactive Install and Leave" would create a continued or new reliance on supplier visits to update tariffs as necessary during the "Install and Leave" period in order for any HAN enabled smart meter systems to provide accurate consumption information to the consumer
 - iv. A confused consumer message with some meters working immediately, some coming to life after a relatively short period, and the remainder coming to life at any point up to several years later.
 - v. When then coupled with supplier SMICoP obligations to demonstrate the operational system to the customer we see that this approach has the potential to impact on supplier operational costs which reduces the opportunity to pass back savings as a consumer benefit
 - vi. "Proactive Install and Leave" for prepayment customers would provide a particularly poor experience and should not be permitted



11. **Question 11:** Do you agree that the Government's minded to position on "Install and Leave" should apply to both SMETS 1 and SMETS 2 installations?
- Smart Energy GB does not support the Government's position that "Install and Leave" should be applied to SMETS 1 meter systems
 - The control of the communications available for a SMETS 1 meter installation is within the direct control of the supplier installing the meter, therefore we cannot sanction any positions that would permit suppliers to install a less than optimal SMETS 1 metering system that failed to deliver the maximum consumer benefits from the point of installation
 - See Question 9 and Question 10 for additional Smart Energy GB positions on SMETS 2 "Install and Leave"
12. **Question 12:** Do you agree that the Government does not need to exclude operation of SMETS meters in PPM mode from the scope of its minded to position on "Install and Leave"?
- Smart Energy GB believes that "Install and Leave" is a poor option for any customer as all the negative impact on benefits rests entirely with the domestic customer and positive benefits lie with suppliers.
 - Our answer to Question 9 and Question 10 above outline in detail our key concerns and requirements that we believe must be met if PPM is to be permitted in supplier "Install and Leave" positions during rollout, and provisional on their adoption would support PPM being permissible in "Install and Leave"
13. **Question 13:** Do you agree with the proposal to enact New and Replacement obligations in mid-2018?
- Smart Energy GB agrees with the principal of this proposal however has a concern that it could potentially offer the opportunity for suppliers to introduce a de-facto "proactive Install and Leave" that significantly impacts the consumer's ability to realise their benefits, and that would impact on our core messages
 - Smart Energy GB therefore could support New and Replacement obligations on the proviso that the conditions established for "Install and Leave" are applicable for all consumers impacted by any no-WAN instance of New and Replacement obligations
 - Smart Energy GB further believes that New and Replacement obligations would only be best mandated at the point that all communications solutions are available in order to potentially minimise the period of reduced functionality/communications for consumers
 - Suppliers must be able to demonstrate that the cost of delivering New and Replacement obligations for the maximum period to any property does not impact on their ability to deliver their benefits. That the consumer experience is not adversely impacted and creates the opportunity to undermine the Programme or wider consumer expectations
14. **Question 14:** Do you agree with the proposal to set a SMETS 1 end date of DCC Live plus 12 months?



- a. Smart Energy GB fully supports an obligation to set a SMETS 1 end date of DCC Live plus 12 months
 - b. Consumer benefits are maximised when:
 - i. Suppliers can deliver a single consumer solution
 - ii. The consumer market engagement and switching opportunities that retain smart functionality are maximised
 - iii. The costs of any Enrolment and Adoption of SMETS 1 are minimised (by constraining the numbers deployed to the absolute minimum to sustain progress and deliver initial benefits/lessons learnt)
 - c. Smart Energy GB therefore accepts that those suppliers who have supported the rollout with SMETS 1 deployment must be permitted to realign their supply chains to consume all SMETS 1 stock whilst scaling to deliver SMETS 2. A period of 12 months post DCC Live is considered practical and therefore we support a mandate to end SMETS 1 installation at DCC Live plus 12 months.
15. **Question 15:** What are the advantages and disadvantages of a SMETS 1 “cap” on individual suppliers both in combination with an End Date and as the sole means that SMETS 1 meter installations are regulated? How could such regulation best be designed?
- a. Smart Energy GB’s position is that a cap is an issue for the DECC and suppliers to discuss in light of commercial pressures to deliver the programme. However we outline some points for consideration below
 - b. Maintaining two supply chains and operational expertise in two communications systems and procedures builds cost into suppliers systems. This additional cost impacts their ability to maximise benefits and pass back reductions in energy costs to consumers.
 - c. Therefore Smart Energy GB believe that the first consideration given to any cap on meter variants must be driven by suppliers and network operators demonstrating their ability to minimise operational costs to remain within the Impact Assessment scope.
 - d. Advantages:
 - i. A cap offer consumers the earliest opportunity to have a SMETS 2 meter and maximise their benefits
 - ii. A cap will create the conditions for a single consumer market experience at the earliest opportunity
 - iii. A cap will minimise the number of consumers potentially impacted by Enrolment and Adoption
 - iv. A cap will maximise the opportunity for suppliers to unify workforce training thus drive down operational cost



- v. A cap will set the conditions to introduce single supply chains for all suppliers across the industry, that should drive down cost
 - vi. A cap will drive out installer inefficiency with single SMETS 2 products only for installation
- e. Disadvantages:
 - i. With no cap consumers in increasing numbers will not have all the benefits available as numbers of SMETS 1 meters increase
 - ii. Consumers face conflicting messages as the scope and potential impacts of Enrolment and Adoption impacts reach ever greater numbers
 - iii. Increasing numbers of customers with SMETS 1 meters face unnecessary barriers to the best tariff for their personal circumstances or are forced to lose their smart benefits in order to achieve the tariff
 - iv. Suppliers maintain multiple supply chains at additional cost that impact the benefits case and result in additional cost to consumers
- f. The design and implementation of regulation is a matter for Government and the Regulator not Smart Energy GB

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Information provided in this response is not confidential