

Smart Metering Implementation Programme

# **Consultation on Smart Metering Rollout Strategy**

**Response from First Utility**

## Questions and Answers

**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 the minded to principle to set a de-minimis SMETS2 installation, commissioning and enrolment obligation on large suppliers. We are concerned however that if this obligation is limited to large suppliers, then some customers will experience a backward step should they switch to a smaller supplier. The supply industry is investing significant time, money and effort in the programme to ensure customers receive the best possible experience and service, we would not want a poor experience to undermine this.

For this reason we recommend that this obligation is extended to all suppliers regardless of their size. 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.

We note that placing such an obligation on some or all suppliers will likely create resourcing issues for the DCC testing team. Indeed suppliers that get through testing early will have many months to install meters to meet their de-minimis obligation, other suppliers (due to DCC test scheduling constraints) might be left with only a few weeks or even days to rollout their de-minimis obligation. We propose therefore that the DCC formalises a testing schedule that provides test slots for all suppliers so that adequate support can be provided to them by DCC test experts.

For the above reasons and the fact that suppliers will not determine when they enter and exit testing, we further propose that the de-minimis obligation is not set from DCC Live, rather it is set from Supplier go live. This will create a level playing field for all suppliers and allow them the same amount of time to roll-out their de-minimis obligations.

**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 do not agree with this position. We believe that such an obligation does not create sufficient urgency for smaller suppliers to engage with the programme. As stated in our response to Q1 we believe that all suppliers regardless of their size should have the same obligation to install, commission and enrol a de-minimis number of SMETS2 meters within six months of Supplier go-live.

**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.**

Please see 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.**

Whilst we acknowledge the benefits of DNOs being DCC Users, we have concerns regarding DCC human resource capacity around the time of DCC Live. We consider that smart metering benefits for consumers result more from the rollout of smart meters than from DNO's becoming DCC Users at an early stage. We therefore suggest that DCC resource is allowed to focus on suppliers going live, the testing programme as described in our response to question 1 and on the rollout of smart meters, with DNO's allowed a further 6 months to become DCC Users.

**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 do not have strong views regarding this, other than to reiterate our suggestion that DCC provides a robust testing schedule so that all parties that are looking to connect into the DCC can plan against firm dates.

**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.

**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.**

We do not have strong views regarding this question.

**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.**

We consider a DCC Mandate before the end of the rollout is essential because of GT / iGT obligations regarding Emergency call-outs for prepayment meters. This has been well articulated by Energy UK in their response and we are supportive of their position.

**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 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.

**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 likely adverse impact on customer smart metering programme sentiment. It is not reasonable to ask a customer to stay home (from work) for a meter installation when the supplier has the full knowledge that communications would not be established and the customer would not receive all of the benefits publicised by Smart Energy GB and indeed their supplier.

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.**

We believe that an Install and Leave policy on SMETS1 meters is appropriate, it is our current process today and would be needed to enable us to meet our meter recertification obligations where a meter exchange is required.

**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 have significant concerns for consumer welfare (particularly for vulnerable customers) regarding the installation of PPM where the WAN is not available. There would be numerous issues with installing a PPM that is designed wholly on the assumption that a WAN interface is available with no concept of a key or token when the WAN is not available. The most notable issue would be the setting of the calorific value, however issues regarding top-ups and the switching of the meter into credit mode on Change of Supply are also of significant concern. We would not be supportive of obligations that require the previous supplier to visit a site to switch a meter into credit mode, for example, as we believe this would not be achieved 100% of the time, be difficult to enforce and would lead to dissatisfied customers. The gaining supplier would have to resolve these issues and the customer would have the impression that the fault was caused by the gaining supplier. This would particularly affect suppliers that are growing.

Dark PPM metering (PPM metering without WAN access) has a number of difficulties today, these exist even with a metering system that was designed specifically to be used without WAN connectivity.

We are concerned that some sites will never have WAN connectivity, if PPM's could not be installed then this leaves customers that like the budgeting benefits of PPM's unable to have this functionality. We recommend further work is undertaken to resolve these types of issues.

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

First Utility sees this obligation as being the same as mandating a SMETS1 end date: we suggest moving the SMETS1 end date to mid 2018 rather than enacting the New and Replacement Obligation.

**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.**

We believe that meter asset provider pricing will drive SMETS1 end dates due to the higher asset risk (and therefore higher cost to suppliers) and that the market can be left to deal with this through market driven commercial incentives.

**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.**

Our response to Q14 applies to this question also.

**For any questions or further information on First Utility response to this consultation please contact:**

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