

Tim Guy

Department of Energy and
Climate Change
Smart Metering Implementation
Programme

Your Ref: URN:16D/009
Direct Dial:
Email:

Date: 24 March 2016

Dear Tim,

Ofgem's response to the Department of Energy and Climate Change's (DECC's) consultation on new Smart Energy Code content and related licence amendments.

We welcome the opportunity to respond to your further consultation on the fourth stage of the Smart Energy Code (SEC)¹. Ofgem regulates the gas and electricity markets in Great Britain. Our principal objective is to protect the interests of existing and future gas and electricity consumers. This regulatory role will include making decisions on whether to approve certain modifications to the SEC.

We recognise the significant amount of work that you have undertaken in preparing the new content of the SEC and that additional material will be introduced progressively over time to reflect the evolving DCC design implementation, in particular dealing with many of the technical issues. Our comments on specific points arising from the consultation document are set out below.

Early rollout obligation

We agree that the proposed licence drafting for the early roll-out obligation delivers your intended policy. We would like to thank you for your constructive engagement on the legal drafting.

DCC additional support

We support DECC's view that a provision should be introduced into the SEC to allow DCC to provide additional support to testing participants to understand and resolve problems between DCC and devices and between smart metering system devices. We believe that this service will be beneficial during the critical programme period this year as systems go live.

As this proposal will extend the scope of DCC's activities on a potentially enduring basis, we consider that certain safeguards should be in place. To the extent that any elements of the additional support service are contestable, we believe those elements should be provided through a 'user pays' explicit charge so that other parties can compete on a level playing field. An explicit charge should encourage a more efficient use of the service from testing participants.

Also, while we agree that the service should be provided on an enduring basis so that future testing participants have equal access to it, we do not see a case for DCC providing

live.

If you would like to discuss this response please contact me directly (my contact details are at the top of this letter).

Yours sincerely,