ESTA RESPONSE TO:

Review of Metering Arrangements: Decision and consultation on transition to smart meters
Ofgem

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ESTA Energy Services and Technology Association
ESTA is the UK Industry Body representing suppliers of products, systems and services for Energy Management. The 120 members cover energy consultants, aM&T providers, controls manufacturers through to full Energy Services/Contract Energy Management mainly working in the I&C sector.

ESTA is engaged with UK Government policies on Energy and Climate Change, The Green Deal, Energy Performance of Building Directive, Part L Building Regulations, Display Energy Certificates, Carbon Reduction Commitment, Energy Services Directive and the roll-out of smart and advanced meters. It also provides UK input to developing international energy management standards and Chairs several BSI committees.

ESTA members are key to the UK's realisation of a low carbon, secure and affordable energy future. Our members provide equipment, systems and services for energy management to reduce energy demand at source and including renewables.

Our response is a majority consensus of the members involved. Where ESTA members respond directly, they may offer differing opinions on some issues which we respect as expressing their own definitive view.

Review of Metering Arrangements: Decision and consultation on transition to smart meters

ESTA welcomes the consultation and sees the work being undertaken by both Ofgem and DECC in this area as key towards continued improvement in energy best practice by major stakeholders, in particular consumers.

Firstly, it should be noted that this and the many other consultations on SMIP from both Ofgem and DECC assume a fixed smart meter specification at some point in the future.

Plans for transition and roll-out assume that we will have this specification in advance and be able to make operational, regulatory and commercial decisions early enough in the process. Decisions made prior to a stable smart meter specification becoming available could negatively affect many traditional metering practices and may also affect UK PLC energy best practice.

ESTA believes there is unlikely to be a time in the near future when a specification is stable enough and includes our entire knowledge of what a smart meter is. We are therefore very concerned about the financial impact on those operating in this market that could be investing in a certain direction we believe smart meters will develop based on assumptions which could end up being wrong.

To make such a big step change we need to know precisely where we are (through the current smart meter offerings on the market), and where we need to be, which currently is a sticking point. Commercial drivers and consumer responsibility will be key to this and the roll-out must ensure both these are able to operate in complete harmony.

For this reason we believe that the migration to smart should be in smaller incremental changes with more clarity of the end result. Specifications should be simpler and refer to existing practices and ideally tomorrow's smart meter will be what we have today plus two-way remote operation and an IHD. Simplistic but it allows for metering practices to develop in a way that will satisfy all stakeholder demands proportionately.

Secondly, ESTA believes that interoperability is of paramount importance. This does not just concern supplier switching, but also switching between any service provider that will use the smart meter and DCC to improve energy best practice. If this is limited to switching energy suppliers only, then we will lose substantial opportunities for demand-side reduction via competent third parties. If a supplier fits a smart meter that inhibits or even prevents the consumer from the autonomy in fully choosing energy service providers then the consumer should not be required to pay for the meter.

Further, we are concerned about the use of the term ‘Open Standard’ in many specifications and consultations and believe it is better to use the term ‘Accessible Standard’. ‘Open’ by definition implies accessible to everyone, regardless of privileges and is unlikely to be adopted by suppliers. ‘Accessible’ on the other hand means providing interfaces to other parties for their use according to authorisation.

This allows proprietary solutions to be included, provided access is equal to those outside as inside (given appropriate privilege). The important thing is to ensure that privilege of access is not impeded by technical, commercial or security barriers.

With Interoperability being pivotal to the success of the programme as previously stated, it must continue to be mandated. DECC can either require suppliers to achieve it, or provide further details on the technical implementations to do so. This means either DECC gains sufficient technical expertise or the suppliers do. In both cases technical/engineering expertise at a firmware level and at a protocol data packets level is needed. IS/IT experience is not sufficient or robust enough.

'Accessible Standards' are likely to play a key role in ensuring the early adopter smart meters can be churned to other suppliers without replacement. We look forward to continuing to assist the programme in that regard in any way we can.

Finally, there should be more independent and cross-sector technical authority in both DECC and Ofgem when considering projects of this magnitude which will make fundamental changes to current scenarios. A top-level stakeholder inclusive advisory panel should be employed as an oversight committee. Too often we are relying on energy suppliers and vendors of metering and communications to outline the future strategy on behalf of UK plc.

The proposals currently on the table are largely restrictive and expensive, however, with proper technical scoping and knowledge among senior specifying staff they need not be and we could have a very robust system which will endure well into the future.

Below are responses to the specific questions set out in the consultation.

Question 1: What do you consider are the pros and cons of our approach to managing traditional metering in the transition to smart metering?

Existing metering functionality has by-and-large been overlooked in the assessment. Physically, traditional meters today include complex tariffs, load control, interval data, export, pulse relay etc., even in the domestic sector. However, these features are not included because the meter is assessed from a system standpoint of being a 'dumb meter' with minimal tariff registers; most of which the industry cannot support as a whole.

Current smart meter specifications do not include many of the traditional features essential in improving energy best practice, e.g. load shedding features of a radio-teleswitch. It is highly unlikely that if we lose these now that they may reappear in later versions of smart meters. Innovation and competition is one thing, stripping out functionality that has been used for many years is another.

There has been time however to get this right. Smart meters have been a long time coming. The first public meetings on smart meters were back in December 2006, yet we are not much nearer a final fixed specification. Shrinking the specification down to the

basic one recommended by the EU may provide an easier and in the end a more beneficial path to development.

The fundamentals being:

- *The ability to provide readings directly to the customer and any third party designated by the consumer.*
- *Updating readings frequently enough to allow the information to be used to achieve energy savings (By general consensus this means every 15 minutes).*
- *Allowing remote reading of meters by the operator.*
- *Allowing remote on/off control of the supply and/or flow or power limitation.*
- *Supporting advanced tariff systems.*
- *Providing secure data communications.*

Such a specification could be mandated for the existing functionality meters being provided today with little controversy from the majority of stakeholders. It would allow the industry to concentrate on interoperability issues now, before waiting for specifications to stabilise and DCC to be implemented

Question 2: Do you consider that our assessment of the related issues within the metering market is accurate?

We disagree that in electricity, commercial arrangements are sufficient to prevent early meter replacement due to lack of interoperability. This is linked with bundling of meter services into vertically integrated market players.

A supplier charges for energy and does not need to show the spilt of costs for metering services or indeed the cost of meter replacement in the overall bill. This could lead to the consumer continuing to pay or indeed subsidise the smart meter rollout every time a change of supplier takes place.

Combined with a site visit and power outage, a restriction in switching could take place. Only by making all meter costs completely transparent and allowing a consumer to choose metering options independently from the supplier will ensure full interoperability and value from the smart meter.

Question 3: How should emergency metering services be provided for in the transition to smart metering?

ESTA believe all traditional metering services should be maintained and enhanced through two-way communications and an IHD.

Question 4: How should emergency metering services be provided, for in smart meters?

Emergency metering services should be similar to ‘business as usual’ arrangements today. The fail-safe for a smart-meter (for example if the comms fail) is for basic dumb metering functions to continue and for the contactor/valve to remain permanently on.

Question 5: Which is your preferred option for managing the transitions and why?

This to an extent depends on the outcome of the Open Letter from the Minister regarding the use of ADMS (Advanced Domestic Meters) as a substitute for smart through their life, and also how substantial the impact of 'opt-out' will be.

Question 6: Under option C, is it appropriate to carry out a price control review?

ESTA do not believe it would be necessary to carry out a price control if suppliers are required to publish metering costs as separate bill items. There is sufficient competition in metering for the consumer to appoint an independent provider which will ensure meter pricing remains competitive.

Question 7,8,9

No comment, Not applicable.