



Ofgem  
Emma Kelso  
Head of Retail Markets  
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9 Millbank  
London SW1P 3GE

Amersfoort, 21<sup>st</sup> April 2010

Re: Review of Current Metering Arrangements

Dear Mr. Kelso,

ESNA, The Energy Service Network Association, would like to offer our comments in response to your Review of Current Metering Arrangements letter dated 1 April 2010.

ESNA is an association formed by a group of companies who recognize the need for establishing an organization to promote the application of advanced energy management systems, including Smart Metering, based on the NES platform and to build and expand the interoperability standard for utility networks. The main objective of ESNA is to bring together and form a platform for all those companies who in one way or another deal with NES technology in their day-to-day operations. ESNA brings together utilities, application designers, IT companies, hardware manufacturers and consultants.

In general, ESNA agrees with and supports the focus of your planned review of current metering arrangements. We believe that it is important to include issues such as unforeseen impacts on customers, the behaviour of incumbent suppliers with in-house metering businesses in the deregulated market, considering lessons learned from previous smart metering implementation programmes.

However, in addition to your draft focus, we believe there are some other key issues that should be included in the scope. You mentioned some issues regarding network companies' obligations and providing effective competition, but issues related to network operation should also be an important factor to consider. Prior deployments worldwide have demonstrated that a market model, where the roll-out is done based on geography, provides the lowest cost for both CAPEX and OPEX. Optimized labour cost, community communication and meter communications can be optimized and, in addition, this type of system provides the critical grid management information to the DNO needed for optimizing grid management. Information requirements are different for the DNO and Suppliers, and this should be a factor in determining the best metering arrangement.

Finally, interoperability, communications, and security are other critical issues to consider in your review of current metering arrangements. Many promote interoperability at the meter level, but addressing interoperability at the system level instead will be more cost effective and efficient for the ongoing metering arrangements. Also the choice of communications, both for the WAN and in-home, as well as security of the information, plays an important role in the implementation. Ensuring security of the smart metering system, safety and protection of consumers should be at the heart of the Implementation Programme and also in the work on functionality. Security of the smart metering system will be fundamental to its successful operation. Appropriate safeguards, including authentication and encryption of messages, will need to be put in place to ensure the system and the data it contains.



Consumers must see and feel real benefits from the smart metering if it is to be successful. In order to ensure maximum overall consumer benefits, a smart grid needs to be deployed that will benefit all parts of the grid to maximize the benefits to consumers and society. Both the initial and on-going costs associated with the Central Communications model will be higher if meters are deployed on an individual customer communication basis and which will result in a higher aggregated cost to consumers. In addition, for consumers to see and realize the maximum level of benefits, the solution needs to incorporate the functions associated with grid management and the DNO in order to optimize the value of the distribution grid serving consumers. We do believe that there can be synergy in the goals of the various stakeholders and that they can be mutually beneficial to each other. In the case of an optimal smart grid based market model, smart metering systems provide a win for each; consumer, DNO, supplier, and also society.

Please let us know if you have any questions regarding these comments.

Sincerely,

*Frank Borchardt*  
President

*Mark Ossel*  
Treasurer