

CONSULTATION RESPONSE



Responses to Smart Metering Prospectus

28th of September Questions

About Alcatel-Lucent

Alcatel-Lucent is one of the biggest inward investors in research and development in the UK and is one of the largest global innovation powerhouses in the communications industry, representing an R&D investment of Euro 2.4 billion, and a portfolio of more than 27,500 active patents spanning virtually every technology area.

At the core of this innovation is Alcatel-Lucent's Bell Labs, an innovation engine with researchers and scientists at the forefront of research into areas such as multimedia and convergent services and applications, new service delivery architectures and platforms, wireless and wireline, broadband access, packet and optical networking and transport, network security, enterprise networking and communication services and fundamental research in areas such as nanotechnology, algorithmic, and computer sciences.

Alcatel-Lucent is the trusted transformation partner of service providers, enterprises, strategic industries such as defence, energy, healthcare, transportation, and governments worldwide, providing solutions to deliver voice, data and video communication services to end-users.

Below are responses to the prospectus questions:

Main Prospectus Questions:

Chapter 2:

Question 3*: Do you have any comments on the proposed approach to ensuring customers have a positive experience of the smart meter rollout (including the required code of practice on installation and preventing unwelcome sales activity and upfront charging)?

The suggested approach is okay. Interim checks and balances would ensure any changes that were necessary could be implemented. Suppliers should be incentivised to minimise the impact of deployment on consumers with clear ownership of implementation/connectivity issues.

Chapter 3:

Question 6*: Do you have any comments on the functional requirements for the smart metering system we have set out in the Functional Requirements Catalogue?

The functional requirements provide a good foundation for development of industry solutions.

Question 7*: Do you see any issues with the proposed approach to developing technical specifications for the smart metering system?

We support the proposed approach of Option 2, i.e. industry drafted and programme facilitated technical specification. .

Question 16*: Do you have any comments on the proposals for requiring suppliers to deliver the rollout of smart meters (including the use of targets and potential future obligations on local coordination)?

We are supportive of the supplier led rollout and believe targets are essential to ensure maximum benefits are achieved. Suppliers should be incentivised to minimise the impact of deployment on consumers with clear ownership of implementation/connectivity issues.

Chapter 4:

Question 17*: Do you have any comments on our implementation strategy? In particular, do you have any comments on the staged approach, with rollout starting before DCC services are available?

Whilst we can see why an early start would be attractive, from a communications point of view this favours existing infrastructure, which may not be the best long term solution and may delay or affect the business case for a wider UK deployment.

Question 18*: Do you have any other suggestions on how the rollout could be brought forward? If so, do you have any evidence on how such measures would impact on the time, cost and risk associated with the programme?

Early agreement on the technical and functional requirements of the system in addition to clear and unambiguous service levels for coverage, availability and responsiveness of the communications network will help facilitate an early rollout and remove some of the risks of going early.

Question 19*: The proposed timeline set out for agreement of the technical specifications is very dependent on industry expertise. Do you think that the technical specifications can be agreed more quickly than the plan currently assumes and, if so, how?

The inclusion of industry expertise in Ofgem workshops could help to develop requirements that may be delivered in a more timely fashion.

Question 20*: Do you have any comments on our proposed governance and management principles or on how they can best be delivered in the context of this programme?

We agree in principal with the proposed approach.

Statement of Design Requirements:

Chapter 3:

Question 1: Should the HAN hardware be exchangeable without the need to exchange the meter?

Absolutely, as it will facilitate a more cost effective method to upgrade the WAN if necessary.

Question 2: Are suitable HAN technologies available that meet the functional requirements?

All currently available HAN technologies have their limitations, but may meet the requirements with further development.

Question 3: How can the costs of switching between different mobile networks be minimised particularly in relation to the use of SIM cards and avoiding the need change out SIMs?

The implication here is that public mobile networks are the answer.

Question 4: Do you believe that the Catalogue is complete and at the required level of detail to develop the technical specification?

Yes, we believe it is at the required level.

Question 5: Do you agree that the additional functionalities beyond the high-level list of functional requirements are justified on a cost benefit basis?

The answer is dependant on what we believe the longer-term functional requirements of the system will be and are we likely to need these requirements in the lifetime of the smart meters that are deployed initially.

Question 6: Is there additional or new evidence that should cause those functional requirements that have been included or omitted to be further considered?

We do not believe this exists at this time.

Chapter 5:

Question 7: Do you agree that the proposed approach to developing technical specifications will deliver the necessary technical certainty and interoperability?

We support the proposed approach of Option 2, i.e. industry drafted and programme facilitated technical specification. .

Question 8: Do you agree it is necessary for the programme to facilitate and provide leadership through the specification development process? Is there a need for an obligation on suppliers to co-operate with this process?

The programme should continue to facilitate and provide leadership. We believe it is in the supplier's interest to co-operate with this process.

Question 9: Are there any particular technical issues (e.g. associated with the HAN) that could add delay to the timescales?

All currently available HAN technologies have their limitations, but may meet the requirements with further development. Security and privacy need to be addressed early.

Question 10: Are there steps that could be taken which would enable the functional requirements and technical specifications to be agreed more quickly than the plan currently assumes?

The inclusion of industry expertise in Ofgem workshops could help to develop requirements that may be delivered in a more timely fashion.

Implementation Strategy:

Chapter 2:

Question 1: Do you have any comments on our proposed governance and management principles or on how they can best be delivered in the context of this programme?

We agree in principal with the proposed approach.

Chapter 3:

Question 2: Are there other cross-cutting activities that the programme should undertake and, if so, why?

Smart meters are widely considered as the first building block of a smart grid. In order to achieve the best value for money for UK PLC the functional and technical requirements in both the meters and communications should be considered from day one.

Chapter 5:

Question 3: Do you agree with our proposal for a staged approach to implementation, with the mandated rollout of smart meters starting before the mandated use of DCC for the domestic sector?

As stated earlier, whilst we can see why an early start would be attractive, from a communications point of view this favours existing infrastructure, which may not be the best long term solution and may delay or affect the business case for a wider UK deployment.

Question 4: Do you have any comments on the risks we have identified for staged implementation and our proposals on how these could best be managed?

Alcatel-Lucent has no comment on this.

Question 5: Do you have any other suggestions as to how the rollout could be brought forward, including the work to define technical specifications, which relies on industry input?

The inclusion of industry expertise in Ofgem workshops could help to develop requirements that may be delivered in a more timely fashion

Question 6: Do you agree with our planning assumption that a period of six months will be needed between the date when supply licence obligations mandating rollout are implemented and the date when they take effect?

Alcatel-Lucent has no comment on this.

Question 7: Do you have any comments on the activities, assumptions, timings and dependencies presented in the high-level implementation plan?

Alcatel-Lucent has no comment on this.

Question 8: Do you have any comments on the outputs identified for each of the phases of the programme?

Alcatel-Lucent has no comment on this.

Rollout Strategy:

Chapter 2:

Question 1: Do you believe that the proposed approach provides the right balance between supplier certainty and flexibility to ensure the successful rollout of smart meters? If not, how should this balance be addressed?

Alcatel-Lucent believes the current approach is correct. Regular reviews to confirm or redress this will ensure a smooth rollout.

Question 2: Would the same approach be appropriate for the non-domestic sector as for the domestic sector?

The implications for an interruption of energy supply in a business are different and should be considered accordingly.

Question 3: Is there a case for special arrangements for smaller suppliers?

Alcatel-Lucent has no comment on this.

Chapter 3:

Question 4: What is the best way to promote consumer engagement in smart metering? As part of broader efforts, do you believe that a national awareness campaign should be established for smart metering? If so, what do you believe should be its scope and what would be the best way to deliver it?

A government backed national awareness campaign on popular media, followed by more targeted supplier messaging.

Question 5: How should a code of practice on providing customer information and support be developed and what mechanisms should be in place for updating it over time?

This should be managed in the programme, supplier led with input from consumer groups.

Chapter 4:

Question 6: Do you agree with the proposed obligation on suppliers to take all reasonable steps to install smart meters for their customers? How should a completed installation be defined?

Supplier targets should be set at the outset, which ensure that all reasonable efforts are exhausted. A complete installation should be a fully working system and an informed customer, verified by independent satisfaction surveys.

Question 7: Do you think that there is a need for interim targets and, if so, at what frequency should they be set?

Yes, on a quarterly basis to begin with until new installation snagging issues are ironed out and less frequent targets can be set.

Question 8: Do you have any views on the form these targets should take and whether they should apply to all suppliers?

Yes and as appropriate.

Question 9: What rate of installation of smart meters is achievable and what implications would this have?

Alcatel-Lucent has no comment on this.

Chapter 5:

Question 10: Do you have any evidence to show that there are benefits or challenges in prioritising particular consumer groups or meter types?

Alcatel-Lucent has no comment on this.

Chapter 6:

Question 11: Do you agree with our proposed approach to requiring suppliers to report on progress with the smart meter rollout? What information should suppliers be obliged to report and how frequently?

Yes.

Chapter 7:

Question 12: Do you agree that there is already adequate protection in place dealing with onsite security or are there specific aspects that are not adequately addressed?

Alcatel-Lucent has no comment on this.

Question 13: Do you agree with our proposal to require suppliers to develop a code of practice around the installation process? Are there any other aspects that should be included in this code of practice?

Yes, this should include educating the consumer.