

Ofgem Smart Metering Implementation Programme

Response from:

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1. Document Purpose:

This document contains the response from Bglobal PLC, and its subsidiary Bglobal Metering Ltd, to the Ofgem Smart Metering Implementation Programme Prospectus questions required for submission by 28th October 2010.

2. Background

Bglobal Metering Ltd, part of Bglobal PLC, is an Elexon-accredited Half Hourly and Non Half Hourly Meter Operator (MOP) and Data Collector and Aggregator (DC/DA) providing a full and comprehensive range of smart metering services to UK energy suppliers and businesses.

Additionally Bglobal is a Meter Asset Provider (MAP) and to date has channelled more than £30million in meter asset funding to UK energy suppliers, installing more than 130,000 smart meters into business premises across Great Britain to date.

Smart Metering Implementation Programme: Prospectus

CHAPTER 2 (where responses are requested by 28 October)

Question 1: Do you have any comments on the proposed minimum functional requirements and arrangements for provision of the in-home display device?

Answer 1: Our main concern is to avoid the functional requirements being developed and framed around specific technologies. There should be a key set of minimum standards and then everything else should be open to market development to allow products to be supplied on the basis of added value functionality and enable suppliers to differentiate their offer.

We have concerns about relying on the IHD for Reconnection. We believe this should be done using the meter only in case of lost or malfunctioning IHD's (battery failure etc.)

For change of tenancy customers on pre-payment meters it will be important that the supplier verifies that the new customer has an IHD and that this is working. This will need to be replaced by the supplier if not available or not functioning. This may mean the servicing costs of these customers increase but should not prevent competitive tariffs being offered.

The more sophisticated the IHD becomes the more important it will be that the supplier ensures that customer understands how this works in order for the customer to be able to manage their prepayment account properly.

If suppliers intend to use messages to IHDs to inform them of price changes then the IHD must be capable of supporting messages, and acknowledging receipt. If the customer does not acknowledge receipt (never look at it) within a certain timeframe then other routes to communicate with the customer will need to be used, e.g. email, SMS, phone, letter.

The IHT and smart metering system must have the capability of displaying Feed In Tariff (FIT) metering consumption information, sourced from the FIT meter.

In certain metering positions it may be appropriate to 'hard wire' an IHD, or remote meter display, from the meter to an accessible location. Hard wiring has the advantage that the IHD is explicitly 'paired' with the correct meter and is less likely to be removed on change of tenancy. It also avoids the need for the supplier to pay for a meter move under the electricity and/or gas act to meet the need of disabled customers. However, there would be additional time and therefore cost involved.

Question 2: Do you have any comments on our overall approach to data privacy?

Answer 2: No.

Question 4: Have we identified the full range of consumer protection issues related to remote disconnection and switching to prepayment?

Answer 4: The Prospectus does not appear to give sufficient consideration to the Consumer preferences in relation to this proposed functionality. Consideration should be given to whether an element of Consumer consent is required prior to effecting a tariff change from Credit to Prepayment or vice-versa. Further, consideration should be given as to whether the mechanism of consent should be controllable within the premises.

The other concern is visibility of the Customers debt position, particularly if the meter is visible in either a communal area or can be viewed by visitors etc.

The smart metering system should require the cognisant activation of any functionality triggered remotely (by a Supplier) to enable the Supplier to maintain compliance with the relevant Licence Conditions. Automation of remote functionality (in particular disconnection or load-limiting resulting in effective disconnection) would not appear to support the Licence Condition requirements on Suppliers in relation to vulnerable customers.

Suppliers must provide full support on the methodologies for obtaining the 'credits' for pre-payment accounts. As this is likely to be electronic and the monetary credits available up front to Suppliers, and the costs using Smart Meters cheaper, then this should start to enable pre-payment tariff to be more in line with traditional tariffs, benefitting this customer class.

The customer must be on-site when any supply is re-connected and they must play an active part in the re-connection in order to provide the level of safety needed in case appliances are accidentally left in the 'on' position unknown to the customer.

Question 5: Do you have any comments on the proposed approach to smaller non-domestic consumers (in particular on exceptions and access to data)?

Answer 5: All non-domestic customers must be given the option of being able to obtain the level of data needed to help them manage their business. Whilst this could form part of an added value service with a small additional monthly charge, customers should not be constrained from the opportunities to make the most of the new technologies available to analyse how to better manage their energy costs and improve energy efficiency.

CHAPTER 3 (responses requested by 28 October)

Question 8: Do you have any comments on the proposals that energy suppliers should be responsible for purchasing, installing and, where appropriate, maintaining all customer premises equipment?

Answer 8: We agree with and recognise that the Supplier is the lead party. However, it is also important to recognise that the party includes investors in the meter, meter operators and data services agents. The requirements of these additional parties need further consideration.

In addition consideration should be given to the practicality of this obligation dependent on the Smart Metering System design, for example if architecture was selected with an entirely separate WAN module, how could consumers be incentivised to ensure this remained operational – and what happens if they don't?

Question 9: Do you have any comments on the proposal that the scope of activities of the central data and communications function should be limited initially to those functions that are essential for the effective transfer of smart metering data, such as data access and scheduled data retrieval?

Answer 9: To realise the full benefits of smart metering through innovation and competitive service provision, it is vital that the central function are limited only to those areas of sensible co-ordinated activity that do not encroach upon the market. It is not clear at all why the central data and communications function needs to deliver operational services across the sector and should instead focus upon standards and interoperability that enable these services to be provided by the commercial market who already operate in both metering and telecommunication services.

Question 10: Do you have any comments on the proposal to establish DCC as a procurement and contract management entity that will procure communications and data services competitively?

Answer 10: The scope of this role does seem appropriate but it does not need to procure services centrally. These services will be proactively developed by combinations of suppliers, meter agents and telecommunications providers who have already done much work in this area. These services would operate under market standards and interoperability requirements and can be charged to suppliers and factored into customer charges under licence conditions.

This would then be similar to the way in which metering Codes of Practice are managed today. The commercial market is ready to develop and bring forward communication services in line with new standards set out in the Smart Code and it does not seem necessary for the central market therefore to provide a monopoly service. Such a service would need tendering which could be subject to judicial review by unsuccessful parties, will require massive central funding and will be difficult to evolve in line with emerging telecommunication standards.

Question 11: Do you have any comments on the proposed approach for establishing DCC (through a licence awarded through a competitive licence application process with DCC then subject also to the new Smart Energy Code)?

Answer 11: As a central service provider similar to Elexon, e-Serve, Electralink, XOServe etc it is not clear what the value of a competitive process is. The future of these organisations is inherently tied into this new organisation and so a process of convergence could be created that organically leads to the creation of the DCC without such a tender. Many organisations such as those mentioned who are owned by such as National Grid or Distribution Businesses will find it difficult to bid competitively leaving the field open only to Systems Integrator style major international vendors.

A tender process appears to be a major hurdle to an early roll-out and could introduce years of delay for little added benefit. It may be more sensible to create a new entity that incorporate some or all of the existing central market roles under the stewardship of such as DECC, National Grid or Distribution Businesses (who do not have a commercial interest in the roll-out). This could be limited to the roll-out period during which further review on the enduring DCC service provision ownership model could be considered. Processing standardised operational services appears more sensible than trying to tender for a provider whose value, commercial basis, enduring role and funding model are still to be defined.

Over time the DCC may become the appropriate home for central market customer related services such as Feed In Tariffs, Renewable Head Incentives and other such schemes. This would also align with government thinking of OfGEM becoming an economic regulator once again with operational service delivery finding an appropriate enduring home.

Question 12: Does the proposal that suppliers of smaller non-domestic customers should not be obliged to use DCC services but may elect to use them cause any substantive problems?

Answer 12: This appears sensible but may be seen as limiting their ability to innovate and participate in the new market. Additionally our company is working with new entrants who will operate in the smart market across non-domestic and domestic sectors who will be considered small (often up to 250K customers, some brand based potential entrants targeting up to 1.5m total customers per supplier). Therefore the ability to 'opt in' to the smart metering arrangements is vital.

It may also be worth considering that the smaller domestic suppliers could operating outside the smart arrangements on an interim derogated basis to ensure they can continue to compete during the transition.

Question 13: Do you agree with the proposal for a Smart Energy Code to govern the operation of smart metering?

Answer 13: Yes. The issue of where it sits and how it is administered is a more vital consideration highlighted in my responses to earlier questions.

Suppliers, particularly smaller ones, existing and potential new entrants will benefit from a simplification of industry standards around smart metering. For example the alignment of the Smart Code with the Balancing and Settlement Code would be sensible over time. There are increasingly disparate sets of requirements on Suppliers that will ultimately centre on the meter, for example Feed In Tariffs that requires a compliant smart meter. Therefore convergence and rationalisation of codes and licences could prove extremely helpful and remove the need for significant administrative costs from the sector.

Question 14: Have we identified all the wider impacts of smart metering on the energy sector?

Answer 14: The Smart Metering market is already starting to evolve and related areas of integrated value such as Microgeneration under the Feed-In Tariffs and future Renewable Head Incentive are emerging.

Early work on the impact of smart metering and Microgeneration show that the central Settlements process cannot remain in isolation on its current basis. As customers move towards having actual half-hourly data the need for Profiles will decline. This will potentially lead to GSP Group correct factors increasing for those still on Profiles and for the Profiles themselves increasingly not to reflect customer net demand patterns. It is imperative that Settlements is now re-included in the scope or that Elexon and XOServe are given a strong steer that they should formally consider their future fit. Although Elexon has an informal process of review and consultation ongoing this is outside the smart metering programme with little dialogue.

Question 15: Is there anything further we need to be doing in terms of our ensuring the security of the smart metering system?

Answer 15: There is a difficult balancing act to manage in terms of having an open architecture for competitive and interoperability reasons and a secure platform to limit the ability of hackers or individuals with the skillset to gain access to electronic equipment with a view to amending reading data.

Smart Metering Implementation Programme: Communications Business Model

CHAPTER 2 (responses requested by 28 October)

Question 1: Do you agree that access control to secure centrally-coordinated communications, translation services and scheduled data retrieval are essential as part of the initial scope of DCC?

Answer 1: Bglobal Metering strongly disagrees with the deployment of any form of DCC. If a DCC was to be deployed, Bglobal believes this should be a communications network only, allowing market participants the opportunity to use the network for the meter commissioning, on going data retrieval and other metering functions. However, market participants should not be forced to use this network for the service they deliver. This allows a competitive service provider to differentiate using a higher bandwidth or more feature rich network.

Question 2: Do you agree that meter registration should be included within DCC's scope and, if so, when?

Answer 2: Bglobal Metering strongly disagrees with the deployment of any form of DCC. If a DCC was to be deployed, Bglobal believes this should be a communications network only, allowing market participants the opportunity to use the network for the meter commissioning, on going data retrieval and other metering functions. However, market participants should not be forced to use this network for the service they deliver. This allows a competitive service provider to differentiate using a higher bandwidth or more feature rich network.

Question 3: Should data processing, aggregation and storage be included in DCC's scope and, if so, when?

Answer 3: Bglobal Metering strongly disagrees with the deployment of any form of DCC. If a DCC was to be deployed, Bglobal believes this should be a communications network only, allowing market participants the opportunity to use the network for the meter commissioning, on going data retrieval and other metering functions. However, market participants should not be forced to use this network for the service they deliver. This allows a competitive service provider to differentiate using a higher bandwidth or more feature rich network.

Question 4: Do any measures need to be put in place to facilitate rollout in the period before DCC service availability and the transition to provision of services by DCC, for example requiring DCC to take on communications contracts meeting certain pre-defined criteria?

Answer 4: Bglobal Metering strongly disagrees with the deployment of any form of DCC. If a DCC was to be deployed, Bglobal believes this should be a communications network only, allowing market participants the opportunity to use the network for the meter commissioning, on going data retrieval and other metering functions. However, market participants should not be forced to use this network for the service they deliver. This allows a competitive service provider to differentiate using a higher bandwidth or more feature rich network.

CHAPTER 3 (responses requested by 28 October)

Question 5: Do you agree that the licensable activity for DCC should cover procurement and management of contracts for the provision of central services for the communication and management of smart metering data?

Answer 5: Bglobal Metering strongly disagrees with the deployment of any form of DCC. If a DCC was to be deployed, Bglobal believes this should be a communications network only, allowing market participants the opportunity to use the network for the meter commissioning, on going data retrieval and other metering functions. However, market participants should not be forced to use this network for the service they deliver. This allows a competitive service provider to differentiate using a higher bandwidth or more feature rich network.

Question 6: Do you consider that DCC should be an independent company from energy suppliers and/or other users of its services and, if so, how should this be defined?

Answer 6: Bglobal Metering strongly disagrees with the deployment of any form of DCC. A competitive market for DCC operation (as exists in the business market) is the best method of allowing market participants to deliver value added services while ensuring the lowest cost to the end customer.

Question 7: Do you have any comments on the steps DCC would need to take to be in a position to provide its services and the likely timescales involved?

Answer 7: Due to the complexity of the market, the development of an appropriate regulatory framework for the DCC and the implementation of a DCC to deliver services will be a significant challenge given the timescales involved.

Question 8: Do you have any comments on the proposed approach to cost recovery and incentivisation for DCC?

Answer 8: No Comment.

Smart Metering Implementation Programme: Regulatory and Commercial Framework

CHAPTER 2 (responses requested by 28 October)

Question 1: Have we identified all of the key elements that you would expect to see as part of the Smart Metering Regulatory Regime?

Answer 1: No Comment.

CHAPTER 3 (responses requested by 28 October)

Question 2: Do you agree with the proposal to establish a Smart Energy Code?

Answer 2: This is certainly a major development combining both Gas and Electricity into one single code. This presumably would require the redevelopment of all the software platforms that exist currently with major testing implications to avoid failure risk. The operation of this in parallel with existing systems could also introduce logistical challenges in trying to track those customers who have successfully migrated and those that have not with the subsequent splitting of gas and electricity contractual arrangements and billing for sites where only one fuel has successfully migrated.

Question 3: Do you have any comments on the indicative table of contents for the Smart Energy Code as set out in Appendix 3?

Answer 3: No comment.

Question 4: Do you have any comments on the most appropriate governance arrangements for the Smart Energy Code?

Answer 4: No comment.

CHAPTER 4 (responses requested by 28 October)

Question 5: Do you agree with the proposals concerning the roles and obligations of suppliers in relation to the WAN communications module?

Answer 5: If a DCC is deployed, how can the Supplier (or appointed MOP) take responsibility for a WAN device that does not communicate? Should this be the DCC responsibility? The only way to ensure continuity of service and accountability for the on going operation of the service is to make use of integrated MOP / DC/DA entities, a one stop shop for metering, such as Bglobal Metering Limited in the business market.

Question 6: We welcome views as to which other additional data items should be included in the mandated HAN data set beyond the list for the IHD.

Answer 6: Bglobal Metering strongly believes in a core minimum functional specification. This ensures overall costs are kept low to ensure that the end customer does not have to pay for services they don't require.

Question 7: Do you agree with the proposal that the WAN and the HAN in customer premises should be shared infrastructure, with the installing supplier retaining responsibility for ongoing maintenance? If not, would you prefer to have an arrangement by which if the gas supplier is the first to install,

responsibilities for the common equipment is transferred to the electricity supplier when the electricity smart meter is installed?

Answer 7: No Comment.

CHAPTER 5 (responses requested by 28 October)

Question 8: Are there additional measures that should be put in place to reduce the risks to the programme generated by early movers?

Answer 8: To a great extent early movers help mitigate some of the future risks. Valuable experience is gained through the early opportunity to install meters and understand the issues without the additional pressure of having to meet specific volume targets to keep the project on track. Whilst the final agreed Smart Metering System might have some extra features/functions than current models this would probably have happened anyway as further technical development and experience is gained on rollout. The current solutions/meters being deployed are unlikely to have a detrimental impact on the end solution.

Question 9: What is needed to help ensure commercial interoperability?

Answer 9: The work currently being undertaken by OFGEM in the business market around interoperability could be applied to the residential rollout.

Question 10: Can current arrangements for delivering technical assurance be developed to gain cost effective technical assurance for the smart metering system? If so, how would these procedures be developed and governed?

Answer 10: The current industry technical assurance rules have been developed over a good number of years by identifying issues and by carrying out 3rd party independent audits. Whilst technologies applied today are different that the historic predecessors the fundamentals of energy measurement, meter installation, data collection/processing and account billing remain essentially the same. Smart metering offers an opportunity to carry out changes but unless there is the time and scope to undertake a major review from scratch it may be better at this point in time to look at the evolution of systems rather than revolution.

Question 11: Are there any other regulatory and commercial issues that the programme should be addressing?

Answer 11: No Comment.

CHAPTER 6 (responses requested by 28 October)

Question 12: What evolution do you expect in the development of innovative time-of-use tariffs? Are there any barriers to their introduction that need to be addressed?

Answer 12: The biggest barrier to the introduction of innovative time-of-use tariffs is the reliance on meters that can calculate these tariffs on the fly in the meter itself. Bglobal Metering recommends using interval data (30 minute) recording on the metering devices and all tariff calculation to be done on the backend. This allows innovative tariffs that have not been thought of to be implemented quickly in the future and stops either complex firmware upgrades on the metering devices or meter asset stranding for those that cannot be upgraded to the new tariff.

Question 13: Are there changes to settlement arrangements in the electricity or gas sectors that are needed to realise the benefits of smart metering?

Answer 13: In electricity there is potential to shorten the Settlement timetable as readings should be readily available. The use of HH data available from the Smart meter operating in the currently defined NHH market could be a major advantage. The infrastructure to support and use this would however need to be developed and also the time requirements to transmit data for the volumes of meters involved would need to be examined.

Using HH data rather than the current D0010 readings should remove most of the inconsistencies within the market and mitigate most of the current D0023 & D0095 issues which currently have a detrimental effect on Settlements by resolving issues in a more timely way.

Question 14: What arrangements would need to be put in place to ensure that customers located on independent networks have access to the same benefits of smart metering as all other customers?

Answer 14: European legislation has now opened this opportunity. The main issue will be around existing commercial agreements for these particular customers and whether the current arrangements are being used to recover the previous costs for network capital investment infrastructure.

Question 15: Are there any other industry processes that will be affected by smart metering and which the programme needs to take into account?

Answer 15: No Comment.

Smart Metering Implementation Programme: Non-Domestic Sector

CHAPTER 3 (responses requested by 28 October)

Question 1: Are there any technical circumstances where only advanced rather than smart metering would be technically feasible? How many smaller non-domestic customers have U16 or CT meters and what scope is there for full smart meter functionality to be added in these cases?

Answer 1: This will depend on the final specification for a Smart meter. Advanced meters are capable of supporting a wide range of tariffs, Seasonal Time of Day (STOD) and both GMT and BST supported tariffs.

There are smaller customers with CT metering which are the result of legacy issues such as large sites having been converted to smaller sub units. It is sometimes impractical or very costly to convert these sites to Whole Current metering. An advanced AMR meter would be installed in these circumstances and then there are options to either sub meter or with the right supply security arrangements in place also provide individual settlement sub metered sites.

Some sites do have metering in underground ducts, deep cellars or large thick concrete structures. There are solutions available to ensure the metering is able to transmit and receive GSM communications in most instances. Bglobal Metering have undertaken a number of different solutions to resolve some of the more problematic site communication issues in order that key customers can have the benefit of smart metering.

Question 2: Do you agree with our proposed approach to exceptions in the smaller non-domestic sector?

Answer 2: By allowing the non-domestic sector to have both the choice and flexibility of metering will prevent any delays in the roll out implementation and minimise risk. Smaller companies also grow and this will also minimise in quite a few cases the disruption caused by having to change metering to suit their tariff needs. However, there will always be a point where growth exceeds available supply capacity and metering could need changing at this point.

Question 3: Are there technical circumstances that we have not considered that would justify further flexibility around installation of either smart or advanced meters?

Answer 3: There does need to be a debate around sites with 'time of day' load switching and the different arrangements currently available. These include timeswitches, teleswitches & contactor configurations. The question that needs to be assessed is should multi element meters be developed to provide the unique measurement or should the billing be adapted to apply the time of day costs and the energy measured as half hour data only.

CHAPTER 4 (responses requested by 28 October)

Question 4: Do you agree with the proposed approach that use of DCC should be optional for non-domestic participants in the sector?

Answer 4: Yes. The tariff structures in the main or more complex and different Suppliers offer different pricing structures which need the meters to be setup differently to suit these competitive offers. Business customers also usually require added value services on data provision that may not be readily available through the DCC,

Question 5: If use of DCC is not mandated for non-domestic customers, do you agree with the proposed approach as to how it offers its services and the controls around such offers?

Answer 5: Whilst there are benefits in having all data held at one central point the data does not necessarily need to be provided using common communications. If there is a need to reduce latency then having large volumes of non-domestic customers with more complex tariff data transmissions providing this data is certainly going to require substantial data networking. One alternative solution would be to provide data feeds direct from the current data retrieval centres already collecting this.

Question 6: To what extent does our proposed approach to the use of DCC for non-domestic customers present any significant potential limitations for smart grids?

Answer 6: There is no reason why existing data collection centres cannot share some of the information and provide smart grid solutions. This would require some commercial and security contracts to be in place but would also provide added network diversity/resilience.

Question 7: Is a specific licence condition required to ensure that metering data for non-domestic customers can be provided to network operators or DCC, and should any provision be made for charging network operators for the costs of delivering such data?

Answer 7: All additional data provision maintenance has a cost if not needed specifically for other purposes. An industry wide commercial agreement should be capable of being developed without formal legislation and if the parties concerned cannot agree then formal legislation can then be pursued. There is currently a requirement under existing DCUSA arrangements to provide data. The provision of data will however need to be reviewed when clear information is available about the data requirements for Smart Grids

Question 8: How can interoperability best be secured in the smaller non-domestic sector?

Answer 8: See previous comments on interoperability.

CHAPTER 5 (responses requested by 28 October)

Question 9: What steps are needed to ensure that customers can access their data, and should the level of data provision and the means through which it is provided to individual customers or premises be a matter for contract between

the customer and the supplier or should minimum requirements be put in place?

Answer 9: Not all customers need or want the same level of data provision. However it may be worthwhile defining basic minimum data standards. Equally as important may be allowing the customer a choice of routes to which this data can be accessed/transmitted.

Question 10: Do you agree with our approach to data privacy and security for non-domestic customers?

Answer 10: No comment.

Question 11: Is the proposed approach to rollout (for example in terms of targets and a requirement for an installation code of practice) appropriate for the non-domestic sector?

Answer 11: Bglobal strongly believes that non-domestic sites should be regulated by the existing non-half hourly metering framework (as used in the Profile Class 5-8 market). Opportunities will also exist to allow the customers in this sector to move into the elective half hourly market.

Smart Metering Implementation Programme: Consumer Protection

CHAPTER 2 (responses requested by 28 October)

Question 1: Do you have any views on our proposed approach for addressing potential tariff confusion? What specific steps can be taken to safeguard the consumer from tariff confusion while maintaining the benefit of tariff choices?

Answer 1: No Comment.

Question 2: Do you agree with our proposed approach for addressing unwelcome sales activities during visits for meter installation?

Answer 2: No Comment.

Question 3: What do you consider as acceptable and unacceptable uses of the installation visit and why?

Answer 3: No Comment.

Question 4: Do you agree with our proposed approach to ensuring that the IHD is not used to transmit unwelcome marketing messages?

Answer 4: In a fixed functionality, highly regulated market for IHDs, the approach of ensuring that no unwelcome marketing messages are delivered to IHDs is sound. However, Bglobal strongly believes in an open market, where suppliers have the opportunity to add value for their end customers. In this way, an appropriate framework should be delivered (as it is with TV and advertising) such that suppliers can use the IHD for advertising in an appropriate manner.

Question 5: Do you agree that consumers should be able to obtain consumption information free of charge at a useful level of detail and format? How could this be achieved in practice?

Answer 5: The delivery of free information to the customer should be based on the cost to deliver the service. If the delivery of the data to the customer is part of the minimum functional specification for the metering system (and thus covered by the regulated return for the supplier on the asset), then it should be free. However, Suppliers or other market participants should be able to charge for value added services around the data if it is outside the scope of the minimum functional specification.

CHAPTER 3 (responses requested by 28 October)

Question 6: Do you consider that existing protections in the licence are sufficient to ensure that consumers are not remotely switched to prepayment mode inappropriately?

Answer 6: No Comment.

Question 7: Could provision of an appropriate IHD help overcome meter accessibility issues to facilitate prepayment usage?

Answer 7: No Comment.

Question 8: What notification should suppliers be required to provide before switching a customer to prepayment mode?

Answer 8: No Comment.

Question 9: Do you believe that suppliers should be required to provide emergency credit and 'friendly credit' periods to prepayment customers or whether, as now, this can be left to suppliers?

Answer 9: No Comment.

Question 10: Do you consider that an obligation similar to Prepayment Meter Infrastructure Provision (PPMIP) may be required?

Answer 10: An appropriate framework needs to be approved to ensure secure and safe prepayment metering is installed. However, this should be restrictive to remove competition in the market.

Question 11: Is the obligation which Ofgem is proposing to introduce on suppliers to take all reasonable steps to check whether the customer is vulnerable ahead of disconnection sufficient? If not, what else is needed?

Answer 11: No Comment.

Question 12: What notification should suppliers be required to provide before disconnecting a customer?

Answer 12: No Comment.

Question 13: Do you have any views on the acceptability of new approaches to partial disconnection and how they might be used as an incentive to pay bills?

Answer 13: No Comment.

Question 14: Do you agree with our approach for addressing issues related to remote disconnection and switching to prepayment?

Answer 14: No Comment.

Question 15: Have we identified the full range of consumer protection issues associated with the capability to conduct remote disconnection or switching from credit to prepayment terms? If not, please identify any additional such issues.

Answer 15: No Comment.

CHAPTER 4 (responses requested by 28 October)

Question 16: What information, advice and support might be provided for vulnerable consumers (e.g. a dedicated help scheme)? Who should it be provided to?

Answer 16: No Comment.

CHAPTER: 5 (responses requested by 28 October)

Question 17: Do you have any comments on our proposals to prevent upfront charging for the basic model of smart meters and IHDs?

Answer 17: To ensure a positive end customer experience around smart metering, it is important that the end customer does not pay for the basic metering upfront. Small on going charges are an appropriate, though the process should minimize the cost of smart metering that needs to be paid for by the end customer.

Bglobal believes that its fully funded model for Smart Meter rollout, as used in the business market today, is the best model to ensure that the end customer does not need up front charging to the end customer.

Smart Metering Implementation Programme: Data Privacy and Security

CHAPTER 3 (responses requested by 28 October)

Question 1: Do you have any comments on our overall approach to data privacy?

Answer 1: No Comment.

Question 2: We seek views from stakeholders on what level of data aggregation and frequency of access to smart metering data is necessary in order for industry to fulfil regulated duties

Answer 2: No Comment.

Question 3: Do you support the proposal to develop a privacy charter?

Answer 3: No Comment.

Question 4: What issues should be covered in a privacy charter?

Answer 4: No Comment.

CHAPTER 4 (responses requested by 28 October)

Question 5: Do you agree with our approach for ensuring the end-to-end smart metering system is appropriately secure?

Answer 5: No Comment.

Smart Metering Implementation Programme: In-Home Display

CHAPTER 2 (responses requested by 28 October)

Question 1: We welcome views on the level of accuracy which can be achieved and which customers would expect, in particular in relation to consumption in pounds and pence.

Answer 1: With appropriate communication from the supplier to the IHD, there is no reason why high accuracy consumption cost cannot be provided to the end customer.

Question 2: We welcome evidence on whether information on carbon dioxide emissions is a useful indicator in encouraging behaviour change, and if so, how it might be best represented to consumers

Answer 2: No Comment.

Question 3: We welcome views on the issues with establishing the settings for ambient feedback.

Answer 3: No Comment.

Question 4: Do you think that there is a case for a supply licence obligation around the need for appropriately designed IHDs to be provided to customers with special requirements, and/or for best practice to be identified and shared once suppliers start to roll out IHDs?

Answer 4: No Comment.

Question 5: We welcome evidence on whether portability of IHDs has a significant impact on consumer behavioural change.

Answer 5: No Comment.

Question 6: Do you agree with the proposed minimum functional requirements for the IHD?

Answer 6: No Comment.

CHAPTER 3 (responses requested by 28 October)

Question 7: Do you have any views or evidence relating to whether innovation could be hampered by requiring all displays to be capable of displaying the minimum information set for both fuels?

Answer 7: Bglobal strongly believes in a minimum functional specification that only defines a very basic level of capability. This allows suppliers to differentiate with more feature rich products while ensuring that end customers are not paying for functions that they do not require. If the minimum specification for the IHD is too feature rich, it may hamper innovation. However, we don't see the IHDs supporting Gas and Electricity as an innovation hamperer.

Question 8: Do you agree with the proposals covering the roles of and obligations on suppliers in relation to the IHD?

Answer 8: No Comment.

Smart Metering Implementation Programme: Statement of Design Requirements

CHAPTER 3 (responses requested by 28 October)

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

Answer 1: Yes

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

Answer 2: Yes.

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?

Answer 3: There is a major assumption in this question that GPRS will be the only solution for communications. This is a dangerous assumption to make in our view. Bglobal Metering is currently the largest purchaser of M2M SIM cards in the UK outside the traditional telecommunications sector. We have deployed more SIM cards into I&C sector meters than any other meter agent in the UK in the last five years and as such we have a huge amount of experience. It is important that this consultation understands that a range of technologies are going to have to be used to gain 100% coverage over the UK. GPRS, whilst applicable for a majority of sites perhaps, is not appropriate for all sites. Other technologies, particularly broadband and other Internet technologies are far more appropriate from a cost perspective than GPRS in areas of particularly high density offered within cities in particular. PLC and other technologies may also be appropriate in certain circumstances.

The substantial costs in metering are encountered over time not through the purchase and deployment of metering or communications assets, but in return visits to meter positions by trained engineers carrying out works. Mobile networks themselves need not be a blocker to "churn" where SIM cards are being used as they tend not to own the assets and this in our view is an incorrect assumption that the networks will operate as service providers, managing churn and the swapping of passwords and security details to meter readers. We do not believe the Network Provider will want to undertake this role. The complexity of this work is substantial, detailed and costly to perform. Instead the assets are owned by agents such as Bglobal Metering who are expert in managing all the issues around security and access.

Appropriate Commercial agreements will resolve any issue related to communications channel churn (or SIM churn where GPRS is used) – it is not in the interests of agents or communications channel owners to continue to return to meter points to carry out works. Bglobal has already developed a commercial solution to this issue and therefore is at the forefront of such activity in the C&I marketplace where a mechanism for SIM-

use churn is operating between certain agents. Commercial interoperability is imperative because technical interoperability already exists.

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

Answer 4: A detailed technical specification is unnecessary. Instead time should be spent on defining the functional requirements clearly and then let manufacturers build to those requirements.

In our view it is essential that the functional requirements should concentrate on providing a minimum basic defined standard rather than a "wish list" for energy suppliers. By ensuring a minimum specification is in place, this will then allow the competitive market decide whether added value functions can be delivered for the cost parameter defined or whether there is a demand by Suppliers to produce better functionality as an offer differentiator. We have a concern that the functional requirements for meters may become framed around specific technologies rather than around more general outcomes and deliverables which could be delivered by a range of technologies and solutions (hardware or software) and will undoubtedly change over time as technology develops. We would strongly urge an approach that does not prescribe specific technologies and leaves the solution open to the competitive market to solve and adapt. The chief risks in a prescriptive specification are as follows:

- The final cost to the consumer rises with increasing functionality and therefore it is important that each function specified provides a cost benefit if above the 'minimum' defined set needed.
- By specifying a particular functional level of technology only a small number of meter manufacturers and technology providers are likely to want to provide solutions, thus stifling competition and leading to increased cost and a lack of future innovation coming in to deliver future benefits.
- There is risk that the large energy suppliers will demand a highly functional set of requirements which transfers cost and technical risk to manufacturers of technology and meter operators away from the suppliers who are ultimately responsible.
- Over prescription of technology in the meter creates a clear risk of delay in developing technologies and bringing them quickly to market and achieving a price point for these technologies, which delivers the programme's required outcomes and delivers the business case.

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

Answer 5: A mandatory minimum set of functional requirements only should be defined. Market competition and the natural process of differentiation will then drive up the availability of added value features.

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

Answer 6: By specifying the core minimum requirements only, rather than a technical specification, these core requirements will not change and will prove to deliver a positive net-benefit to the UK. Anything in addition to that will be delivered by those competing in the market to deliver value-add service to the customer.

CHAPTER 5 (responses requested by 28 October)

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

Answer 7: There is no such thing as technical certainty as technology is a constantly evolving. By concentrating on technology you limit options. Commercial interoperability is the key, not technical interoperability to make the market work and to deliver ongoing innovation and cost-reduction over coming years.

A primary issue with interoperability is one of MAPS (the asset owners and funders) knowing at all times who is effectively controlling their meters, who is accessing them and upgrading them with firmware, etc. MAPs will want to know that their assets, worth millions or billions of pounds, are being accessed only by parties they trust and approve and that their assets are not at risk through the actions of third-parties who have gained access to them through the churn process but who may not be technically skilled in looking after them. The potential to damages and render useless millions of meters through poor execution of upgrades is a real risk and one which needs to be considered very seriously. If this issue is not addressed there is risk that meter asset providers (the large non-utility asset funds in particular) will not enter the market and the flow of capital required will not happen.

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?

Answer 8: No. Once a set of minimum functional requirements is delivered the technical and service providers to the competitive market will then ensure delivery.

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

Answer 9: The more time that is taken to develop and agree a set of functional requirement, then the more time delay risk is created. Agreeing a minimum functional requirement, not a detailed specification for technology is the key to accelerating timeframes so that technology and service providers can develop their offerings to the market place in good time. In respect to the HAN and IHDs in particular, we see these as

an interim technology – essentially consumer electronics. There will be rapid innovation in the exposure of energy data and its presentation to the customer and consumers will in time have substantial choice as to how they receive their data, through an IHD device, through the Internet, through their mobile phones, through smart apps, broadband providers and television service providers. Prescribing functionality into an IHD maybe an expensive waste of time. The IHD is an as-yet unproven technology new device in the home, and one that is most susceptible to radical, disruptive and rapid innovation. Better in our view to prescribe functional requirements rather than a “hard” technical specification for the HAN/IHD offering to consumers, which may fall quickly out of date with consumer and technical drivers.

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?

Answer 10: Do not seek to agree on technical specifications – that then removes this step from the process. Instead agree minimum functional requirements, not a detailed specification for technology, which is the key to accelerating timeframes so that technology and service providers can develop their offerings to the market place in good time.

Smart Metering Implementation Programme: Rollout Strategy

CHAPTER 2 (responses requested by 28 October)

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?

Answer 1: It makes sense to ensure that all re-certifications and new installations are fitted with Smart Meters from today onwards. It would also make sense to programme other standard replacement Smart Meter exchanges around the re-certification work to maximise installation work planning efficiencies as far as practical.

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

Answer 2: Businesses, in the main, are more sensitive about when the electricity supply can be switched off, particularly if they have computers, POS terminals, alarm systems etc. More planning is usually needed for these customers than residential customers. The programme of works in the business sector is already underway and accelerating through the involvement of independent participants such as Bglobal Metering. A mandation of all profile class 3-4 meters as well as the currently mandated 5-8 profile classes by 2014 would expedite the roll out of meters in this sector.

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

Answer 3: Most smaller suppliers are already active in the Smart metering rollout to non-domestic customers. The biggest impact is likely to be felt with those dealing with the residential market because of the increased costs in supporting IHD's and WAN/HAN.

Non-domestic Smart meters may drive a change to elective HH which could impact on some smaller suppliers to support this type of billing.

We anticipate that we could aggregate Bglobal's strength in the market to help support smaller Suppliers.

CHAPTER 3 (responses requested by 28 October)

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?

Answer 4: It is important that the market is open to new entrants with stronger brands and better customer engagement mechanisms than the incumbent energy suppliers. 'big six' Supplier brand image is generally poor, trust is lacking, and is unlikely in our view that customers will react to campaigns run by them.

The programme must be careful to make sure that a strong message to would-be entrants is clear – the market is open for new entrants. Any sense that the programme

is a closed shop being run by the 'big six' will stifle new entrant activity and innovation in the field, which is after all a primary purpose of a competitive market.

At the level of the meter roll out programme, a comprehensive national awareness will be very important for residential customers to prevent unnecessary alarm/concern, particularly amongst older residents who may not understand or feel the need for modern technology. Care also needs to be taken that the meter itself is not promoted as providing the savings but is a means of enabling/managing this function as part of a wider active engagement between the consumer and the energy provider.

Whilst 'Customer pull' could become a great driver for the domestic Smart meter project, measures need to be in place to also set expectations or this could lead to customer backlash if demand exceeds the ability to supply/install.

Such a programme should be independent of the current energy suppliers to ensure customer trust is won.

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?

Answer 5: Use should be made of some of the excellent organisational bodies that already exist to promote understanding and explain items in a language that Customers understand. This includes companies/bodies such as EnergyFocus, AgeUK, Housing Associations, etc.

This should be treated as an evolution under standard Licence Conditions

CHAPTER 4 (responses requested by 28 October)

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?

Answer 6: Yes, suppliers have the available data. Tracking customers who change supplier more frequently and preventing these customers being on more than one list could be a possible issue.

Installations need to be classified as single fuel or dual fuel metered (not necessarily provided by the same supplier). Allowances must be made where databases are out of date or incorrect. Sites which may be designated single may be dual and dual may be single.

Whilst ideally both fuels should be designated as complete before a domestic site is 'complete' a number of factors may make this impractical from an efficiency point of view, ie. availability of installation resource, meters, etc. for one of the fuel meter installations. Co-ordination between different suppliers may also not be as practical when very large volumes have to be synchronised. A central database collating full completed installations may be the answer.

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

Answer 7: Yes. The targets should be aggressive so as to stimulate the market into early action. Targets for installs should begin in 2011 to drive activity quickly otherwise a 2016/17 end date is at risk.

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

Answer 8: Yes they should apply to all suppliers. The 'big six' have special responsibility and as such new conditions in their license agreements should be considered to ensure they do not delay unduly.

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

Answer 9: Bglobal are already installing 1000 meters every three days in the commercial and industrial sector today, which is a more complex marketplace than residential metering. We have experienced the issues of scale and growth in our business and have learned a great deal in the five years that we have been installing meters and reading them. The processes around installing meters in the residential sector are less complex than in the I&C market where there is a great deal of cost and different activity in the process and a lack of density preventing proper workforce efficiency. Density is offered by the residential market on a scale which is not achievable in the I&C marketplace.

The industry as a whole should be seeking to install more than 40,000 per day within three years from today in order to achieve the Government's aims in our view. There is strong precedent in other European countries for the roll out of tens of thousands of meters every day and we see no reason to suspect that the UK cannot achieve the same volumes.

As an independent metering services provider Bglobal Metering is making its plans to install substantial numbers, counted in thousands, per day in the residential marketplace on behalf of energy supply customers, providing a full end-to-end service in the process including a fully funded MAP service, taking the meters off suppliers' balance sheets.

CHAPTER 5 (responses requested by 28 October)

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

Answer 10: Attention should be paid to servicing the fuel poor in particular and removing expensive per-payment metering technology which leads to this segment having to pay excessive power process.

There will be undoubtedly benefits in co-ordinating certain customer groups such as Housing Associations, Local Authorities etc. and Government departments in order to help achieve key initiatives such as 10% reduction in carbon generated by Government in the next 12 months, etc. These organisations have established infrastructures that can not only improve the communication links but can also assist with access and agree/specifying the most successful time of day/date etc, to undertake the work.

Aligning the needs of customers with Field Service support to provide this will deliver the benefits. There are currently ranges of tariff structures that are not readily supported by Smart Metering because of legacy control issues. These include teleswitch tariffs. Further work needs to be undertaken to address the right solution for these types of tariffs etc.

CHAPTER 6 (responses requested by 28 October)

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?

Answer 11: Yes, This reporting should be fully public and at least be monthly in frequency. This will not only help with understanding how the rollout is succeeding but the reporting visibility should drive competition and customer demand. Suppliers should also report (with anonymity if necessary) on specific problem areas so that lessons can be quickly learnt and help minimise possible bad publicity or misunderstandings if better steps/processes were developed to tackle these specific issues.

CHAPTER 7 (responses requested by 28 October)

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?

Answer 12: It is vital that the public has confidence in the integrity of UK meter installers and that the programme of works is not open to abuse by those seeking to use the opportunity for criminal purposes. A code of practice, accreditation and identification must be developed across the industry by all parties to ensure the public can have trust in the programme and the people working in it, particularly those in the field working directly with the public and entering homes and private premises.

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?

Answer 13: Yes, Meter Installers need to understand the requirements and expectations particularly for domestic customers.

Meter Installers will need to be provided with specific question/answer examples around areas such as:

- When will I get my first Smart Meter bill?
- How do I start getting benefits from my new meter?
- What if my WAN network goes faulty?
- What happens if my HAN network goes faulty
- What if my IHD goes faulty?
- What happens if tariff prices change – how quickly will my IHD be updated?

Smart Metering Implementation Programme: Implementation Strategy

CHAPTER 2 (responses requested by 28 October)

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?

Answer 1: The Smart Code and other such governance frameworks should be simple, easily understood frameworks which underpin the programme for both gas and electricity. They should embrace competition and innovation at the core. We agree that the consumer should be at the heart of the programme, not the interests of energy suppliers or other industry participants.

CHAPTER 3 (responses requested by 28 October)

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

Answer 2: There would need to be a change freeze on any conflicting updates and possibly those that overlap this development.

CHAPTER 5 (responses requested by 28 October)

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?

Answer 3: The implementation of smart meters must begin before the establishment of a DCC, which may yet have substantial technical, process, and governance difficulties that could lead to substantial delay in its implementation. The roll out of smart meters should not be allowed to be affected by this DCC risk as the roll out and the central reading of meters is different activities.

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?

Answer 4: The implementation of smart meters must begin before the establishment of a DCC, which may yet have substantial technical, process, and governance difficulties, which could lead to substantial delay in its implementation. The roll out of smart meters should not be allowed to be affected by this DCC risk as the roll out and the reading of meters over time are different activities.

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?

Answer 5: As mentioned in other answers, the focus should be on functional specification not technical specification. The model used in the commercial and industrial market could easily be adopted quickly to begin the roll out and an environment which allows for independent MAPs and finance houses to feel comfortable in funding meter assets are essential to accelerate the roll out. Without independent third-party asset funding the programme is at severe risk of delay. The Government and this programme must encourage such investment and create the environment to make that happen.

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?

Answer 6: No comment.

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

Answer 7: We do not believe they bring forward the start of the roll out activity early enough.

We believe that a more aggressive start date should be adopted for roll out through the use of current metering technology and service providers to ensure programmes start as early as possible.

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

Answer 8: No comment.