

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?

British Gas welcomes the Government's proposal that Suppliers be required to take all reasonable steps to ensure that all smaller non-domestic customers have smart meters installed. We strongly agree that wherever possible a smart meter, rather than an advanced meter, should be installed at all supply points within the smaller non-domestic sector.

Therefore, we agree that careful consideration should be given to any deemed exception or technical restriction, to ensure that the volume of supply points which will ultimately have meters installed with full smart functionality is not diluted. We provide below our views on U16 gas metering and Current Transformer (CT) operated metering for electricity.

U16 sized Gas Meters

British Gas at present has approximately 100k supply points with U16 sized gas meters. Currently there is no U16-sized smart meter commercially available, although as the market matures it is possible that one may become available. However, due to the relatively small volume of U16 meters across the industry, there may not be sufficient incentive to develop and manufacture a cost effective U16 smart meter.

Meter manufacturers are continuing to give consideration to this issue and the British Gas smart meter specification includes requirements for U16 gas smart meters.

Unless an appropriate, cost-effective U16 smart metering solution is developed we believe that meters sized U16 and above, within this sector, could be considered a valid technical restriction and that the provision of

advanced metering arrangements should be permitted. A decision on this issue cannot be taken at this time. Regardless of the ultimate solution for U16 meters, we welcome the Government's proposal to enable the use of DCC for supply points with advanced metering on an elective basis.

Consideration should also be given to domestic customers that, due to the size of their consumption, have a meter other than a U6 meter installed at their property (usually a U16 meter). Until an appropriate U16 smart solution is identified these domestic customers will not be able to have a fully smart solution installed, the only available solution currently being the installation of an advanced meter. It should be noted that this will also impact the ability for these domestic customers to have the option of an IHD.

CT Metering

British Gas currently has approximately 11k electricity supply points within Profile Classes 1-4 which have Current Transformer (CT) operated metering. It is possible for CT supply points to be fully serviced by a smart metering solution, for example by using the existing 'EDMI Atlas Mk10' meter. British Gas has already successfully fitted over 1,500 of this type of meter to both single phase and three phase CT metered supply points.

Therefore we do not believe that CT Metering is a valid technical restriction as there is already a readily available solution in place.

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

We agree with the approach proposed that Suppliers should take all reasonable steps to ensure that all smaller non-domestic customers have smart meters installed. We concur that there will however be circumstances where it will not be possible to install a smart meter, although we believe that

the total volume of these types of circumstances within this market sector will be minimal. The reasonable steps test acknowledges this.

The same issue was relevant (and discussed in detail) when Supplier obligations for the provision of advanced meters to larger business sites were being developed. The issue was successfully addressed by the introduction of an appropriate Licence conditions, namely 12.22 for electricity and 12.25 for gas, which state: *'The prohibition imposed by paragraph (12.21 gas/12.24 electricity) does not apply where the licensee is unable to install or arrange for the installation of an advanced meter at the relevant premises in question despite taking all reasonable steps to do so.'*

We therefore believe that it would be prudent to introduce a similar Supply Licence condition for the smaller non-domestic sector, particularly as we believe that the majority of supply points within this sector will be able to accommodate smart meters. Where a smart meter cannot be installed reasonable steps should be taken to install an advanced metering solution.

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

We are not currently aware of any other technical circumstances that have not been considered to date that would justify the provision of flexibility in installation arrangements. However, due to the bespoke nature of some non-domestic installations it is likely that unforeseen technical scenarios will present themselves as roll-out progresses, which will each need to be considered on a case-by-case basis.

We concur that there is scope to deliver solutions to some of the technical problems encountered over the course of roll-out. Our response to Question 2 provides an appropriate solution for supply points where a smart meter cannot ultimately be installed.

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

British Gas believes that the decision not to obligate Suppliers in the non-domestic sector to use the services of the DCC for meters with smart functionality is an appropriate decision at this stage.

We agree that the scope of the DCC's activities may ultimately include activities such as meter registration and data aggregation and believe that this would ultimately lead Suppliers naturally to utilise the DCC.

We believe that the majority of meters installed in the smaller non-domestic sector will be smart meters, due to the fact that they will be identical in nature to those installed at domestic supply points, which will utilise the services of the DCC when it becomes available. This will provide a positive approach to the alignment of communications processes across both the domestic and non-domestic sectors, which will deliver improved data retrieval efficiency and reduced costs.

There is a clear requirement to ensure that robust interoperability arrangements are in place both prior to and after the implementation of the DCC, particularly when a change of Supplier takes place, to ensure that Suppliers can identify, service and communicate with all types of smart and advanced meters.

We welcome the Government's view that the decision not to mandate the use of DCC in the smaller non-domestic sector could be reviewed in the future if it is evident that there are serious interoperability issues.

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?

We agree with the Government's proposal that given the DCC's position in the market, its ability to offer such services as energy management and efficiency services are limited. The DCC should remain focused on its core activities and objectives, as will be defined during the smart implementation programme.

We believe that Suppliers and other industry parties are best placed to deliver customer energy management and efficiency requirements and that competition in this area will be best serviced by suppliers and new market entrants providing innovative energy services products tailored specifically to customer needs. It is difficult to predict how the market and technology will evolve over the next decade; therefore, we should not place any constraints on the industry's ability to define, create and service customers' needs.

We welcome the proposal that DCC would be obligated to offer terms for use of its services on the same basis to Suppliers of both non-domestic and domestic customers, especially given that the majority of smart meters installed in the smaller non-domestic sector will be identical to those installed at domestic premises.

We also welcome the proposal that the DCC will be obligated to offer terms for communication to different categories of advanced meters. It is important that Suppliers have the opportunity to simplify their communication arrangements across what will ultimately be a diverse mix of both smart and advanced metering technologies, should they wish to do so.

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?

We agree that allowing Suppliers the option not to utilise the DCC for smaller non-domestic meters could constrain the development of smart grids. It may

reduce the volume of Supply Points which are easily accessible and may diminish the overall timeliness of data received by DNOs. This could be important as the overall energy consumption across this sector is considerable and individual supply point consumption is greater than domestic supply points.

There is a need to ensure that Suppliers who do not use the DCC do not adversely impact the effectiveness of smart grids, therefore we agree that the decision not to mandate use of the DCC in this sector should be reviewed again in the future if it is evident that smart grid requirements are not being met.

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?

The existing governance arrangements within both the DCUSA and the Uniform Network Code clearly provide obligations upon Suppliers to provide data to Network Operators without charge, to support such activities as the operation, design and planning of the distribution system.

Suppliers are free to discharge their obligations in the most efficient and appropriate way. It is logical that Suppliers who utilise the services of the DCC may arrange for the provision of data to Network Operators to be provided directly by the DCC, whereas alternative arrangements will need to be put in place by Suppliers who do not utilise the DCC. It should be noted that existing legacy data provision arrangements will also continue to be in place during the course of the roll-out.

The introduction of the DCC will not by default alter the quality, frequency or granularity of data required to be provided to Network Operators. Should a cost/benefit case justify a requirement to amend the scope of data provided to

Network Operators, any changes could simply be introduced by modification to the existing governance arrangements.

Therefore we do not believe that there is a requirement for a specific Licence Condition in this area as the existing governance arrangements are adequate. The introduction of any additional obligations would simply result in unnecessary duplication.

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

British Gas is an active and large participant in the smaller non-domestic sector and we currently experience interoperability issues when acquiring customers who already have AMR/Smart meters installed, many of whom are non-domestic customers who actually own their own meters.

The interoperability issues we experience relate to the initial identification of an AMR/Smart meter, the functionality of the meter, the commercial meter asset provision arrangements and the ability to communicate with the specific type of meter. As a result of one or more of these issues, many AMR/Smart meters will potentially be treated, at least initially, as a 'dumb' meter.

We welcome the proposal that the DCC will be obliged to offer terms for communication to different categories of advanced meters. It is important that the DCC should be able to offer and provide data communication services to both smart and advanced meters (or metering equipment) upon Supplier request. This flexibility will significantly assist with the resolution of interoperability issues, and is particularly important should the scope of the DCC's services be developed to include meter registration.

In the short-term, (pre-DCC), there is a clear requirement for further development of suitable industry-wide interoperability arrangements to be put into place to ensure a minimum level of interoperability for advanced metering

solutions. We have actively supported and contributed to the work of the AMR interoperability group to date, but believe that additional solutions should be developed and progressed, particularly, multilateral agreements between participants. This is particularly important as the volume of sites with advanced metering will significantly increase between now and April 2014.

We believe that any interim interoperability solution for smart meters, as currently being defined within the Smart Metering Implementation Programme, should not exclude smart meters attached to non-domestic sites.

In the longer-term, when the majority of the smaller non-domestic 'dumb' meter population has been exchanged, it may be appropriate to mandate the use of DCC as this would provide a full industry-wide interoperability solution.

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?

Suppliers already have a Licence obligation to install advanced metering to larger business sites. The guidance notes which accompanied the Licence Conditions did not specify the intervals at which a Supplier must obtain data from the meter or provide it to the customer, but instead stated that this would be a matter for the customer and the Supplier to agree upon, in line with the customers specific requirements.

The smaller non-domestic sector is a subset of the wider non-domestic community and many supply points within this sector fall within a wider portfolio of customer sites which span both the smaller and larger non-domestic sectors. Therefore we believe that a common approach to both of the non-domestic sectors would be the most sensible approach.

NON-DOMESTIC SECTOR

Arrangements in the larger non-domestic sector, since their introduction in April 2009, have been effective and are an efficient way of ensuring that customer-specific requirements are appropriately considered and delivered.

It is evident from our experience in this market sector that there are many different types of non-domestic customer and that these customers have varied needs and requirements relating to the provision of data. British Gas already has arrangements in place with many customers to provide data in different ways including the provision of online energy data. It is anticipated that further innovative ways of providing customers with the level of data they individually require will be developed in the future and will be a key differentiator between Supplier offerings.

Therefore we believe that the most appropriate way forward would be to introduce arrangements akin to those already obligated for larger non-domestic customers, with data provision being a contractual matter to be agreed between the customer and their Energy Supplier on an individual basis, based upon customer requirements and for there not to be any minimum requirements put into place.

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

We recognise the importance of ensuring that appropriate and robust data privacy and security arrangements are put in place and fully support the development of a privacy and security framework for smart and advanced metering data and determination of the protections required for data from non-domestic smart and advanced meters.

It is important, where Suppliers are not using the services of the DCC, that any alternative communication arrangements that are in place are at least equivalent to the data privacy and security standards and arrangements which will be provided by the DCC. It is important that customers should be

confident that they have the same level of protection regardless of how communication services are procured.

A more detailed response on this subject is provided in our response to the questions posed within the 'Data Privacy and Security' supporting document.

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?

We agree that many aspects of the roll-out of smart meters to smaller non-domestic customers will in the future be more closely integrated with the roll-out of smart meters to domestic customers. However, it should be noted that British Gas is already engaged in a significant rollout of smart meters to consumers within this sector.

We appreciate the benefit of having a targeted completion date for the full roll-out of smart meters. However, we believe it should be the Suppliers' responsibility to set a specific targeted plan for the overall delivery of smart meters to its complete portfolio and for there not to be specific targets for particular customer groups or types.

A more detailed response on this subject is provided in our response to the questions posed within the 'Roll-Out Strategy' supporting document.