

Margaret Coaster
Smart Metering Team,
Ofgem E-Serve,
9 Millbank,
London
SW1 3PG



Date: Oct 28, 2010

Our Ref: C&C Group Prospectus Response (October) FINAL.docx

Dear Margaret,

Re: Smart Metering Implementation Programme Prospectus – October Questions

Thank you for providing C&C Group with the opportunity to review and respond to the Smart Metering Implementation Programme Prospectus.

In the accompanying document we have elected to respond to those questions where we believe that C&C Group can add its greatest value and consider ourselves industry experts.

C&C group have thoughts and opinions on many other aspects of the Prospectus and would be happy to discuss these with you should you consider it worthwhile.

Our qualifications

C&C Group is the organisation who has full technical responsibility for MPRS, the Registration system used by all 19 DNOs/IDNOs. MPRS has been externally audited by PWC, through ELEXON, at every installation site for the past 12 years and has been found to be, and remains, compliant and extremely robust. We also have full technical responsibility for Registration Systems used in the IGT arena.

C&C Group are data migration specialists. For example, C&C Group has undertaken all 5 bespoke MPAS systems to MPRS system migrations, with complete success. For each of the 5 migrations, undertaken separately as each legacy system differed significantly, the success criteria was 100% of data transferred in a single weekend, with zero error tolerance and without any affect to external interfacing parties. In all 5 instances this was achieved with 100% success; both externally and internally audited.



C&C Group has full technical and operational responsibility for ECOES (www.ecoes.co.uk). ECOES contains data relating to all 32 million GB electricity Metering Points, comprising of 90 million Supplier Registrations, updated daily and available via web, batch and web service. Since its inception in October 2002 the system has been available for all but approximately 5 hours – a very stable and robust system.

C&C Group has significant address management and quality enhancement experience. We have technical responsibility for managing the quality of 40% of all electricity Metering Points, maintaining them to a master reference data set such as PAF / OS. In addition, we have matched a significant proportion of electricity and gas records in a highly controlled environment.



In addition to this response, we are also responding to the Community of Technical Experts (CoTE) DCC Scope Options Information Request. This provides a more detailed response to the Prospectus questions which we have commented upon.

I look forward to discussing our response with you. In the meantime, if you or your colleagues need anything further from C&C Group, please do not hesitate to contact me.

Yours sincerely,

[Redacted signature]

[Redacted contact information]

List of enclosures

Smart Metering Implementation Programme – October 2010 Prospectus Consultation Response

Consultation Response

Smart Metering Implementation Programme - October 2010

In addition to this response, we are also responding to the Community of Technical Experts (CoTE) DCC Scope Options Information Request. This provides a more detailed response to the Prospectus questions which we have commented upon below.

Smart Metering Implementation Programme: Prospectus

Chapter 3. Industry Roles & Responsibilities

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?

C&C Group support this proposal.

Including Registration into the initial functions of the DCC will almost certainly increase risk and delay the DCC go-live.

C&C Group believes that the perceived potential benefits that centralised Registration may deliver is not one of the original benefit or drivers for Smart metering, and that benefits and risks associated with Smart metering and centralised Registration are completely different and should remain separate. The business case for centralising Registration should be based upon on its own merits and not be seen as a pre-requisite for Smart Metering.

To include the Registration function into the DCC scope of activities would involve, but not be limited to;

- Establishing the industry requirements, including business rules, data items, market messages and protocols
- Establishing and signing off the functional, design and technical specifications
- Development
- System testing and remediation
- Acceptance testing
- Data migration from various systems – to what level is unknown
- Development of interfacing systems through their own full development lifecycle, similar to the above
- Integration testing
- Taking one of the major IT systems at every (I)DNO and (I)GT and therefore reengineering every system which currently interfaces to it
- Redesigning and implementing major business processes at every



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- (I)DNO and (I)GT
- Industry Assurance/Certification

It is clear from the above that this will take considerable effort, cost and time to implement.

C&C Group believe that the starting position for the DCC should make use of robust and effective services already in existence, such as ECOES and SCOGES, alleviating unnecessary risk, pressure and delay to the Programme.



Smart Metering Implementation Programme: Communications Business Model

Chapter 2. The Scope of the DCC

Question 2:

Do you agree that meter registration should be included within DCCs scope and, if so, when?

Meter Registration aspects/functions

C&C Group believe that it is important to recognise that there are three distinct aspects/functions of 'meter registration', as described within the Prospectus.

- The MPAN/MPRN creation process performed by the respective network operator, uniquely referencing an exit point, and entry for electricity export, from their network;
- The Supplier Registration process against the MPAN/MPRN, associating liability for energy consumed/generated at the network exit point;
- The Meter Registration which is the recording of the physical meter, and associated attributes, measuring the energy at the exit point.

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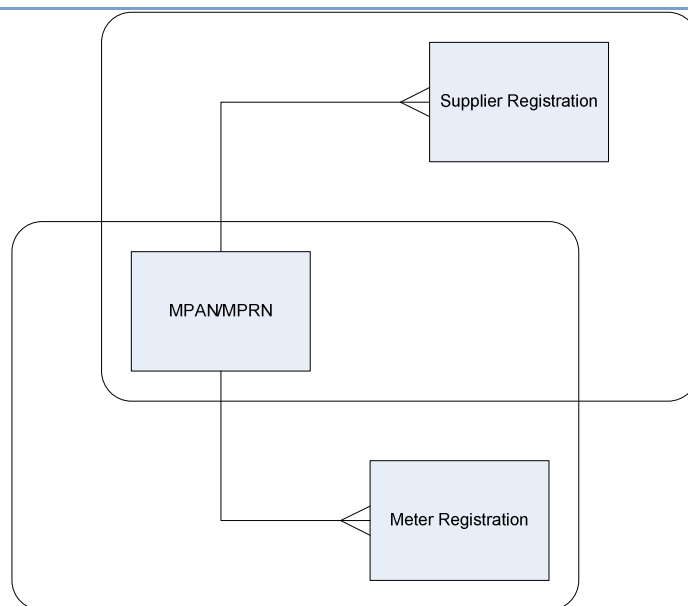


Figure 1 The three functions of 'Meter Registration'



Potential data quality misconception

Particularly within the electricity sector, there is potential that Meter Registration data quality issues are inappropriately extrapolated and bundled with Supplier Registration, as some peoples understanding of Meter Registration and Supplier Registration are mixed up; they should not be. The quality of Supplier Registration is extremely good.

Performing the Smart Meter roll-out gives the industry the opportunity to correct any meter data inaccuracies, if supported by appropriate and robust processes.

Inclusion or not?

C&C Group believe that the inclusion of Registration functions under the scope of the DCC should be decided upon by its own business case, and not perceived as a core requirement of the Smart Metering programme.

In evaluating the business case one should not overlook or underestimate the impact that this change will have on other industry Participants, including the Network Operators.

C&C Group believes that many of the potential benefits of centralisation are achieved by relatively minor modifications to existing processes and systems. One key enhancement would be to maintain a Site entity bridge between gas MPRNs and electricity MPANs, stored within ECOES, SCOGES, by the DCC or other.

Timing

Learning from the experiences of the 1998 Programme one should not underestimate the work involved in ensuring that the systems are compliant

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and comprehensively and robustly system tested and integration tested.

C&C Group believes that an interim solution should be established first, which provides the DCC with access to both the Supplier Registration and Meter Registration data. This can be achieved with relative ease as many of the components are already in existence, such as ECOES and SCOGES. A genuine, achievable, quick win.

This will alleviate the pressure from the Programme and help facilitate a more robust roll-out Programme and DCC implementation.

Subsequently, should it be decided that the DCC is to include Registration this can be developed and tested, followed by Participant integration testing without the pressure on the Programme to deliver from Day 1, as the interim solution will be present. One must also consider what data is required to be migrated, which will in itself be a significant exercise.



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?

Establish the Site entity early

C&C Group believes that establishing a Site entity, which associates MPANs and MPRNs, as soon as possible would help facilitate the roll-out, assist with the delivery of smooth on-going operations, and provide benefits to the customer wishing to operate as a dual fuel customer. There will undoubtedly be other benefits.

The benefits that this bridge will reap have already been proven by the work that C&C Group has done to support a Supplier's dual fuel customer data and management processes.

Doing this early would deliver benefits to the first set of Smart Meters that are installed, rather than some way down the line.

Establishing the relationship between MPANs and MPRNs requires intelligent data matching and management, and is not a quick process.

If established early, this would also allow physical validation, and where necessary correction, of the relationship during the physical roll-out process.