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| Margaret Coaster Smart Metering Team, Ofgem E-Serve 9 Millbank London SW1P 3GE [and by email] | T E | <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>Tuesday, 28 September 2010</div> <div>[REDACTED]</div> <div>[REDACTED]</div> |
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Dear Margaret,

Haven Power Response to Smart Meter Prospectus 28th September Questions

Thank you for the opportunity to respond to the questions raised in the smart metering prospectus. Enclosed are Haven Power Limited's responses.

I should point out that as a solely non-domestic supplier we believe that we can offer a unique perspective on the planning, in particular the rollout plans, and we would like to have the opportunity to meet with you to discuss this topic.

Yours sincerely

[REDACTED]

[REDACTED]
[REDACTED]



Introduction

Haven Power Limited ("Haven") is a non-domestic supplier solely operating in the SME and I&C market places. Since our inception in 2007 we have grown our customer base to over 30,000 SME customers and, at this time, 250 larger I&C half-hourly customers.

From the very start we have actively supported the installation of smart (advanced) metering and currently over 10% of our customers have smart (advanced) meters installed.

Rollout Strategy

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?

We believe that Suppliers should have full flexibility as to how they roll out smart meters to their customers. Where there is a requirement for a specific customer group or type of customer this should be accommodated within the overall supplier rollout.

The terms of reference of the proposed review should be carefully defined so that they do not introduce an inherent uncertainty in supplier planning.

If significant customer pull is experienced this could have the effect of reducing the effectiveness of installation, by reducing density, and increase costs. Haven currently uses customer pull as a means for installing advanced meters, but we readily recognise that this is not the most efficient and cost effective way to install meters.

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

The non-domestic sector should not be subject to the same requirement as the domestic sector. The rollout of advanced meters to the non-domestic sector is far more prevalent than in the domestic sector, based, in the case of Haven, on a genuine benefit to the customer requesting the metering. The non-domestic sector should be able to continue unfettered by targets for the rollout of meters to the domestic sector.

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

Yes. A smaller supplier should not be subject to the same rollout obligations as a larger supplier. Smaller suppliers are generally operating in a specific sector/segment of the market and as such need the flexibility to tailor their smart meter rollout to their individual offerings.

The majority of larger suppliers have their own in-house metering capability and therefore are able to plan and implement such a rollout programme. Smaller suppliers have to use smaller, independent metering companies

and, where this is possible, the metering services provided by the major suppliers. Smaller suppliers are therefore less able to respond to aggressive intermediate milestones.

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

A national information campaign will be important to raise awareness and to help to prevent opportunistic crime. The work done for re-tuning of video recorders on Channel 5 roll out and on Digital TV would provide a guide to best practice.

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?

An option is to include it within the current MOCOPA framework.

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?

A completed installation should be one where the minimum metering components are installed (meter, WAN and HAN) and stable external communications has been established and the system has been proven end to end. In the absence of stable communications, the meter should not be installed.

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

We do not believe that interim targets are necessary; the only targets should be completion dates. We would support a requirement for quarterly updates on progress.

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

We believe that suppliers should be allowed to plan towards the agreed national end date. As a minimum the principles of the existing exemptions for non-domestic and smaller suppliers should continue to apply

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

Our experience, from our service providers, is that, for non-domestic where the on site requirements are quite different to domestic, between 5 and 7 customer visits per day would be reasonable provided that the density of installations is reasonable and customers are co-operative on access (a proportion won't be) - in our view a customer abort rate of 20% would be expected. A customer abort occurs when the customer decides at the

agreed time of installation that in fact the work cannot proceed, usually because the customer cannot allow the supply to be isolated, the work must be rescheduled.

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

Our experience shows that smart/advanced metering is most beneficial to customers who:

1. positively want the metering;
2. have a sufficiently high consumption
3. an ability to change their consumption level and/or pattern;

to justify the additional costs.

Just because Smart Metering is provided, even with an in home display, does not mean that there will be a high level of customer action.

Any plan to prioritise non-domestic customers in the rollout is reliant on the availability of suitable smart metering solutions.

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?

We would support a reasonable level of reporting of rollout progress. Our suggestion would be to report quarterly, detailing number and percentage of customers, split into:

- domestic and non-domestic
- credit and PPM
- profile class

We would not support detailed reporting of costs. This would be onerous and probably commercially sensitive.

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?

No comment.

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?

We agree.

Statement of Design Requirements

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

Yes; the HAN hardware should be able to be changed by a non-(meter) skilled worker as this resource is limited in volume and of a higher skill set. The HAN technology is likely to see change during the lifetime of the meter whilst the metrology hardware is very unlikely to.

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

It is Haven's understanding that a range of HAN technologies exist that would meet the functional requirements, such as zigbee, low power radio, power line carrier, etc.

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?

Our assumption is that, once in place, the DCC will be responsible for procuring the WAN communications SIM, however; in the interim, it is our view that cost effective Roaming SIM cards could be used that are able to be used with any mobile network to mitigate this risk.

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

We would expect reactive power measurement to be mandated. If it is measured, it could be controlled and could reduce distribution and transmission losses. CFLs in particular tend to have a poor power factor and their use is now quite widespread.

We would note that a requirement for the meter to operate in UTC (GMT) while DNOs are or have all moved to clock time for the charging of DUoS, based on SSC, creates an unnecessary conflict.

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

This is hard for Haven to comment without detailed costing of the additional functionalities.

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

It is our view that the security around the local top up of payments (via HAN), should be very carefully reviewed to ensure that this is an entirely secure transaction. The protocols should be closely guarded. We should anticipate strong well funded hacking attacks to uncover security flaws.

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

No comment other than if it is not then it will cause unnecessary delay and uncertainty.

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

The programme should provide leadership and guard against key decisions being taken on the basis of factional interests, however; this needs really careful definition and management. The track record of both industry and regulators is very poor in this area. Haven is happy to co-operate in any way it can. There is no need to mandate participation.

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

No comment

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?

No comment.

Implementation Strategy

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

We generally agree with the overall approach, however, it is our view that non-domestic and, to a lesser extent, smaller suppliers should be exempt from the obligations placed on the larger domestic suppliers. This is the only way to continue to promote effective competition and recognises the existing exemptions for these suppliers already in place.

We would also comment that as a smaller supplier with limited resource to give to the programme, we do rely on timely, accurate and detailed information. In particular, it should be a pre-requisite that agendas for planned meetings are provided well in advance and minutes are provided within very short timescales afterwards. More effort needs to be made to keep the length of the documents to a minimum without compromising quality.

This is a highly ambitious programme and to be successful the scope must be rigorously defined and maintained.

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

No comment

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?

It is our view that there is a risk that obliging the installation of smart meters that need to be compatible with the DCC, prior to its go live, will:

- delay the proactive rollout; or
- add additional cost if suppliers have to replace installed meters that don't meet the specification; or
- impose a de facto meter/technology due to large numbers being rolled out prior to the DCC.

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?

Any attempts to mitigate risks that could require meters installed prior to Phase 4 of the rollout to be replaced should be avoided.

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?

Early and clear decisions on technical specifications that allow the manufacture of compliant meters as early as possible will allow suppliers to roll out meters with confidence. Similarly, confirmation that advanced meters can continue to be installed in the non-domestic sector, without the requirement to proactively replace them with smart meters prior to the end of their useful life, would allow non-domestic suppliers, such as Haven, to continue the rollout of meters to this sector. In addition, the absence of such confirmation could result in Haven ceasing to install advanced meters on smaller sites.

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?

This depends on the nature of the specifications. Six months is too short a time if product development is required.

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

No comment.



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

No comment