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Dear Margaret,

Smart Metering Prospectus

Thank you for the invitation to respond to the above consultation. As you are aware, Good Energy is a unique small electricity and gas supplier, as we only supply customers with 100% certified renewable electricity, and gas which supports renewable heat. It is our mission to provide a blueprint for the UK to transform itself to a low carbon, 100% renewable economy through the work that we do and the actions of our customers and renewable generators.

Executive summary

Whilst we are overall supportive of the smart metering programme we have significant concerns on how delivery will impact suppliers without an inherent metering business (A non-metering integrated Supplier). We are concerned that the rollout may impact the ability of customers to switch to the supplier of their choice, and that if able to switch it may increase their metering costs although no change of meter takes place, as the metering integrated supplier concerned has higher charges for use by other suppliers.

The dominance of the large suppliers in the metering business means that new entrants to the market may be unable to compete against the economies of scale these businesses have, as they will not be able to supply the market share controlled by these suppliers. This will result in higher charges to customers as competitive pressures fail to exert control. Smart metering is about giving customers control, but that control is devalued if it limits the choice of suppliers by entrenching the dominance of the Big 6.

Finally, we are greatly concerned about the gold-plated engineering that is being applied to the IHD. What was supposed to be a minimum requirement to display the customer's energy consumption is extending into other mandated services without consideration of the additional costs of doing so. In particular the extension of the requirement beyond displaying information from the meter to information held upstream on the supplier's systems adds significant costs to suppliers, especially to smaller suppliers without the economies of scale of the larger players.

Attached are the specific responses to your various consultation documents. For your ease we have split each document into an appendix which are as followed:

- Appendix A – 220: Prospectus (October Questions)
- Appendix B – 225: Statement of Design Requirements
- Appendix C – 226: Communications Business Model
- Appendix D – 228: Rollout Strategy
- Appendix E – 229: Regulatory and Commercial Framework
- Appendix F – 230: Non-Domestic Sector
- Appendix G – 231: Consumer Protection
- Appendix H – 232: Data Privacy and Security
- Appendix I – 233: In-Home Display
- Appendix J – 234: Implementation Strategy

I hope you find these comments useful, if you require any additional information please feel free to contact me.

Kind regards,

[Redacted signature]

[Redacted contact information]

Appendix A – 220: Prospectus (October Questions)**Question 1: Do you have any comments on the proposed minimum functionality requirements and arrangements for the provision of the in-home display device?**

In order that implementation can be speeded up, we believe that the minimum functionality of the IHD should be stripped back to data contained on the meter. Data that is required from supplier systems like tariff prices and current balances will require significant change to supplier systems and delay rollout, especially as the DCC will be delivered after the start date.

We are also conscious that many households will not replace their IHD over time, having made the step change to their consumption. Mandating delivery of information from supplier systems means that suppliers will end up sending data to households where the data is not viewed. This is an inefficient use of resources. This type of data should be optional with customers positively opting in.

We are concerned about the security around displaying a customer's current balances on an IHD which could be accessed by anyone in the property (e.g. the "nosey neighbour"). It should not be excluded if customers desire this information, but it should require customers to opt in and thus be an optional function to be introduced once the DCC is in place.

The statement that consumers are more comfortable with pounds and pence is misleading as this judgement is taken from customers before the implementation of smart metering. Monetary values will provide false impressions historically as price changes will distort the like on like comparison, thus continue to baffle them. Again we do not exclude it, but believe it should be optional.

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

We are supportive of the principle that the customer has control over the data from their metering system. However, the supplier should retain control over calculated data such as account balances and tariffs. For this reason we believe that the concept of data on the meter is separated from data from supplier systems and the latter being optional data the customer can receive.

Attention also needs to be paid to the security of data on display at the premises. It should not be automatically assumed that once the data arrives at the premises then access should be without protection.

The principle of access to the data free of charge needs to be quantified as to what format and frequency to ensure that such requests are reasonable. This should also be dependant on the charges from the DCC for downloading the data from the meter. In order to improve competition, the minimum specification must allow room for enhanced services which people are willing to pay for.

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

One of the major failings of the current prepayment arrangements is that it was not designed to cope with supplier competition. The advent of smart metering and the ability to switch to PPM without an onsite meter visit means that developing the PPM market to work in a competitive market is ever more important. Questions around if and how debt can be transferred between suppliers need to be addressed as well as ensuring customers can continue to top up their meter without disruption. There is a strong case for a centralised, independent PPM payment process used by all suppliers, especially as the number of customers using the cash top up facilities should reduce with the introduction of smart metering making it more uneconomical for each supplier to run their own. It would also be designed to ensure monies paid reach the appropriate supplier in a timely manner. Something the current process is very bad at doing.

Disconnections are always a last resort and it is the threat of disconnection that will be enhanced by the ability to disconnect remotely. Bad debt is ultimately paid for by the customers who do pay their bills. Smart metering should offer an opportunity for them to have that proportion of their bill reduced. Remote disconnection should allow suppliers to be specific about what time they will disconnect, and more importantly, reconnect within hours (maybe minutes) of a debt being paid. This would benefit the whole market.

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

Small non-domestic sites cover a diverse range of customers. Many will have the same requirements as domestic customers, where as others will be better suited to advanced meters. Some sites will have limited advantage to gain from either smart or advanced meters (e.g. Unmanned sites). The approach should be to set out that these customers are entitled to the same level of smartness as domestic customers if they request it, but it is not mandated if not required.

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?

We are supportive of this principle although any requirement must refer to suppliers "procuring" rather than "purchasing" as in many cases suppliers may rent the equipment from Meter Asset Providers rather than make an outright purchase.

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?

Whilst we recognise the benefits of consolidating other processes into the DCC remit, we believe that this should not take place until the rollout of smart metering has been completed. The DCC functionality is already on track to be delivered late, requiring suppliers to make alternative arrangements for early installations (and cover the associated costs of doing so). Any additional functionality would delay implementation even further with the complication of migration from existing systems. However, we are not convinced that the DCC can operate effectively without taking on meter registration.

Waiting until rollout is complete would also allow lessons to be learnt and the processes to be added based on smart only rather than a mix of smart and dumb.

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?

We are supportive of this approach.

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)?

We are supportive of this approach. Although have reservations of establishing yet another industry governance regime which creates additional burdens on small suppliers.

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?

Yes. Unless there is an obligation on suppliers to fit metering systems which are capable of being accessed by the DCC, then it could create a technological "lock in" of the customer to a particular

supplier, or exclude some suppliers from supplying certain sites. However, the opting in and opting out of the DCC process in itself creates problems.

We are not convinced by the business case for the allowing of opting out of non-domestic customers if smart metering has been installed, and believe that ALL smart meters should be mandated to use the DCC.

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

Yes.

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

We believe insufficient attention has been given to role of smart metering in developing a smart grid. In particular the benefits of allowing demand side management controlled from parties such as suppliers and grid operators.

The prospectus also seems to have a working assumption that suppliers will operate an integrated metering business and have the controls that this brings. This is contrary to aspiration on metering competition and could impact the ability of small and new entrant participants to enter the market. Smart metering should be deployed in a manner that supports competition, not entrench the position of the big 6 suppliers, by giving them a control of the metering market to the exclusion of smaller players (both suppliers and independent metering providers)

We also note that smart meters are not just for billing purposes, but will be used for settlement purposes as well, but little consideration on this appears in the prospectus even though the impact here may be more significant than on the consumer. The impact assessment proposes that Time of use tariffs could be a benefit, but there is no workstream looking at how to maximise this.

The failure to address the rundown of dumb metering services prior to the commencement of rollout is a big concern. We are already experiencing problems sourcing dumb meters for recertification visits and expect this situation to get worse.

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

Attention needs to be given to the availability of data on the IHD being seen by people visiting the property. We are particularly concerned about data such as account balances and tariff rates and potentially the identity of the customer's supplier. The ability of the consumer to control what data is displayed on the meter and IHD must be considered.

Appendix B – 225: Statement of Design Requirements**Question 1: Should the HAN hardware be exchangeable without the need to exchange the meter?**

We have no views on this.

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

We have no views on this.

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

As WAN installers are likely to use the network with the strongest signal when installing the equipment, it would be unwise for a supplier to try and switch networks in case that networks coverage in that area is poor. We would therefore expect meter operators to have contracts with all the networks. The alternative approach would be for the DCC to hold these contracts as a 3rd party telecom reseller and recharging suppliers at a fixed rate irrespective of network.

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

We believe that the requirements are overstated and a wish list rather than a “minimum” functionality specification. The minimum functionality should be accurate metering, two way comms, and a HAN & basic In house Display. It should be then up to suppliers to use this infrastructure to deliver the service they want to offer the customer.

The catalogue also leaves several areas requiring further decisions to be made at a technical level, such as rate of update to the IHD. Without decisions in this area, then the specification cannot be finished.

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

We believe that all functionalities including the high level list should be justified on a cost benefit basis in each case.

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

In light of the Governments wish to speed up implementation of smart metering, we believe that the requirement to require data from supplier systems, as opposed from the meter (i.e. tariff rates and account balances) should be reviewed as this adds cost and delay from developing the suppliers system side.

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

Yes. Involvement of the industry is important. However, Ofgem must ensure that the smart metering programme works to deliver an integrated solution on smart grid and does not focus too narrowly on delivering just the consumer benefits of an IHD. The significant costs of this programme should not result in a half delivered solution which misses the opportunity to develop the future smart grid that is required for the future.

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?

A programme of this size and complexity with multi players must be managed effectively by a non-partisan party and to this end effective leadership and facilitation by the programme is important. All suppliers will by necessity engaged with the programme, but smaller parties will lack the resources to contribute effectively. The programme needs to be aware of this and ensure that the views of all players are heard.

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

Yes. The decision to commence rollout before the DCC is in place means that the comms aspect of the metering system could be unduly complex, especially if the DCC specifications are not sufficiently robust or subject to change prior to go-live. Also the requirement to deliver supplier held data (Account balances and tariff rates) means that supplier systems will need to be ready before Rollout, whereas without them rollout could commence whilst suppliers continue to upgrade their systems. We believe that the programme is underestimated to cost and complexity of changes to supplier systems overall.

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

The importance of getting the functional and technical specifications correct should be the overriding concern. Otherwise time saved at this point, may result in delay further down as changes need to be made at a later date.

It should also be noted that it would be unwise to sign off the specifications until they are proved to be compatible with European legislation and their roll in developing smart grid is fully understood. Time saved developing the specifications may result in a longer period of inactivity whilst European approval is gained.

Appendix C – 226: Communications Business Model**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 the DCC?**

Yes. It is essential that the DCC is responsible for retrieving the data and sending it on to market participants. This ensures that all relevant parties can access the data in a timely manner and prevents duplication of retrieval by differing parties.

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

Meter registration should form part of the DCC scope as it would be a more efficient process, and allow electricity and gas meter details to be held together. There are merits in deferring this until into a phase 2 development, however, for practicable purposes, this may actually be necessary within the initial scope to ensure that the DCC works effectively.

On installation of a meter it will probably be necessary to do a proving test to ensure that the DCC can contact and correctly download data including the opening read. This it cannot do if it requires the meter registration details in order to perform this task, hence pre-registering the meter details before installation may be necessary and current processes are designed around installing the meter first and then updating by the supplier of the registration system happens in due course. Rather than changing the existing systems it may prove more pragmatic to include meter registration into the initial scope.

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

Once the DCC is set up and running effectively, then this should be considered under a wider market operation review to consider the cost benefits at that time.

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

It is our view that commencing rollout before the DCC is in place just adds complexity and cost and provides very little benefit. The DCC should be put on the critical path so that it commences service as rollout commences. This way meters can be designed to communicate only with the DCC, and the DCC could be delivered quicker as it will not need to have an over complex translation service, and will ensure that connection with the WAN module remains secure.

For Suppliers who do not have an integrated metering business, then the option to procure a time limited communication service, even if novated once the DCC goes live may not be available in the market. Therefore, if suppliers must commence rollout prior to DCC then they should be allowed to be installed without comms and data collected by meter readers as now. (Customers will still benefit from an IHD showing their usage.)

Finally, delays to the DCC will defer the ability of network companies to implement Smart Grid as they will have to rely on receiving data from several different sources, which will add further delay and cost.

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

Yes.

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?

Yes. The DCC should be independent of its users, and this should be defined as no controlling shareholder should have within its group of companies an electricity or gas supply licence. Equally, any shareholder of the DCC (controlling or otherwise) may not bid singularly or in partnership to provide services to the DCC.

We would also support a principle that any bidder must do so as a separate legal entity with independent non-executives on the board.

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

If the Rollout commences prior to the DCC services going live, then consideration will need to be given into how the procurement of services will operate where the DCC is obliged to take-on existing communication contracts. In particular, how would service providers be able to bid without knowing the cost of inheriting these contracts? The level of complexity that starting rollout before the DCC goes live brings, should be properly assessed for costs, risks and benefits.

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

On the cost recovery of general charges, these should be pro-rata on either number of meters per supplier or usage.

Any incentivisation of the DCC must be linked to meeting performance standards set out in the code. There should be no sharing of efficiency savings if targets are not met, and any overspend, should be shared on the same basis.

Appendix D – 228: 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?**

The delivery of smart metering will be a complex and costly exercise. Each added complication increases to the costs which will be borne by consumers. We therefore believe that suppliers should be granted maximum flexibility to deliver in the most efficient manner that suits the demographics of their customer base.

As mentioned in your document up to 40% of smart meters will be installed outside the rollout plan, thus requiring two rollout strategies, one for “business as usual meter installations” and the second as part of “accelerated rollout”.

At the moment re-certifications are usually carried out by the existing meter operator, who makes the arrangements directly with the consumer to do a like for like swap. In the new process, the supplier is likely to manage this and instruct his chosen meter operator to do the smart installation, thus adding complexity. Depending when re-certifications and new installations are required they can cause peaks and trough in delivery that have to be co-ordinated with accelerated rollout.

We would be supportive of prioritising particular pre-defined sites, for example, ensuring all PPM customers or Feed-in tariff recipients are on smart meters by an earlier date (e.g. by 2015), but would not support a requirement to do a particular area in a particular timeframe, as this is too restrictive and would create logistical inefficiency.

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

Yes.

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

The case is not necessarily about large or small suppliers, but one of suppliers with integrated metering businesses (metering integrated suppliers) and those who need to sub contract (non-metering integrated suppliers). As a non metering integrated supplier, we will need to find a metering partner(s) to deliver our obligation. Such partners are likely to be operating for more than one supplier and thus will need to consider the combined portfolio of sites it is contracted to visit. This means these suppliers do not have the same degree of control as suppliers with in-house metering businesses.

We are also concerned that non-metering integrated suppliers are already finding a shortage of dumb meters prior to the start of rollout. We therefore believe it is essential that such suppliers are given a period of grace from replacing dumb meters which have reached their certified life, until rollout commences unless the meters are known to be inaccurate.

Additionally, those suppliers should be exempt from installing meters prior to the start of the DCC service so that they do not have to sign additional contracts for communication services for the period prior to DCC start up.

These suppliers should not have fixed % targets, but be allowed flexibility to deliver. They would still be required to report on progress to Ofgem who could raise its concerns if any supplier was drifting too far behind without justification.

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?

We believe that an independent national campaign is the way forward. Firstly raise awareness that meters are going to be changed, and secondly extol the benefits of smart metering. In addition a recognised logo, like the digital switchover should be produced to provide confidence. We also believe a regular nationwide leaflet drop is required to set out how a visit will take place. This should help deter fraudsters from gaining access to people's homes on the pretence of installing a meter, with a free phone number which concerned households could call.

Suppliers and their agents should be able to use the logo in pre-defined material and possibly displayed on the uniforms of meter installers.

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

The code of practice should be developed to provide the minimum advice and support that a consumer can expect, rather than a dicta on how to conduct a visit. This should be developed by the industry with input from consumer groups. Reviews should be scheduled and changes made via a formal change process.

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

We cannot accept the obligation unless "all reasonable steps" is more clearly defined. We believe it supplier should be considered to have taken all reasonable steps, if the costs of installation exceeds a certain set criteria, or the consumer refuses to accept the smart meter.

If the installation could be completed by moving the meter, then the supplier should do so, but any costs relating to moving the service head should fall upon the network operator in recognition of the benefits that they will receive from smart metering data.

A completed installation is where the metering system as defined elsewhere is installed and working correctly, or installed as reasonably as it can within the constraints above. For example, the Smart Meter, HAN & IHD are installed but as connection to the WAN would require an unreasonable step to deliver.

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 blanket interim targets should be set. Each supplier should present its rollout plan to the authority, and parties that need to know like the DCC. The Authority would then measure against the plan. Given the significant proportion of sites will be installed as "business as usual", suppliers may have different demographics which will lead to differing rollout rates. The Authority should measure progress against the plan submitted. This gives suppliers maximum flexibility to deliver in the most cost efficient manner.

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

The targets should be the percentage of customers with smart meters installed, broken down between electricity and gas.

If interim targets are introduced, then suppliers without an in-house metering business should be exempt from interim targets as they will be reliant on 3rd parties for delivery who could be optimising delivery across several suppliers which could skew delivery for any particular supplier in that portfolio.

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

We do not have any information on this. The best comparable source of information would be to contact meter operators about access rates for recertification of meters. Then round downwards to take into account the need for the householder to be present rather than leaving the key with a neighbour which can be done in the case of a re-certification.

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

Currently there is a lack of information within the industry concerning the demand profiles of microgenerators. The industry (suppliers and network operators) would benefit if a significant number of microgenerators had smart metering installed early on in the programme.

However, any prioritisation should not be mandated centrally but identified as a "request to consider" which suppliers will make reasonable attempts to address within their rollout plan provided the customers are easily identifiable. As stated before, any obligation that detracts from an efficient delivery adds cost to the programme.

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?

There are two basic reasons for reporting requirements. Firstly, to allow the Authority to monitor the individual supplier's progress, and secondly, to gain a complete picture of progress. As reporting requirements fall disproportionately on smaller suppliers we propose that they should be exempt from any reporting to support the latter as the exclusion of their data will not significantly change the overall picture.

We believe that smaller suppliers should report progress on percentage of customer base with smart meters only, with the Authority exercising its right to additional information if it has concerns about progress by a particular supplier.

On the question of reporting customer behavioural change post installation, we feel this will be over complex and better addressed by an independent assessment using sample information. It should be borne in mind that this programme will be running in parallel with the green deal, and as such attributing actions solely to smart meters may be difficult.

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?

Consumer confidence in the process is essential to gain reasonable access rates, and suppliers will be keen to ensure that visits are successful and without issue. The biggest problem is likely to be fraudsters using the publicity to gain access and as such, any national publicity should include reference to the password scheme, which is available to all customers not just those on the priority services register.

Any additional measures should be addressed in the Code of Practice.

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

We are supportive of an industry developed code of practice. As mentioned previously, this should set minimum standards rather than be a dictum on how to do a visit. We believe that the code should also cover the minimum steps required should a meter installer be unable to restore supply, especially in a vulnerable household.

Appendix E – 229: Regulatory and Commercial Framework**Question 1: Have we identified all of the key elements that you would expect to see as part of the Smart Metering Regulatory regime?**

Yes, although we believe the regime should consider not just rollout of smart metering, but the run down of dumb metering to ensure a smooth switchover. We are already experiencing problems sourcing meters for re-certification visits, and expect the situation to get worse. Thought should also be given to how sites which for technical reasons or through customer resistance do not receive a smart meter should be handled on an enduring basis.

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

In principle Yes. Smaller suppliers have great difficulty keeping abreast of all developments in the existing multitude of codes and we would hope that the option of using the development of the Smart Energy code to rationalise the current arrangements is actively followed through.

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

The table of contents seems sufficient although there appears to be overlap with other codes that needs to be addressed. We believe the code should adhere to the code administrators code of practice, especially in developing a code and subsidiary documents in clear English as far as practicable.

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

We believe that the lessons learnt as part of Ofgem's governance review should be implemented in the development of this code. The governance arrangements will have two functions, to ensure delivery by the DCC, and compliance by industry parties with their obligations under the code, the existing code that most closely matches this dual functionality is the BSC arrangements.

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

Yes. Although we believe there are technical advantages in having the WAN module separate from the meter in that it could be located somewhere to ensure a WAN connection, whilst being able to communicate with both meters via the HAN. If it is integrated into the meter, then it may require a costly meter relocation to ensure it can receive a WAN signal.

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

We believe the current list of data items for the IHD is a gold plated wish list rather than a minimum requirement. We believe the programme should concentrate less on mandating a data set and more on ensuring that the smart metering system can be easily re-configured to add additional bespoke datasets without a site visit for those customers where it would be relevant. (e.g. Be able to view net demand by customers with micro-generation)

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 the 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?

We agree that it is preferable to have shared infrastructure, but believe option 3 is more cost effective. Over 60% of customers are on a dual fuel arrangement with a single provider, and many customers are

off the gas grid. Thus the number of premises where the gas supplier wishes to install a smart gas meter before the electricity supplier visits is likely to be small. There could be a caveat that the gas supplier can fit a temporary HAN & WAN prior to the fitting of the electricity supplier's equipment, but electricity suppliers should not be obliged to use the gas suppliers equipment as their installers may not be familiar with operating and maintaining it.

It should also be considered that behavioural change by the customer is likely to focus on managing their electricity rather than their gas. Information from the gas meter is more likely to be around long term decisions about ensuring gas appliances are as replaced with efficient ones.

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

We are concerned about the contractual terms that are being offered by meter providers to suppliers that inherit their meters on a change of supplier. Many contracts for smart metering which is likely to be non-compliant once the specification is agreed contain early termination clauses, which will undoubtedly kick in as the accelerated rollout commences. Suppliers are likely to mitigate these costs by applying an additional charge on the customer or ensuring that these customers receive their compliant smart meter as late as possible. We believe that early termination charges on meters installed that do not meet the final specification should not be permitted in the interest of the customer.

For compliant meters installed prior to the DCC go-live, again the contractual terms for accessing the meters should be regulated. Suppliers should also have in place Chinese walls so that once they lose the customer to another supplier; their retail business ceases to have access to the data.

As stated before we believe commencing rollout prior to the DCC going live adds a level of complication for very little benefit. Those resources would be better deployed speeding up DCC go live.

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

For meters installed which will or may not meet the final technical specification we believe that early termination charges are unfair and should be prohibited as they will clearly be activated.

For compliant meters installed before the DCC goes live, we believe the charges to communicate with these meters should be regulated as if they were provided by the DCC.

Ongoing, we need to be aware that if metering charges differ substantially between providers, then suppliers will either have to exclude metering costs from their tariff rates, and treat them as pass through cost, thus complicating price comparisons, or assume all customers will have meters provided by the most expensive provider and set their tariff rates accordingly.

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?

Current technical assurance is primarily based around the accuracy of the meter, although it does cover safety issues. In future the metering system will include the WAN & HAN modules, and thus be more intensive, especially as, at least for the early years we are checking the durability of new technology. The best solution would be to move technical assurance from their current locations and bring them into the Smart Energy code.

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

Yes, we believe the programme should also be addressing the run down of existing dumb metering services. Basic dumb meters are already proving to be elusive, as MAPs start to withdraw from the market. However, until the meter specification is defined and manufacturers start producing them,

Smart meters are not available. Metering integrated supply businesses can manage their stock of dumb meters, but are proving reluctant to offer terms to other suppliers. This will result in non-metering integrated suppliers being unable to do recertification, and new connections being limited to the metering integrated suppliers. A sensible solution would be for suppliers to be offered a grace period when meters which reach the end of their certified life are allowed to remain in situ until the smart metering rollout commences.

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?

We would expect very little development of ToU tariffs whilst the settlement process continues in its current format. Currently, profiles are based on historic HH data from sample sites. As the Elexon profiling and settlement group has already concluded with regard to sites with microgeneration there is a chicken and egg scenario. They cannot develop profiles until there is a sufficiently sized group of customers on a specific ToU arrangement, and ToU tariffs cannot be offered effectively until a robust profile has been developed.

Developing the settlement arrangements to deliver low cost half hourly settlements is probably the way forward, allowing suppliers to settle customers on ToU tariffs in a way that the benefits outweigh the costs. Network operators will also need to come up with imaginative DUoS tariffs if they wish to offer demand response tariffs to certain customers.

The industry also needs to be mindful of current criticism from consumer groups about the complex array of tariffs currently on offer. If ToU tariffs do commence then this will broaden consumer choice, but also make choosing the most appropriate tariffs more difficult. With impending Government proposals to require Suppliers to sign post customers to the cheapest tariff on offer, this could become far from straight forward.

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

As mentioned above, the settlement processes need to be made cost effective for settling smaller levels of consumption at more frequent intervals. We do not propose that domestic electricity be moved to HH settlement, but the cost differential should be lowered as far as possible to make it a practicable proposition for certain customers.

Question 14: What arrangements would be 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?

It is likely that independent networks will be the first to look at dynamic DUoS tariffs to better manage their networks. We are not yet convinced that the DCC will be able to operate without the centralisation of registration systems and the complexity of independent networks add more weight to that view.

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

We think the Feed in tariff needs to be considered, especially the export element. We also believe that once customers are receiving bills on actual meter reads, then some of the current mandatory requirements for information on bills should be reviewed.

Appendix F – 230: Non-Domestic Sector

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?

No comment

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

Yes

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

Not that we are aware of.

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

No. We believe that the use of the DCC should be mandatory, and that the DCC should also be able to provide the service to advanced metering systems where appropriate. There are several reasons for this:

Firstly, Non-Domestic customers may be excluded from receiving offers of supply from suppliers who only use the DCC service, or may find additional costs levied against them. This could be resolved by mandating that suppliers have the option to switch to the DCC on change of supplier, but this is likely to be counter-acted by causing early termination charges to be implemented on the customer effectively tying them in to that supplier for the life time of the asset.

Secondly, we believe it will hinder the development of smart grid and demand side management. We do not support the view expressed that we should wait until it becomes a recognised hindrance and then attempt to resolve it. We believe we should be building for the future so the barrier never comes into being.

Finally, as expressed, the creation of the DCC creates an opportunity to simplify industry processes, but this will be frustrated by having to create exceptions and parallel processes for sites that do not use the DCC. The system needs to be simplified not made more complex than it already is.

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?

No. We believe that if not mandated, then on a change of supplier, neither the customer nor the incoming supplier should be financially disadvantaged if that supplier opts to use the DCC, and the smart meter must be capable of being accessed by the DCC without hindrance.

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 grid?

We believe the proposed approach is very short sighted. Smart grid is not about network operators passively using data to analyse and design networks, but is about real time dynamic management of the system. Potentially by sending instructions to a smart meter, and knowing when a loss of supply has occurred, and when it is restored.

Current projects under the LCNF are based around network operators having a complete, live picture of the energy flows on their network. If this is denied, then worthy solutions in delivering a low carbon

network will not be followed through as they will be deemed to be requiring a “change to industry processes”, and second rate solutions which are not hindered by these gaps pursued instead. Ofgem should look to its mandate to protect all future customers rather than to the needs of a small section of service providers to the non-domestic sector.

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?

We believe that a licence condition should be implemented to ensure that the network operator has access to all metering systems via the DCC for both receiving and sending data and instructions. The network operator should pick up the DCC costs that they incur, but should not be charged for the data per se as they are working to maximise the efficiency of the network for the benefit of all.

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

By mandating the use of the DCC. Any other solution adds complexity and costs which are ultimately paid for by all customers for the benefit of allowing energy service providers to access data directly. Any decision on this should be subject to a cost/benefit analysis.

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

We believe this is best left to commercial contracts between customers and their suppliers. The requirement to provide a HAN, although not an IHD means that the ability to access their data independently from their supplier is there and thus is a competitive market beyond suppliers. At its very basic this means buying a IHD (or receiving one from their supplier even though they are not mandated), but could allow businesses with numerous small sites to collate data by using simple devices to access and transmit data to a central site for analysis.

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

Yes.

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?

Yes, subject to comments made elsewhere about the rollout strategy.

Appendix G – 231: Consumer Protection**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?**

It is important that consumers have choice, and where there is choice there will inevitably be some confusion about which deal is best. For example, in the insurance market the benefits of insurance between products vary. A cheaper deal may offer fewer benefits and in some case prove to be a poor choice for the consumer concerned (e.g. Exclusions for sport injuries on travel insurance where the customer is going skiing)

Smart metering offers the opportunity to tailor tariffs to particular types, or even individual customers and this should not be curtailed from fear of misadvising a customer. However, where the customer's existing supplier advises them to switch to a different tariff, the customer will have recompense via existing complaint arrangements if the delivered benefits of the switch fail to materialise.

Where a customer changes supplier and tariff simultaneously, then suppliers must as now state the principle terms and rates, but an element of caveat emptor must be accepted.

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

Yes. Whilst we are not opposed to customers being told the benefits of having a smart meter, it should not be a pretext to sell additional services. For most customers, the quicker the visit, the more satisfied they will be.

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

Most customers would like to see the visit carried out as quickly and as efficiently as possible. Whilst we are not opposed to suppliers leaving an information pack that includes marketing material, we do not support installers engaging in any form of sales activity, including signing them up to receive a further visit at a later date.

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

What is deemed as "unwelcome" will vary from consumer to consumer. The ability to opt in and out of receiving marketing messages gives consumers the control and should be pursued.

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

We agree with the principle that the consumer should be able to access their data free of charge. The mandatory provision of an IHD facilitates that. If the consumer wishes to "download" the data for storage or in a different format, including providing it to 3rd parties, then they should purchase appropriate equipment to access the HAN in order to do so. If suppliers have to play a part in proving access to data, then they should be allowed to charge for doing so.

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?

The existing licence puts the onus on the supplier to ensure that it is safe and reasonable to do so. In debt cases, it is likely the premises have already had a visit, and any evidence of vulnerability noted. Where it is at the customer's request, then suppliers are likely to have asked appropriate questions to do an assessment. Therefore existing protections should suffice.

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

Potentially, but consideration should be given how vacant premises are managed to ensure the IHD is still functioning after a significant period of time off supply. A scenario that is not uncommon in rental properties.

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

Suppliers should inform the customer of the date and earliest time of the switchover. Time wise, it should be done at a time which allows the customer to react and manage. (i.e. Not at 17:00 on the Friday before a bank holiday). We would expect 5 working days notice for involuntary switches, but shorter periods where the switch is at the customers request.

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?

We believe this should be left to suppliers, with an understanding that reasonable credit will reflect circumstances. So if a supplier operates a 24/7 call centre and can process a payment immediately, then credit may not be needed. However, if the supplier operates normal office hours, then a level of credit should exist to tide customers over until they are able to make a payment.

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

We believe the obligation to offer PPM is outdated and should be removed. If a supplier does offer or install a PPM for debt then it needs to assess the customers ability make a payment. If the customer has a requirement to pay "over the counter", then unless the supplier can offer such a service at a reasonably close location, then they should be deemed unsuitable for a PPM.

We would not be opposed to the industry working together to offer a PPMIP service on a voluntary basis, but it should not be mandated.

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?

Yes. We already carry out a site assessment prior to de-energisation which includes assessing for vulnerability. This is done by people trained to do this rather than relying on the metering engineer when they go to disconnect.

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

As with switching to PPM, we believe five working days notice of the date and earliest time they will be de-energised would suffice. The time of de-energisation should allow the customer to react to the loss of power and resolve by making immediate payment. (i.e. Not at 17:00 on the Friday before a bank holiday)

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?

We believe suppliers should be allowed to innovate in these areas. There should be a general caveat that any measure that restricts the free flow of energy should only take place after an assessment of vulnerability. This includes future demand management tariffs that may come about in future.

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

Yes, subject to answers to the previous questions on this issue.

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.

Yes.

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?

A dedicated but independent help scheme would be useful, but should not be financed by suppliers to ensure its independence. It should be available to all customers for advice, but have particular emphasis on supporting vulnerable customers. Suppliers should be obliged to publicise the help scheme.

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

We are in broad agreement with this proposal. However, it should not prevent suppliers levying a one off charge for customers who request an earlier installation than when they are scheduled, or those wishing an out of hours visit. This is because these costs benefit that customer alone and not customers in general.

Appendix H – 232: Data Privacy and Security**Question 1: Do you have any comments on our overall approach to data privacy?**

Suppliers need access to data not just to fulfil their regulated activity, but also to provide the level of service that the consumer has signed up to. Suppliers have obligations to protect any data and only use it for the purpose intended and customer terms and conditions already seek consent to pass on information to other industry bodies for the purpose of providing supply.

We believe the National terms of connection that consumers accept as part of agreeing to their T&Cs could be amended to allow network companies access to the data they need to manage a smart grid future.

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 its regulated duties?

In principle, a supplier needs only one cumulative read a year to fulfil its regulatory duties. However, the benefits of smart metering in delivering accurate bills will only be realised by more frequent reading. We certainly envisage once smart metering is common place that some suppliers may move from quarterly to monthly billing.

The requirement for interval data is not necessary for routine billing, but would be useful to network operators, and whilst the data may not be attached to a customer, it may be identifiable to an MPAN and therefore a property.

We believe existing data protection rules are sufficient to cover privacy, and that the consumer must agree to release data proportionate to the service they require.

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

Yes, dependant on its scope. If it sets out high level principles then that would give confidence to consumers. We would not support it if it became a detailed instruction manual on how to process data.

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

We believe that the charter should take the eight principles of data protection and put them into context of smart metering data.

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

Yes, although there seems to be a lack of detail about how consumers will register additional devices onto the HAN.

Appendix I – 233: In-Home Display**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**

We do not support the display of information in terms of pounds and pence. This is because it will lead to confusion as prices change and potentially mislead consumers because the level of accuracy will be low. It also creates a significant burden on suppliers to keep IHDs updated with tariff rates. Ofgem's research showed that consumers better understood monetary values, but this is only because they were unfamiliar with energy units. We believe once smart meters are the norm consumers will be much more comfortable with energy units as a real representation of their usage. We also believe monetary values based on current usage are misleading and could frighten vulnerable customers.

Providing monetary information for gas will be impossible without the daily calorific value which is known only after the event.

Providing account balances for credit customers provide very difficult challenges to suppliers as account balances only occur on billing systems at the point the customer is billed on receipt of a read. To provide it more frequently requires additional readings and a bill to be produced. On PPM this can be handled within the meter as the credit is stored on the bill.

It is our view that only information that can be provided internally by the metering system should be mandated. Information that is required from supplier systems should be optional. If the programme still believes data from supplier systems are preferable then the additional cost on suppliers, should be assessed for a proper cost/benefit analysis.

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

We believe that this information is only of use if it is closer to the customer's actual consumption. If the concept of annual "grid average" is used, then the consumer's faces the same drivers as reducing his kWh consumption and CO2 information is of limited use. However, if the customer is shown his CO2 based on his supplier's fuel mix, or it is based on live grid mix, then this can be a useful.

In essence, displaying carbon emissions is only useful if it causes an action which kWh information will not, such as changing to a lower carbon supplier, or load shifting to when the live grid mix is lower.

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

We believe mandating ambient displays and their settings is another area where the programme is going beyond specifying a minimum requirement and dictating a solution on suppliers and their customers. We believe that suppliers should be free to innovate to provide the most suitable IHD for their customers, potentially offering customers a choice of IHDs at installation. Some customers may prefer numerical, others more ambient feedback.

If the programme wishes to build a competitive market for IHDs beyond that provided at point of installation, then it should mandate the minimum allowing IHD providers to offer better alternatives.

Question 4: Do you think 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?

We believe such an obligation would limit innovation as the solution to disabilities may not be an IHD, but providing the data via another medium. We are also concerned that if an obligation is introduced, then suppliers could only fulfil such an obligation if such IHDs were reasonably available in the open market.

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

Anecdotal evidence from users of current IHDs suggests that this is not a major issue. We support the view that fixed IHDs are the most cost effective solution. However, portability should not be excluded if the supplier is willing to offer it, and the customer wants it.

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

No. We believe the minimum functional requirement should only cover information which is available on site in the meter. Information that is held on supplier systems (i.e. tariff rates and credit account balances) should not be part of the requirements.

If they are mandated, the suppliers will need to make extensive system changes to deliver this information, and the DCC will need to cope with the potential for all suppliers to update tariff rates on the same day (e.g. 1st April), thus requiring a significant peak capacity requirement. These system requirements add significant costs (especially to smaller suppliers) and will delay the date that suppliers will be ready to rollout smart metering systems.

In the interest of expediency, we believe that the items required from supplier systems should be optional, but potentially listed as desirable. This way development of supplier systems in this respect can be decoupled from rollout start date.

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?

Again we believe this requirement is a nice to have, but should not form part of a minimum specification. We would also highlight that we believe customers who are not on the gas grid should not receive a display with blank boxes where gas information would normally be shown.

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

Yes.

Appendix J – 234: Implementation Strategy**Question 1: Do you have any comments on our proposed governance and management principles or on how they can be best delivered in the context of this programme?**

We are supportive of the basic governance and management principles but make the following observations:

1. We believe the papers and minutes of the strategic programme board should be published (unless there are confidential issues discussed). This will give everybody a chance to see how the “big picture” is progressing and that issues before the board do not contain inaccuracies.
2. We have come across several instances where a mindset is in play that there are “only 6 large suppliers” or “all suppliers have in-house metering businesses”. We believe there is a need for a small supplier representation at all levels to address this.
3. We believe there is too little focus on the development of smart grid, with the focus being on the visible aspects of smart metering i.e. IHDs and accurate bills. Whereas smart grid offers a far greater potential to drive down carbon emissions by moving from passive to active grid management.
4. Whilst the programme keeps referring to “minimum” functionality it persistently includes “nice to have” in that minimum specification. Simplicity is the key to successful delivery, whilst enabling an easy route to upgrading. More focus on the how and less on mandating the what.
5. Large programmes have a potential to massively overshoot on costs. As the cost benefit analysis is already marginal, we believe a regular assessment of the costs as things are clarified should be included, including separate cost/benefit assessment on each key decision point for increasing or extending the minimum requirements. These should be made public.

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

The impact on supplier competition should be under review. Ofgem has a role in ensuring a competitive market, but if the result of the smart metering programme makes it impossible for smaller parties and new entrants to operate in the market, then this will be to the detriment of the consumer. Smart metering should improve competition, not entrench the dominance of metering integrated suppliers..

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 the DCC for the domestic sector?

No. Mandating rollout before availability of the DCC creates a level of complexity, and thus delays in itself. Whilst we do not believe that suppliers should be prevented from commencing rollout prior to the DCC, but we believe it should not be mandated. Resources spent delivering communication processes prior to DCC go-live would better utilised to bring forward the date of the DCC implementation.

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?

We believe the risk of consumers being tied in to a particular supplier because of the use of bespoke communication channels is significant. It is also a licence to print money for providers of such services unless the costs are regulated.

We fail to see how a situation where suppliers cannot procure communication services at a reasonable cost could be mitigated by commercial arrangements. Communication services providers are not licensable activities, so they cannot be enforced by regulation.

It is also likely that as the DCC is developed, there maybe technical issues that come to light that can only be resolved by changing the metering system specification. This could result in revisits to all sites where smart meters have been installed with the resulting loss of confidence by consumers and additional costs. Whilst this risk may be considered small, its impact could be significant.

In essence we believe that commencing rollout before the DCC is available is foolhardy, and based on a political wish for early implementation than sound project management principles.

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 rely on industry input?

Simplifying the functional requirement to a genuine minimum specification, rather than the gold plated minimum specifications would be the best way to ensure a quicker rollout.

Removing from the IHD specification items that require changes to supplier systems (tariff rates and account balances) would mean suppliers could be ready earlier.

Rather than requiring suppliers to have alternative comms prior to DCC go-live, allow suppliers to install smart meters in a "no WAN mode" and be treated as dumb meters until the DCC is live would ensure consumers get the benefit of IHD information from the meter to start taking measures to reduce their consumption. Once the DCC goes live it could wake up the meter, and take it to full smart functionality.

The programme should also consider the potential for electricity Go-Live being before gas. Whilst it makes sense to avoid two installation visits, if this was acknowledged then suppliers could prioritise electricity only households or customers who are happy to accept early installation of an electricity smart meter will result in a second visit to complete the gas installation.

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?

No. Supplier's ability to commence rollout is dependant on the availability of meters, installers and their own internal systems if current IHD specifications are upheld. If the supply licence implementation is made dependant on sign off of the metering specification. Then implementation should be based on estimates from the industry as to when sufficient numbers of meters will be available.

We would favour the supply licence obligations to become effective in line with the DCC go-live for the reasons set out above.

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

As mentioned we believe mandated rollout prior to availability of the DCC is an inefficient decision and should be rethought. There are better ways of delivering key smart metering benefits earlier without requiring full functionality from day one.

This process is already forecasted to cost £9bn, and this will undoubtedly rise. Therefore getting it right, at least cost should take precedence over delivering on time.

The programme should also publish where they see dependencies as this could facilitate discussion as to where these dependencies could be broken by alternative solutions. It would also allow the industry to identify any missed dependencies.

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

Phase 2

Clearly having the functional and technical requirements available will not allow go active to commence. Go active must take into account when sufficient quantities of compliant meters will be available, especially if go-active is hard coded in the licence to commence 6 months after go-active. An assessment of meter availability must be an output of phase 2 before it can close and move to phase 3.

Phase 3

We do not agree that go-active should commence before the DCC is available for reason expressed elsewhere.