

October 28th, 2010

Ms. Margaret Coaster
Smart Metering Team
Ofgem E-Serve
9 Millbank
London
SW1P 3GE

Dear Ms. Coaster,

**Smart Metering Implementation Programme – Responses requested by
October 28, 2010**

Smart Metering Prospectus

Chapter 2

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

Although we understand Ofgem and the Government's reasoning behind the proposed benefits provided by the In Home Device, First Utility feels that equal consideration should be given to other possible options for consumers to inform themselves of their energy usage and expenditure related to this. These include web portals and display on a television screen. We would be keen that suppliers are given some measure of flexibility in providing this information in order to allow increased customer choice and innovation in the means by which this information is provided.

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

First Utility feels that there are already robust legal safeguards in place relating to data privacy from the point of view of the consumer. However, it is essential that suppliers are able to fully access consumption data in the appropriate level of detail so that the best tariff can be offered in relation to that particular customer's energy usage pattern and innovation in terms of new product offerings can be facilitated.

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

We recognise that there are consumer protection issues related to remote disconnection and, as we have already stated to Ofgem, we would not exercise our right of remote disconnection unless we had exhausted all other options, the customer was not considered vulnerable in any way, and we were in possession of a warrant to disconnect. On the subject of setting a smart meter to run in prepayment mode, we feel that this may potentially provide great benefit to consumers in future, both in terms of customer protection and customer choice. It may be that certain customers,

irrespective of their financial circumstances, will elect to manage their energy spend in this way in light of the greater control which it gives them over their finances. A useful analogy in the case is the mobile phone market. Some years ago, a mobile phone could only be obtained through a contractual arrangement with a telecoms provider. However, in recent years, many consumers have opted for the convenience and manageability of pay as you go contracts, and we see no reason why this thinking could not also be applied to the energy market, particularly as advances in technology make this more operationally feasible than in the past.

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

First Utility believes that this approach is appropriate, but we feel that a similar case could also be made for smaller domestic suppliers. The large incumbent suppliers ("the Big Six") currently supply 99.5% of the domestic market. There are roughly twenty million domestic gas meter points and twenty seven million domestic electricity meter points in Great Britain, which would equate to just under two hundred and fifty thousand domestic meter points for both gas and electricity which are not supplied by the Big Six. This is significantly less than the number of non domestic gas and electricity meter points in Great Britain and we see no reason why smaller suppliers (and particularly those, such as First Utility, who are already rolling out smart meters) should be mandated to make use of DCC functions beyond the minimum data access and scheduled data retrieval functions required for the effective transfer of smart metering data. On the subject of the In Home Device, although we are fully cognisant of the need for customers to be able to view their usage and monitor their spending related to this, we would favour an exemption for the requirement to provide In Home Devices to customers for smaller suppliers as long as those suppliers used alternate means to provide the necessary information to those customers. As mentioned above, these include web portals (which First Utility currently uses) or display through a television.

Chapter 3

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?

It would appear that the current view at Ofgem is that DCC will provide the WAN module but the supplier will be responsible for installing and maintaining this and all equipment linked to the HAN and the actual meter. We agree that this is appropriate but would like to make the point that this could potentially raise issues upon change of supplier in the case that this equipment is owned by the supplier who originally installed it rather than a third party agent. However, as long as some form of contractual arrangement is in place in this situation which would provide for leasing of those assets at commercial rates, it should be possible to work around this issue. We would also like to suggest that the appropriate level of flexibility be maintained around this in order to encourage innovation.

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?

In line with our point above, we agree that DCC function should initially be limited to data access and scheduled data retrieval. It may be that, over the course of time, there is a clear indication of additional required functionality from the market. However, we would request that the usage of any additional functionality over and above the minimum requirements laid out above be optional rather than mandated and that access to additional features/activities be allowed through channels other than DCC.

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?

Given its monopoly position within the market we feel that it is appropriate that DCC procure communications and data services by means of competitive tender. In addition, it would also seem appropriate for DCC to have oversight and governance over any required contract management, although we note that it could have the option to outsource this to a third party following a competitive tender if it chose to do so. Finally, we would suggest that any third party contract awarded by DCC through a competitive tender be of a maximum five year period in order to provide a strong performance incentive, which we do not think longer term contracts, perhaps of the nature of fifteen to twenty years, would necessarily achieve.

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 agree with this although we would appreciate a view as to how long the successful party will operate as DCC prior to another tender being held. We do not feel that a period of any longer than ten years would be appropriate as a very long period might operate as a disincentive to proactively engage with the market and provide a high level of customer service.

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?

We would like to refer you to our answer to Question 5 and believe that the same argument applies equally in this case.

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

Given the likely magnitude of the changes to the industry that widespread smart metering will introduce, it would seem appropriate that this be governed by a smart code, particularly with respect to interaction between suppliers and DCC.

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

It may be almost impossible at this early stage to identify all the impacts that smart metering will have on the energy sector in the future as there are almost certainly issues which will arise that no one has yet considered. However, in the light of what is currently known and what can reasonably be assumed, this seems sufficient.

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

The actions taken by Ofgem to date appear to have been comprehensive. However, we would like to make the point that security of the smart metering system should not be over engineered past a reasonable point as this would add unnecessary cost and, therefore, an unnecessary extra financial burden to market players.

Communications Business Model

Chapter 2

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

Yes.

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

We do not believe that there is a requirement for meter registration to be included within DCC's scope at present as this function is already performed elsewhere. However, we may revisit this view if future evidence were to show that savings and efficiencies could be achieved by DCC performing this function instead.

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

As mentioned elsewhere in this response, our preference would be that the only mandated DCC functionality for smaller suppliers should be data access and scheduled data retrieval, although we would not be opposed to this functionality being optional for other Users if they wished to utilise this service.

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?

We believe that it is particularly important that DCC make arrangements to provide for novation of communications contracts, which should be straightforward to organise and will greatly assist in ensuring a smooth rollout.

Chapter 3

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

Yes, this would seem appropriate as these services will have to be sourced as part of a competitive commercial framework.

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, we believe that DCC should be entirely independent from all industry parties including suppliers and transporters as otherwise there is a possibility that potential conflicts of interest might arise. Given the uniqueness of DCC's position in the market, it should be fairly easy to define this position as part of the licence, i.e. the DCC's role as operator of the UK smart metering communications and data system and administrator of the contracts and governance associated with it.

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

We have no specific comments to add to the plan laid out in the smart metering programme.

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

First Utility would suggest that the DCC be funded on a cost pass through basis plus an agreed level of margin. We also feel that there is a need for extra incentivisation in the form of targets related to DCC performance. Cost pass through should of course be subject to the normal criteria of reasonableness. There is a strong possibility that funding will be required at start up to cover initial costs before any customers are actually billed by DCC. We would suggest that funding be arranged for this with a bank as we are confident that DCC's guaranteed revenue stream and potentially low level of risk will encourage the bank to extend funding at competitive rates of interest.

Data Privacy and Security

Chapter 3

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

This approach seems appropriate.

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

We believe that information provided on a half hourly basis should be sufficient.

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

Yes, we support the principle although we believe further industry discussion is required as to the proposed scope of the charter.

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

We would suggest that considerations should include ownership of data, storage of data and rights of data access, particularly in relation to whether or not suppliers can access data relating to periods when the customer was supplied by another licensee.

Chapter 4

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

Yes, we agree that the proposed approach is sufficiently robust.

Regulatory and Commercial Framework

Chapter 2

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

We believe that all of the main elements to be considered have been identified.

Chapter 3

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

Given the enormous changes that the widespread implementation of Smart Metering in the UK will make to a number of factors including the customer experience, the traded market and potential new product offerings, it would seem appropriate that a separate Smart Energy Code be established to set up governance and obligations in relation to the way that this technology is managed and administered.

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 seems comprehensive.

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

We would suggest that DCC either administer the governance for the Smart Energy Code itself, or, if it prefers, outsource this governance function to a third party following a competitive tender process to be administered in a manner similar to SPAA or MRA.

Chapter 4

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

We agree that the supplier should be responsible for the installation and maintenance of the WAN communication module and believe that, when a change of supplier takes place, the new supplier should then assume responsibility for the maintenance of this hardware.

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.

Our view is that HAN data should be provided on a per second basis in order to enable market participants to offer new services deriving from this.

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

As stated above, we believe that the installing supplier should be responsible for ongoing maintenance of this hardware which will then pass to the incoming supplier when a change of supplier takes place. In the case where gas and electricity are supplied by different companies, maintenance should be shared between the two companies, with the company carrying out the maintenance work being able to recoup part of its costs from the other supplier.

Chapter 5

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

We would suggest that meter points where meters are installed prior to the agreement of a technical specification and the availability of compliant products and where this installation was requested by the customer should remain in situ until the end of the smart meter rollout period before being replaced, subject to a minimum agreed standard. This will then reduce the risk of asset stranding and incentivise the early rollout of smart metering technology.

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

The major consideration in relation to interoperability is that existing assets should not have to be removed a relatively short time after installation due to interoperability issues. We would suggest that, subject to a minimum agreed specification, existing assets should be allowed to remain in situ

until the end of a ten year period or the end of the national smart metering rollout. Open protocols may go some way towards achieving this aim.

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 arrangements will address technical assurance starting at the point where compliant equipment is produced against a minimum technical specification. There remains a commercial risk of stranded assets for equipment produced and deployed ahead of this time. We would suggest that, subject to a minimum agreed specification, existing assets should be allowed to remain in situ until the end of a ten year period or until the end of the national smart metering rollout.

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

We are concerned at the current trend among the large incumbent suppliers to take their metering business “in house”, with their own meter installers fitting meters for their own customers. We would argue that this then reduces the number of appropriately qualified meter installers (particularly in gas) available to the rest of the market. This may then reduce the ability of smaller players to achieve higher rollout rates as part of the proposed smart metering programme.

Chapter 6

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?

The view of First Utility is that access to raw metering data in the quantity and granularity that smart metering will allow should give rise to more opportunities to offer time of use tariffs fitting a customer’s specific usage profile. As long as this information is freely available to the industry via DCC, there should be no issue in developing these products.

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

First Utility believes that widespread smart metering will eventually lead to gas being balanced within day rather than just daily at present. This may not necessarily be half hourly, but perhaps instead in four hourly blocks in line with the electricity IFA blocks as gas in IFA block 5 clearly has a higher value than gas in IFA block 1, although under the present arrangements this difference in value cannot be stripped out.

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

The current MAP arrangements on iGT gas networks may need to be changed in order to remove the cost barrier to installing new technology. At present, the iGTs must be paid for dumb meters which are removed prior to the end of their asset life.

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

None that we are aware of.

Non Domestic Sector

Chapter 3

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?

We are not aware of any.

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

We agree with the proposed regime provided that the exceptions for advanced metering technology are retained. However, as smaller non domestic customers are often situated at sites whose consumption is no larger than that of some domestic properties, it seems reasonable to ensure that requirements are put in place to enable this category of customer to also benefit from smart metering technology.

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

We are not aware of any.

Chapter 4

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

We agree with this approach, particularly as AMR technology is already fairly widespread in the non domestic sector and suppliers in that sector already have the means in place to receive and handle the data that this technology provides. However, we believe that there is also a similar case to be made for the treatment of smaller suppliers, and particularly those who are already in the process of rolling out smart technology. While we accept that some minimum level of mandated DCC usage such as data access and scheduled data retrieval may be required for smaller suppliers, we do not see any benefit in being required to utilise DCC functionality beyond this minimum. Indeed, it may be that the extra cost involved in supporting any further functionality might place a disproportionate burden on smaller suppliers which might then have a knock on effect on competition.

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

We agree that DCC should be allowed to offer its services to non domestic suppliers on a competitive, contractual basis. However, we also agree that DCC should be limited in this respect to some extent to prevent it unfairly benefiting from its monopoly position.

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

We do not believe that this will pose any significant limitations as non domestic suppliers may in future have a strong incentive to provide the necessary information to DCC in order to give their customers the opportunity to benefit from smart grid related products.

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?

As stated above, we believe that the financial and customer experience incentives will be sufficient and so do not believe that a licence condition of this nature is required.

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

We believe that there is already sufficient provision for interoperability in the non domestic market as demonstrated by the large and increasing amount of customers in this sector who utilise advanced metering technology.

Chapter 5

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

We believe that minimum requirements should be put in place.

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

This seems appropriate.

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?

The non domestic sector is already engaged in the rollout of smart metering technology and has a strong incentive to accelerate this given the benefits it provides to both customers and suppliers. Indeed, we are of the view that non domestic customers are likely to demand this technology given that it provides scope for accurate rather than estimated billing. Therefore targets may not be required.

Consumer Protection

Chapter 2

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?

We believe that the current safeguards in place in the supply licence relating to clarity and communication with regards to tariffs are sufficient to protect the customer.

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

We would agree that sales activities should not take place during the installation visit, particularly where this involves a vulnerable customer. However, there may be an opportunity during the visit to provide information which might be of use to the customer on topics such as energy efficiency and money saving and this should not be precluded.

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

Direct sales activity would almost certainly be considered to be an unacceptable use of the installation visit. However, as stated above, we believe that there could be an opportunity to provide extra information of value to the customer in the form of energy efficiency and money saving information. The visit may also provide a face to face opportunity to assess customer vulnerability in line with SLC 27 in the case that this has not already been established.

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

We agree that the IHD should not be used to transmit marketing information in the initial rollout stage.

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

We agree that the provision of consumption information to customers is a major driver for smart metering rollout. However, there is a cost associated with providing this information and it would be unreasonable to expect suppliers to absorb all of this cost. We would suggest that the cost of this information provision be split between suppliers and transporters as both parties potentially benefit from consumers having free access to this information.

Chapter 3

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?

First Utility believes that existing protections in the supply licence are sufficient to prevent this. In addition, it would not benefit any supplier to remotely switch a customer to prepayment mode without their prior knowledge.

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

Possibly, however we wish to reiterate that an IHD is not the only way that this information and benefit can be provided.

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

We would suggest that 7 days notification be provided prior to switching a customer to prepayment mode for recovery of outstanding debt. In the case where a customer requested this switch to prepayment mode, the timeframe could be agreed between the customer and the supplier. In either situation, a customer would only be switched to prepayment mode where it was appropriate to do so.

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 that this should be left to suppliers' discretion although we would suggest further investigation of possible options such as load limiting as a possible alternative to self disconnection by prepayment customers.

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

We think such an obligation would be useful in order to ensure that all customers are able to benefit from this.

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?

We believe that this requirement is sufficient as it bolsters already existing requirements elsewhere in the supply licence.

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

We believe that 7 days notification is sufficient, although we regard disconnection as a last option and would take all necessary steps to avoid this as far as possible.

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?

Load limiting might be an acceptable alternative to disconnection although further discussion would need to be held between Ofgem and the industry as to what level of load limiting would be acceptable.

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

We agree that the ability to remotely disconnect and reconnect may allow for customers being reconnected more quickly than is currently the case. We would suggest that functionality is provided through the meter that ensures that, although reconnection is carried out remotely, it cannot be performed without the customer being present for safety reasons.

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.

We feel that Ofgem's overview is comprehensive and appreciate the dialogue recently held between Ofgem and suppliers to discuss this issue.

Chapter 4

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?

We do not favour the specific prioritisation of smart meter installation for vulnerable customers as we agree with consumer groups that it is more important for vulnerable customers to be able to take advice from others in their community who already have smart meters installed and can provide advice and support. However, we feel that there is scope for extra assistance for vulnerable customers, perhaps through coordination with consumer groups and local authorities.

Chapter 5

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

This proposal is acceptable as it may discourage take up of this technology among certain customer groups.

In Home Display

Chapter 2

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.

It is likely that, the more accurate the financial information displayed on the IHD related to consumption, the more expensive the technology and associated systems will be. A cost / benefit analysis may need to be conducted in relation to this but we would suggest that rounding to the nearest pound would be sufficient for basic IHDs. However, we would not wish to preclude competition or innovation and feel that the market will respond to signals from customers who want this information at a greater level of granularity.

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

We believe that customers are more likely to react to financial (i.e. money spent on energy) information than information relating to carbon dioxide emissions and would urge Ofgem to concentrate on that area as a means of encouraging behavioural change.

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

Whilst we feel that adjustable targets and comparisons with historic data might prove useful, we would like IHD manufacturers to have the freedom to innovate in this area.

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

We do not believe that such an obligation is required as we believe that the market will respond to the needs of specific groups of customers by producing innovative technology which will itself assist in ensuring competition.

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

Although on the one hand the portability of IHDs might lead to customers carrying them around the house and looking at them more often, there is also an attendant risk that this might be more likely to lead to the technology being broken or misplaced. In addition, for the IHD to be portable, it would need to contain a battery rather than running off mains power.

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

We believe that the specification is overly prescriptive in terms of HAN service levels that may be impossible to achieve in “hard to reach” scenarios. Additionally, we believe that any mismatch between the IHD and the metering equipment and/or the customer’s bill will cause disputes that will lead to increased operational costs for suppliers.

Chapter 3

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?

It could be the case that a specialist market will grow in electricity only IHDs, particularly as not all properties have access to a gas supply.

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

We would like to reiterate the point that consumption information can be provided to customers in a number of different ways and an IHD is just one of these. First Utility has a deal with Google which allows our customers to access their consumption information through Google's website and it may be that this retroactive imposition of a requirement to provide an IHD to our customers affects the viability of that deal. We believe that an IHD should not be a requirement. Rather a supplier should be required to provide their customers with consumption information in some form, as long as the level and type of information required meets the specifications set out by Ofgem.

Please do not hesitate to contact me should you have any questions or require any further information.

Yours sincerely,

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