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Dear Margaret,

### **Smart Metering Prospectus – September Questions**

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.

We welcome the decision to proceed with the implementation of smart metering, but have concerns that they will not deliver the ambitions of the government leadership in this area without doing far more work about how this will integrate with smart grids, microgeneration and the energy wholesale market. Secondly, that supply businesses who do not have an integrated metering business are likely to be at a significant disadvantage, in particular as a result of the run down of non smart metering and the ability for these suppliers to continue to meet the needs of their customers when these services are not available, and the gap is not met by smart metering due to the timing of its introduction.

We have answered your questions as laid out in your consultation, expanding our thoughts where necessary. A further response on the questions for the October deadline will follow in due course.

### **Question 3: Do you have any comments on the proposed approach to ensuring customers have a positive experience of the smart meter rollout (including the required Code of Practice on installation and preventing unwelcome sales activity and upfront charging)?**

We believe that the switch over to smart metering should be a positive experience and for a majority of people that means the minimum of inconvenience caused by the process. We support the development of a code of practice, but only if it is developed by the industry as a whole and specifically not just developed by suppliers with in-house metering businesses. We think that any code of practice should set a minimum expected level of standard expected rather than a full blown process of how to conduct a visit.

With regard to co-ordinating other activities, such as the "green deal" as part of this visit, we believe it should not be excluded (provided it is does not become a sales activity), but are conscious that most customers would prefer the visit to be as quick and efficient as possible with the minimum number of people in their property at any one time.

As a smaller supplier, we are likely to want to work with our chosen metering provider, and to allow them to co-ordinate visits with other clients to achieve efficiencies. (e.g. If they are in the area doing re-certifications visits then it may be possible to do other customers in the vicinity), and thus a requirement to target particular classes of customers complicates this process and adds additional costs. We believe smaller suppliers should be allowed maximum flexibility in how they deliver smart metering to their customers.

On upfront charging, we believe there is insufficient definition on what an upfront charge is to provide a definitive answer. If a ban is imposed it should not prohibit charges for timed or out of hours appointments, in particular we would like the flexibility to impose charges for customers wanting an early installation, or for a failed visit. We believe that it would be more effective to ensure that all potential additional charges are cost reflective and reasonable rather than implementing a total ban.

**Question 6: Do you have any comments on the functional requirements for smart metering system we have set out in the Functional Requirement Catalogue?**

The functional requirements are reasonable but we would make the following comments:

We believe that as a principle the IHD should only be mandated to display local information from the meter or in-house devices. The requirement to mandate information on an IHD that must come from the supplier (i.e. account balances and tariff rates), should not be mandated as it has the potential to delay implementation whilst suppliers upgrade their systems to provide this information and the resultant increase in costs.

We would also like the IHD to be capable of displaying if the property is importing or exporting electricity in an easy format. This would greatly enhance load shifting where micro-generation is involved, and at a later date such information could be used by smart devices.

In a wider sense, we believe innovation is the key to the success for smart metering, and as such believe that "hard coding" what a smart metering system can and can't do is a restrictive element. We envisaged that the Smart metering system (principally the meter and IHD) should be similar in technology to smart phones where basic functionality is enhanced with "Apps" which can be installed by the customer's supplier via the DCC.

**Question 7: Do you see any issues with the proposed approach to developing technical specifications for the smart metering system?**

We support the principle of engaging with the industry in the development of the technical specification for the smart metering system. It is however important that each element is subject to cost/benefit analysis and that the principle of mandating minimum requirements whilst allowing innovation by suppliers beyond the basics is upheld. To date there has been a tendency to gold plate requirements without consideration of whether these elements are worthwhile. For example requiring credit balances to be transmitted to IHDs.

**Question 16: Do you have any comments on the proposals for requiring suppliers to deliver the rollout of smart meters (including the use of targets and potential future obligations on local co-ordination)?**

We believe that smaller suppliers should not be set periodic targets of number of customers with smart meters. The reasons for this are twofold. Firstly, smaller suppliers are likely to contract with metering agents (or possibly with a larger supplier) to install their smart meters. They will therefore not have the same degree of control as vertically integrated suppliers and be dependent on the roll out plan of the metering agent who may be covering more than one supplier. Secondly, small suppliers do not have the luxury of an inert element within their customer base which can be guaranteed not to switch, thus churn could disproportionately impact suppliers ability to meet their targets. They should however be required to report on progress and the regulator would be free to flag with them if they feel they are drifting behind without just cause.

On local co-ordination we feel that such an obligation will impact adversely on the efficiency of any rollout. This would not mean that requests for a co-ordinated roll out should not be made, but that suppliers, particularly those without an in-house metering business should not be obliged to respond. The exception to this maybe sites identified as requiring co-ordination for technical reasons (e.g. Blocks of flats.) These sites should be identified, and co-ordination on these should take place towards the end of rollout with leadership from an independent party (possibly the DCC).

**Question 17: Do you have any comments on our implementation strategy? In particular, do you have any comments on the staged approach, with rollout starting before DCC services are available?**

We are concerned that the implementation strategy does not consider the impact on “non-smart” metering services as they are run down. We believe that this needs to be managed with as much, if not more attention as the rollout itself. Key to this is ensuring that “dumb” metering services remain available to all market participants until such time as they are no longer needed. This should also be considered in the possibility that some sites will be impossible to smart meter and will need enduring solutions. Consideration should be given in electricity of a mandated meter operator/provider of last resort.

On the staged approach, whilst recognising the need to commence as soon as possible, we are concerned that suppliers will be required to install meters prior to the implementation of the DCC. Small suppliers without a metering business may struggle to find a service provider on what will be a time limited service.

Separately unless there is technical and commercial interoperability, customers receiving a smart meter prior to the start of DCC services may find it difficult to switch to an alternative supplier of their choice. This approach could also compromise data security, as it means that meters need to be capable of sending data to several participants rather than just to the DCC, thus opening up the system to hacking.

It is our view that it is a mistake to remove the DCC from the critical delivery path, and smart meter rollout should not commence before the DCC is live.

**Question 18: Do you have any suggestions on how the rollout could be brought forward? If so, do you have any evidence on how such measures would impact on the time, cost and risk associated with the programme?**

We believe that simplification is the key to bringing forward rollout. If smart metering systems could be installed and treated as dumb meters until the DCC was taken live, then more meters would be installed without the complication of early smartness. Customers could still benefit from the IHD displaying data held on the meter, including real time usage and historical unit use. To achieve this, meters would need to be installed in a “sleep mode” with readings collected as now, (Installers would need to check for contact to the WAN). Once the DCC was activated, it could send a message to the HAN, activating the metering system into full mode. In a small number of cases this may require remedial visits, but this may be outweighed by the benefit.

On the supplier side, if supplier services are not mandated other than to receive readings remotely, then suppliers should be ready at an earlier stage. If however, they are required to have full system readiness from day one to send data to smart meters, for example, account balances and tariff data, then the date suppliers can commence rollout is likely to be later. The need to prepare for two stages, the pre-DCC stage and the post DCC live stage will also add delay.

**Question 19: The proposed timeline set out for agreement of the technical specifications is very dependent on industry expertise. Do you think that the technical specifications can be agreed more quickly than the plan currently assumes, and if so, how?**

The current specifications are an over engineering of the requirements. The process could be improved by focusing less on what it should do and more on how. So only the basic functionality is specified, that is the meterology, security, and communications and then a technical solution which allows additional functionality to be added by suppliers or trusted 3<sup>rd</sup> parties. (the I-phone and apps principle.) This should not only increase the speed at which the specification can be agreed, but should future proof the system and not require industry agreement every time some new functionality is developed.

**Question20: Do you have any comments on how the proposed governance and management principles or how they can best be delivered in the context of this programme?**

We are concerned that the programme is not planning to consider the management of the run down of “non-smart” services. It is important from a customer perspective that this is managed in a way that consumers are protected and customers maintain the full benefits of competition through the switchover period.

We are also concerned that public policy objectives are not been properly costed against the perceived benefits. Any public policy objectives should be challenged to ensure that the benefits of smart metering are not over run with costs from gold plated objectives.

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

Kind regards,

