

Intellect Response to Ofgem Annex 5: Regulatory and Commercial Framework October 28 2010

Russell Square House
10-12 Russell Square
London WC1B 5EE

T 020 7331 2000
F 020 7331 2040
www.intellectuk.org

Information Technology Telecommunications & Electronics Association



Chapter 2

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

Intellect believes that Ofgem has covered the majority of the key elements that our members would expect to see in the Smart Metering Regulatory regime. However, we would also like to see that adherence to standards, technical specifications and to service level agreements are explicitly covered within the regulatory regime.

Chapter 3

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

Intellect agrees with the proposal to establish a Smart Energy Code. A dedicated code is needed, embracing smart metering and other key elements of effective energy management - particularly smart grid and also smart homes and communities.

Acknowledging that timescales are pressing, Intellect suggests that the code focuses initially on smart metering and grid applications (to enable early establishment of the DCC) and is extended to smart homes and communities as soon afterwards as practicable as well as water in the longer term.

Intellect believes that close working between DECC/Ofgem on the one hand and Ofcom on the other will be required to deal with the substantial risks derived from the overlapping regulatory regimes applicable to the rollout of smart metering. We believe that some, or all, of the meter, HAN, WAN and communications module fall within the definition of electronic communications apparatus for the purposes of the Electronic Communications Code ("ECC").

It also follows that the DCC is likely to be providing an electronic communications service and perhaps a network to its electricity industry customers and that therefore the basis on which it does so is subject to the provisions of the Electronic Communications Directives, especially the Framework Directive, the Authorisations Directive and the Universal Service Directive. Each of these instruments, which have been implemented in the UK by regulations, contains provisions, especially restrictions, applicable to the imposition of regulatory obligations on providers of Electronic Communications Networks and Services. These will need careful review in the devising of the regulatory regime applicable to smart grids and smart meters.

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

Intellect believes that the governance of the Smart Energy Code should include balanced representation from the energy and the technology sector, and we are keen to offer our assistance. This is particularly important as the evolution of Smart Metering and Smart Grids is largely dependent on the work of both sectors.

Chapter 4

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

One Intellect member has suggested the following:

- The data set should contain the minimum data for the minimal displays to work. The additional data that can be provided by the devices will act as a service and product differentiator. The open protocols that are most likely to be used will support that additional data as additional fields.
- The 'normal' bill units for gas and electricity units need to be consistent with those on the IHD so that the consumer can interpret information from both sources in the same way. The calorific value of the gas is relevant to the gas energy value and this information would need to be provided to the IHD in some way by the supplier.
- If there was a method of reconciliation of the customer's retailer account data with the IHD, so that the IHD actually displayed their rolling account this would reduce any variance. If this data could then be passed from the retailer to the IHD even daily or weekly it would potentially increase the perceived accuracy of the billing as the consumer will consider the IHD as correct and any variance due to rounding errors of clock periods as mis-billing. The real time or update presentation of account information would need to be protected suitably to ensure security, and a methodology provided so only the account holder can see this information on the IHD and compliance with any data protection legislation is maintained.
- This member also recommends that the starting position for the IHD is that it is not intended to be a means of validating the bill. The minimum data set should be so defined so as to facilitate competition at all levels of energy supply, and prevent consumer 'capture' by individual suppliers who hold exclusive information about individuals or groups of consumers.

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.

Intellect agrees with the proposal that the WAN and HAN in the customer premises should be shared infrastructure to avoid the costs of providing duplicate infrastructures.

We agree with the proposals that one energy supplier retains responsibility for ongoing maintenance of any shared WAN and HAN infrastructure, as this supports the accelerated rollout of smart electricity and gas meters and does not slow down the pace of the gas smart meter rollout.

Chapter 5

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

Intellect members have suggested an assorted range of additional measures which have been expanded upon below:

- The importance of the role that pilots could play in reducing risks for early movers has been identified. Pilots present the opportunity to deliver results at an early stage whilst accepting and incorporating the learning based nature of early implementations. This enables better management of non-positive impacts and improved identification and diffusion of positive learning.
- Early agreement of functional and technical specifications (covering meters and their communications) before permitting early mover rollout of smart meters.
- Comprehensive and early public and industry (including journalists and analysts) communications activities so as to clearly explain the smart metering programme and the positioning of early movers. This could be extended to local community events and celebrity champions.
- Define minimum datasets, upgradable APIs and technical standards as early as possible to prevent stranded installations and atomisation of the system.

What is needed to help ensure commercial interoperability?

Intellect members have suggested the following detailed list of suggestion to ensure commercial interoperability:

- Standard charging types across both electricity and gas suppliers for minimum services;
- Standard minimum terms and conditions;
- Pre-agreed mechanism for offsetting/balancing costs incurred by the original installer at the point of shared use of the meter infrastructure (including communications and IHD) or transfer to another supplier;
- Technical standards;
- Common APIs

Our members suggest that these elements need to be included within the supplier's licences, reflected in the Smart Energy Code and governed through the DCC's licence.

One Intellect member believes that commercial interoperability will be most easily achieved if the number of communications solutions and providers are minimised. A multi-communications solutions environment with many complex technical and service interfaces will increase the challenge in achieving seamless commercial interoperability.

Can current arrangements for delivering technical assurance be developed to gain cost effective technical assurance for smart metering system? If so, how would these procedures be developed and governed?

Intellect members have suggested both the creation of 'test stubs' by the DCC and the creation of a model community, in order to gain cost effective technical assurance for the smart metering system. Furthermore, and in order to make it easier to identify and diagnose faults, it has also been suggested that focus should also be given to agreeing a set of common diagnostics and checksums on meters and devices, as these will follow customers as they change retailers who may not have deep expertise in managing specific devices.

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

Intellect members believe that the scale of the communications programme (connection to every domestic property in the country) is of strategic importance to both Ofgem and Ofcom and we would therefore recommend that the appropriate licence and code provisions are, as a minimum, shared and agreed by both regulators.

We also recommend that, in the interests of timescales, early procurement activities are undertaken to place contracts with communications service providers, in parallel with the development of the DCC licence. We support the principle that the DCC should be separate from the communications service providers.

Chapter 6

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?

Intellect believes that the services provided by the DCC and the data and communications services that support the DCC should be capable of supporting the needs of customers located on independent networks.

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

The programme should be aware that, though not a formal industry process, the deployment of smart metering will have an impact on the delivery of customer support.