



Smart Metering Prospectus

Prospectus Summary

RWE npower

Trigonos
Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire SN5 6PB

T +44(0)1793/87 77 77
F +44(0)1793/89 25 25
I www.rwenpower.com

Registered office:
RWE Npower plc
Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire SN5 6PB

Registered in England
and Wales no. 3892782



Q1 Do you have any comments on the proposed minimum functional requirements and arrangements for provision of the in-home display device?

- We agree broadly, with two principal exceptions;
- We do not support prescription about money/account information on the IHD
- We have some concerns about how the lead supplier concept would work in practice with the HAN
- For further information, please see our response on the IHD

Account information on the IHD – We believe that the ability of the metering system to operate in prepayment mode is essential and that a switch to PPM must not require a change to the meter. A one-time switch of IHD to switch to PPM could be countenanced initially but is very far from ideal. Therefore PPM requirements will guide the amount of account information that must travel down the DCC. As described in our response to this section, we do not believe that there should be any prescription about the display of account information, as the requirement to conform to a regulation that is not helpful to the consumer in a specific situation risks confusion.

Lead supplier – We are generally uncomfortable with the concept, although we do recognise the validity of the process that arrived at the concept. Whilst our concerns centre on the meter-HAN-WAN connections, we also have reservations on how a shared IHD would operate and what mutual responsibilities the lead IHD supplier and second supplier would have to one another.

Regulations for IHD prescriptions for specific customer groups – We do not support adding extra regulations where existing regulations suffice.

Warranty – We believe that the warranty approach, with a one year warranty from the supplier, is sensible subject to our reservations on lead supplier obligations

Q2 Do you have any comments on our overall approach to data privacy?

- A privacy code should contextualise rather than add to the Data Protection Act
- We believe that security in the interim period needs further consideration
- Privacy considerations should reflect the views of actual consumers
- Security should have a greater weight in the design
- HAN security needs further work
- The term “regulatory duties”, if used at all, should be broadly drawn
- For further information, please see our response to this section

Existing legislation – We believe that the Data Protection Act and the European Convention on Human Rights, are fully adequate. If they are regarded as insufficient then they should be changed directly not indirectly with local codes.

Interim period – We have a number of reservations about the interim period between smart meter mandation and DCC go live. One interim solution is an interim central service provider (which we would support as it mitigates other risks in the interim). However this solution, and other solutions where there are systemic security risks, requires a detailed work through to determine and solve security risks. The importance of consumer buy-in and stakeholder interest in matters of security and privacy can hardly be overestimated. The interim period



may be inherently less secure than the post DCC go-live period and early issues arising will require rapid solution.

Consumer voice – Our best understanding is that consumer concerns about privacy have partly been guided by partial information and questioning, and in addition that the representation of consumer concerns, does not accurately reflect their concerns. We believe that the voice of actual consumers under impartial questioning is essential, and will show that their key concerns are related more to security than they do to privacy.

Security and privacy – There are trade offs between them, as highly configured opt-in and opt-out that a consumer may determine for the release of data pertaining to their consumption, to different actors, incurs a data processing complexity that would reduce the ability to add security without excessive cost or excessive deterioration in performance. We believe that security deserves greater weight than it is currently given.

HAN security – The HAN and IHD are the key interface to the consumer. Both will experience development commensurate with the general change in the information age (mobile phones, wi-fi connections, etc.). It is a real challenge to specify the HAN so that it facilitates connection to it, whilst maintaining a high degree of security and the flexibility to allow innovation and freedom from technological stranding. We believe that HAN security needs more work.

Q4 Have we identified the full range of consumer protection issues related to remote disconnection and switching to prepayment?

- Yes
- For further information, please see our response on consumer protection

Remote switching – Remote switching (disconnection, reconnection, credit to PPM, PPM to credit), is a key benefit of smart meters. Not only does it allow for much more rapid action that does not require intrusion in the consumer's home, but it facilitates the proper gathering, use, and recording of personal information that is potentially very sensitive.

Existing licence conditions – We believe that by and large these can be fully interpreted in the context of smart metering and hence believe that new licence conditions, that overlap with existing licence conditions, should be minimised.

Q5 Do you have any comments on the proposed approach to smaller non-domestic consumers (in particular on exceptions and access to data)?

- The regulatory environment for business consumers is significantly different from that for residential consumers
- We suggest consideration of standards in this sector, in 2012
- For further information, please see our response to this section

Regulation - Broadly speaking, we believe that the business sector will wish to contract, or not contract, for services as it feels fit. The need to provide specific protection and cross subsidy is very much less in the business than residential sector. The Data Protection Act applies fully in businesses, but in practice has far less impact in the business than residential sector.



Standards – We do recognise that the disbenefits of having a plethora of non interoperable standards can on occasion exceed the benefit of innovation. It may then be ideal to have a single standard, but we cannot know this now. Therefore we suggest that consideration of standards be postponed until 2012.

Q8 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 uncomfortable with the concept of lead supplier
- Energy suppliers are not telecommunications experts
- WAN modules have the financial features of regulated assets
- For further information, please see our response on regulatory and commercial framework

WAN – Where the WAN module is separate, we believe that it should be owned and maintained by an entity for whom the capitalisation and maintenance is closer to their core business. According to the configuration and business model of industry actors, this could be the electricity distribution company or the DCC. We believe that clear accountability for maintenance and ownership sitting with the DCC or DNO would remove the need for Lead Supplier as an enduring role.

HAN – We are generally uncomfortable with the responsibilities of the lead supplier and the dependencies of the second supplier. We do recognise that where meters talk to the WAN via the HAN, then dependence of the second supplier on the lead supplier may be inevitable. It may be that this requirement drives a different configuration (e.g. point to point communication between meter and WAN).

IHD – Whilst two suppliers sharing one IHD would present significant challenges, we recognise that consumers may wish both to have a different supplier for their two fuels and a single IHD.

Q9 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?

- We believe that meter registrations (meter point administration systems for electricity and sites and meters systems for gas) should be included early subject to industry cost, risk and benefit analysis.
- We believe that there are long term benefits that would arise from the simplification of Industry processes allowing the opportunity to harmonise gas & electricity and reduce the overall switching time for consumers
- We believe that data processing will follow later, and data aggregation later still.
- For further information, please refer to our response on the communications business model



Q10 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 believe that the key consideration for assurance of delivery, is that the DCC is large enough financially, or has a performance bond commensurate with the cost of rectification of failure, and has a large and related physical business. We recognise that this limits the array of potential competitors.
- For further information, please refer to our response on the communications business model

Q11 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 believe that the DCC should be bound by codes and licences
- Provided that the same code can bind different kinds of bodies (suppliers, DCC), then the Smart Energy Code could be suitable
- We do not believe that the DCC should manage the secretariat or functioning of the Smart Energy Code
- For further information, please refer to our responses on the communications business model and on regulatory and commercial framework

Q12 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, but it would be inappropriate to force legacy solutions to migrate to a DCC solution at excessive pace
- For further information, please refer to our response on non domestic businesses

Q13 Do you agree with the proposal for a Smart Energy Code to govern the operation of smart metering?

- Yes, strongly
- We think that it's consideration and development should be accelerated
- We believe that activity relating to the Smart Energy Code now should consider the variety of new requirements on the industry (see Q14 below).

Q14 Have we identified all the wider impacts of smart metering on the energy sector?

- We believe that the following need consideration
 - i) Green Deal
 - ii) Feed in Tariff
 - iii) Renewable Heat Incentive
 - iv) Home Energy Efficiency Database (people, buildings, consumption)

We believe that the set up and development of the DCC provides a unique and one time opportunity to take a holistic view of all data that can usefully be connected for the benefit of



consumers and society. For example, optimal tariffs and energy service solutions are depending on the individual occupants of the premise, the fabric of the residence, and what measures have and have not been implemented. To observe the proper privacy and security considerations requires a sensible design in which different databases can hold the most appropriate information and can connect securely using primary keys.

Q15 Is there anything further we need to be doing in terms of our ensuring the security of the smart metering system?

- We believe that security should take a high priority
- We believe that supplier representation on the Privacy and Security Advisory Group would be beneficial.
- For further information, please refer to our response on data and privacy

