

SMART METERING IMPLEMENTATION PROGRAMME

MAIN PROSPECTUS DOCUMENT

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?

Orsis welcomes the recognition of the need for minimum functional requirements, for an IHD but believe these should be the absolute minimum to be consistent with addressing the primary Government objectives to reduce energy consumption.

By proposing the absolute minimum functional requirements this will aid simplicity of use for customers resulting in the desired outcome of changing behaviour and consumption.

Orsis has significant concerns that the universal provision of IHDs present a significant risk to achieving the Governments objectives. Orsis give reasons in response to later questions as to why an IHD may not be able to, and does not need to be directly linked to the smart meters over a HAN. This does not preclude the choice to do so; but the industry design should also allow the choice not to do so. Energy suppliers and other parties (potentially ESCOs) interested in engaging with customers for energy services should be allowed the freedom of choice to provide alternate media for energy consumption presentation: such as internet or text messaging. Customers should also be allowed freedom of choice.

Customer choice has been clearly identified by the Dutch implementation programme as a key requirement to overcome the data privacy issues that provoked strong adverse customer reaction and a suspension to smart meter deployment in the Netherlands. This is also more likely to ensure the innovation of products that will continue to engage the customers interest in IHDs to ensure a more enduring customer behaviour and energy saving impact. Evidence from the EDRP suggests that customer interest in the IHD may be short lived.

We note the Governments intent¹ to await the results of the EDRP trial before progressing decisions on IHD and note that the findings of the EDRP to date have not been entirely favourable in support of the IHD providing the required levels of benefit when compared to other information sources. We understand the EDRP results are due in Spring 2011 and believe this should still be a significant factor in the decision of whether to mandate IHDs or not.

Orsis are also mindful that the introduction of IHDs for new and replacement meters, and on request by customers, would have been implemented from April 2008 prior to a reversal on this decision to await the development of wider smart metering functionality. By the Summer of 2012, there will have been four lost years of energy saving and carbon reduction potential. Since implementation could begin in 2011, we believe the opportunity cost of a missed year of benefit should be included in the Impact Assessment, with an optimism bias to reflect the potential delay to the 2012 implementation date.

Orsis note the increased level of activity in the provision of IHDs by existing energy suppliers. British Gas have already committed to the installation of 1m smart meters including the provision of a HAN linked IHD, and First Utility provide smart meters, a

¹ “BERR – Changing Customer Behaviour – A Response to a Consultation – April 2008; Section H – Recommendation – Next Steps”

separate IHD and a web based information service, supported by Google. Other Suppliers offer existing “clip-on” IHDs which provide the primary claimed benefit functionality of demonstrating how much energy and at what cost is being used in real time. There is already a diverse range of methods of illustrating this data, and EDF are currently promoting a device which shows individual appliance energy consumption and can control those appliances over a dedicated HAN. This proves that the competitive market is beginning to deliver the necessary solutions, and offering customers the choice of how they would like to manage their own consumption.

We refer to our response in Question 4 below that there may need to be alternate IHD functionality for different groups of customers; for example for meter accessibility issues to operate a re-connection. Requiring alternate IHDs will add to implementation time and cost, or that the IHD could be designed to highest common denominator to meet all possible requirements at additional cost.

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

Orsis agree with the overall approach to data privacy and that the customer should have control over what data is released to which party for what purpose. Orsis believe this is a vital message to the customer which should be resolved and quickly communicated as part of the Smart Meter Implementation Programme to set customers expectations for data access.

Security is a growing concern and has gathered pace even since the publication of the Prospectus. A key concern in relation to the programme is the lack of reference to resilience testing in relation to security and data privacy. We assume that this critical area will be addressed in subsequent work packages and an independent approach will be specified as a result.

Orsis note that the minimum data provision should be enabled to meet regulatory duties² and believe the opportunity to set these duties needs to be concluded prior to the customer communication process. For example, the proposed access to customers metering data “on-demand”³ will need clear definition and may prove to be restrictive to customer service if not adequately defined.

Orsis would propose a single daily meter reading should be a regulatory duty that will allow all relevant aspects of billing, settlement and customer service including improvements to the change of supplier “experience”⁴; and as such will meet the Government’s objectives.

Orsis believe that a clearly defined and well justified requirement for a single daily reading: that is clearly communicated to customers, will provide less security and data privacy concerns. It will also reduce complexity with resultant reductions in implementation risk and costs.

Much can be learned from the Dutch programme where intervention by the Dutch Data Protection Authority has caused the programme to be delayed from its original planned

² Prospectus; para 2.18 - *“The customer shall choose in which way consumption data shall be used and by whom, with the exception of data required to fulfil regulatory duties.”*

³ “on-demand” – for example real time access to the meter during a customer contact session.

⁴ We stipulate the phrase “experience” since merely having access to an accurate meter reading via a smart meter does not in itself improve the change of supplier (COS) “process”. However the availability of daily readings will allow the COS process to be amended to reduce the time for customers to change.

start date of January 2008. A much softer approach has been suggested that as a result will give customers more choice over the take up of the technology, how it is applied, the ownership of data and how access is controlled. This degree of consumer choice is not apparent in the Prospectus, and represents a significant risk bearing in mind the experience of the Dutch implementation.

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)?

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

Orsis do not believe that the consumer is being adequately protected from the costs of the proposed disconnection and PrePayment proposals. Orsis have long held the view that PrePayment capability for the entire meter population adds unnecessary and unjustified costs and risks to the overall implementation programme. We note the failure to resolve the gas valve requirement despite an additional independent expert study, and that this issue is still for consultation, as representative of persistent delays and lack of progress that add to costs and timescales.

Orsis refer to the BERR response document⁵ of that stipulated that further impact assessment work was required for the attribution of benefits across technologies. We are not aware that this analysis was conducted and therefore do not believe that the necessary evaluation has been completed to satisfy the Governments own Impact Assessment requirements.

Orsis question whether it is in the interests of all customers to pay for this remote disconnection and PrePayment functionality in all meters, when PrePayment has for so long been applicable to only c.15% of the population. For clarification – we see the social merit in all customers bearing cost for PrePayment in a 15% population, but not paying for 100% of meters to have that functionality.

The primary issues for this functionality relate to timeliness, latency (of communications to allow reconnection) and resultant safety and customer service concerns.

Physical accessibility to meters to enable reconnection will be a major concern for a significant number of customers (whether regarded as vulnerable or not). The Smart Metering Implementation Programme Consumer Advisory Group⁶ have already recognised the potential need to move meter points to allow accessibility. However, this will introduce significant cost, complexity and delay and will require additional on-site procedures. This will require determining who is an affected customer, which will either need clear criteria or be subjective.

An alternative to restricted meter access is for an IHD that provides the remote reconnection safety feature. However, this may require separate IHD functionality in particular properties (subject to defined criteria and/or subjective assessment) according to their meter position to allow for the potential that the customer (or any customer at that property in the future) may be switched to PrePayment.

⁵ “BERR – Changing Customer Behaviour – A Response to a Consultation – April 2008; Para.7.1.4”

⁶ Meeting Notes of 22 April 2010

It is a requirement that WAN communications is 100% reliable so that any credit to the meter is available on a timely basis. It will also be a requirement that any IHD facility and functionality can be promptly and urgently maintained so that the customer can continue to re-energise supply on a timely basis. This also requires a highly robust HAN architecture. Orsis believe it is the criticality of PrePayment messaging that adds significantly to the WAN/HAN implementation and operational risk.

We also note British Gas's solution to this issue in their current roll-out is reliant on a failsafe vend-code application. This implies additional functionality in the meter/IHD; duplicate payment system options; and does not address any failed IHD/HAN/Meter interfaces for the reconnection application. If there is an alternative to remote communications with the meter, this should perhaps be reflected in the WAN/HAN communications solution to reduce over-specification and cost.

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

Orsis understood that process simplification and resultant reduction of costs was a recognised ambition of the Smart Metering Implementation Programme as recognised in para.2.4 of the Regulatory and Commercial Framework. However, contrary to this ambition, it is our understanding that there will now be FOUR separate categories of customers in the electricity industry. These will be defined not only by their metering solution but also by the industry parties, systems and processes required to support them; namely:

- The half-hourly metered non-domestic sector (primarily larger business customers)
- Advanced Metering non-domestic sector (mandated for Profile Classes 5-8; and optional for some Profile Classes 3-4)
- Smart Metering non-domestic sector (Profile Classes 3-4, not on advanced metering)
- Domestic Smart Metering sector

The Prospectus stipulates that only domestic customers will be mandated to use the DCC. Therefore, regardless of what initial and staged implementation functionality is prescribed for the DCC, this would indicate that there will be dual processes in the market for domestic and non-domestic customers (small or otherwise).

This therefore indicates separate industry processes and systems for the different sectors, and therefore duplication of effort and cost is not avoided. This separate treatment may comprise the continuation of existing processes with appropriate commercial interoperability, which is indeed possible and is recognised in the December 2009 DECC Decision document⁷, that interoperability can be facilitated by Ofgem.

For example, if Registration is a potential functionality of the DCC, then this would indicate the continued operation, support and cost of the existing 14 separate MPAS providers for a small volume of customers.

If such interoperability is possible based on existing systems for the business sector, it should also be plausible for the domestic sector, and this has to be recognised by the fact that certain suppliers are currently deploying their own smart metering solutions.

⁷ "Towards a Smarter Future: Government Response to the Consultation on Electricity and Gas Smart Metering" stated "In tandem with the Government's introduction, in April 2009, of requirements for the installation of advanced metering for larger non-domestic sites, Ofgem has facilitated the development of voluntary interoperability rules for this sector. These are designed to avoid the premature removal of meters or metering systems on change of supplier."

This issue of duplication will also apply if/when Data Collection/Aggregation functionality is included in the scope of the DCC.

CHAPTER 3

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

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

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?

The scale of what is being proposed here should not be underestimated, particularly in the area of maintenance. Those parties previously responsible for meters have had limited technical issues with what was a highly robust asset. The majority of metering related customer queries/complaints (other than reading/billing issues) have largely related to the additional functionality of PrePayment.

The Prospectus is now proposing high functioning smart meters, IHDs, communication technologies, and additional customer applications - all of which have the potential to be a source of customer complaint, and which will have a range of complex "troubleshooting" procedures to resolve according to how any fault arises. The burden on energy suppliers to maintain this complexity and deal with a high level of customer call traffic, and potential site visits, cannot be underestimated. This is equivalent to the responsibility for provision and maintenance of a home router, end use devices (PCs; PDAs etc) and the wireless network of a typical broadband/internet user. Orsis would welcome industry comparisons for the provision of these services that should be included in the Impact Assessment.

For example, the IHD has been proposed as a fundamental requirement to deliver the energy and carbon savings that are so vital to the cost benefit analysis. Evidence to date suggests that the impact of such devices is short-lived, and this clearly needs to be addressed if the impact assessment is to be seen as credible.

However minimal, any savings from these devices will only be enduring if they are constantly maintained or replaced so as to be permanently available to the customer. The IHD as currently defined is also reliant on the availability of the HAN and the operation of this is dependent on hardware in the IHD, in the meters (gas and electric) and on the "connectivity" of the wireless HAN itself. Any one of these elements may be at fault, and the diagnostic time and cost of resolving this issue – either on the phone to the customer and/or a required site visit has the potential to be substantial. This complexity will only increase if/when HAN reliant appliance control devices are added to the equation. Has the issue as to who will be responsible if a HAN controlled appliance fails to operate as intended been addressed?

If the Smart Metering Implementation is to meet its currently stipulated functionality, then the maintenance of all customers' equipment MUST be provided for.

Orsis believe that the potential for customer frustration and increased call centre traffic should be considered and included in the Impact Assessment, to provide the Government with the necessary comfort that all these maintenance issues have been adequately addressed.

There is a further issue for consideration relating to the branding of the IHD. It is already recognised that the customer may have different suppliers for each fuel, and therefore the IHD should be seen as “neutral” to the supplier and should not be branded by the supplier. This argument is further supported since the customer has the potential to change supplier. If a supplier’s branding appears on the IHD they may be inappropriately contacted by the customer if there is a fault with the device, or issues with understanding – adding to further customer frustration and industry participant cost.

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?

Orsis believes that the scope of any additional industry party (only if absolutely required) should give priority to meeting the Governments objectives, in this case particularly affecting customer service and the total programme costs.

Data quality is only mentioned once in the Prospectus⁸ and that this has the potential to be a major oversight in the Smart Metering Implementation. The introduction of an additional industry party will perpetuate and complicate the quality of data held in numerous industry systems for the same meter point reference.

Data quality has clearly been identified as a major industry failing contributing to poor customer service and high operational costs for market players⁹ – both suppliers and metering service providers – resulting in high customer dissatisfaction and costs.

The consideration of the role of DCC and particularly the inclusion of Registration should be made with data quality and accuracy as a primary driver for the success of the implementation, otherwise data quality issues will continue to exist, or worse still be exacerbated. This would tend to suggest Registration (a form of which must be required for the DCC to control the transfer of smart metering data to the right party) is vital for inclusion in the role of DCC from day one, for all customers.

Indeed Para 1.53 of the Statement of Design Requirements seems to imply that Registration must be a function of the 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?

The introduction of an additional industry party – still with the apparent need for duplicate industry systems and processes (see Chapter 2; Question 5) - would seem to be an unnecessary complication that is still subject to scope definition.

This is further complicated by the staged implementation approach that will naturally require interim arrangements to be employed. Any interim arrangements will also need to be subject to scrutiny for data security and privacy aspects; and will require consideration of a potentially problematic data and systems, as well as contractual,

⁸ Regulatory and Commercial Framework; para.2.4

⁹ Energy Retail Association Customer Transfer Programme 2003-2006

migration. Orsis would also query whether these interim arrangements have been adequately specified and included in the Impact Assessment.

Existing energy suppliers, such as British Gas, First Utility and Utilita are progressing with smart meter installations now and therefore current industry arrangements must be plausible and acceptable in the market today. These parties have already been through a procurement process for the required services and presumably identified the most cost effective and competitive communication solutions to meet their business needs.

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 refer to our response to Questions 9&10, that questions the need for a DCC to effect Smart Meter Implementation. The removal of this requirement will also simplify and reduce the required Regulatory, Governance and Commercial change and cost.

In the longer term Orsis do believe that a central DCC function would be highly beneficial to industry systems and processes, but that this should be an industry design solution facilitated by smart metering, rather than necessary to deliver smart metering; and that the nature of the DCC at that time may not comprise procurement activities and would not need to be a licensed entity.

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?

As referred to in responses above, this separation of customer types must logically require market participants to operate dual systems and processes. Since the reduction of systems and processes has been put forward as a justification for PrePayment functionality for all customers, then there appears to be internal inconsistency within the Prospectus.

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

Orsis believe there should be a role for a Smart Energy Code to ensure all market participants comply to existing industry processes and systems effectively to deliver Smart Metering Implementation within a commercial interoperability framework.

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

Orsis recognise that the ongoing activities of the Programme will uncover further technical and logistical challenges that will need to be addressed and that these will need to be taken into account in the Impact Assessment. Orsis also believe that smart metering is seen as a potential solution to all the customer service issues, without due consideration as to how those issues have arisen.

There needs to be a clear separation of what are industry systems and process issues, and what is actually required to implement smart metering with minimal change to achieve the timescales, and at minimum cost with maximum benefit.

For example, claims that the customer transfer process can be improved as a result of smart metering is not tenable. The Energy Retail Association conducted the Customer Transfer Programme (CTP) over a period of almost 3 years between 2003 and 2006, and the only significant change was an additional data flow to allow energy suppliers to more readily agree a change of supplier (COS) meter reading. Despite its remit, this major industry initiative could not find any opportunity to improve COS timescales. Data quality was recognised as a major industry failing and a Quality Reporting mechanism was recommended but never implemented.

Data quality has clearly been identified as a major industry failing contributing to poor customer service and high operational costs for market players, yet data quality is only mentioned once in the Prospectus¹⁰. The “once in a lifetime” opportunity to visit all properties and resolve the accuracy of customer, property address and meter installation records is vital to the success of the Smart Meter Implementation and smart metering benefits could be severely curtailed if this is not considered.

This is clearly a consideration for the Implementation Workstream, but the delivery risk and cost resulting from data handling will be minimised if the products and installation process is made simpler; utilising existing industry processes and flows – rather than trying to amend these at the same time.

The “flushing out” of data quality issues, identified from an accelerated site visit programme should also not be under-estimated for the market participants. This will increase the volume of settlement and billing exceptions and customer complaints, and should be included in energy suppliers considerations and in the Impact Assessment. In consideration as to when a smart meter installation can be considered complete, this should only be achieved when it is working to specification, and the customer has paid their first bill including the consumption element of the removed meter. It should also require that the industry settlements process has resolved any data quality issues, and that there are consistent records in all industry systems holding data for that meter point.

Orsis is of the opinion that it is inappropriate to refer to “Smart Grid” requirements, since these requirements are a long way from any form of accepted definition. There is a clear need for more data on how and where energy is being consumed or produced on the network, and there is a clear need for solutions that can influence supply and demand side response. However, the range and potential of the challenges and the proposed solutions (including end-use appliance control) have not been evaluated for their technical, commercial or societal impact. Some of this work will be conducted during Ofgem’s LCNF Trials and any premature assumptions as to what is required for what purpose will delay and damage the Smart Metering Implementation.

It will be far better to progress with a staged implementation that allows new technologies to be introduced as they become available, as opposed to attempting to future proof the technologies now – which will be doomed to failure.

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

¹⁰ Regulatory and Commercial Framework; para.2.4

Reducing the level of functionality within the initial Smart Metering Implementation, whilst still meeting the Governments objectives, will reduce the scope and scale of any security risk, and improve the prospects of delivery.

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 coordination)?

CHAPTER 4 (responses requested by 28 September)

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?

Question 18*: Do you have any other 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?

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?

Question 20*: Do you have any comments on our proposed governance and management principles or on how they can best be delivered in the context of this programme?

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?

Orsis believes that customers are sophisticated and price-sensitive and will adapt and respond to alternative tariff structures. Also energy suppliers will naturally conform to price messages that are understandable, so as to effectively promote their products and services. Smart meter studies in the UK in the early 1980's demonstrated that customers would respond to tariff structures comprising up to 7 different rates.

Customers should be protected from mis-selling, any sales channel should demonstrate the customers current tariff prices and the proposed new tariff prices, and provide a consistent and proven calculation that the customer will be better-off on a new tariff.

This can be reflected in the proposed Smart Energy Code.

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

There should be no sales activities permitted during the meter installation visit since this reflects a skill set, additional training, and additional time at the customer's property that will reduce the efficiency of the installation programme. Any assumptions of activities to the contrary should be considered and included in the Impact Assessment.

The meter installer may be working on behalf of many suppliers, and therefore it is wholly inappropriate for this to be used as a sales opportunity.

This issue can be reflected in the proposed Smart Energy Code.

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

Clarify any customer, address, meter installation details; remove old and fit the new meter; ensure it is communicating with WAN (and HAN/IHD if appropriate) and leave the property in a tidy state, taking the old meter away (with a record of where it was removed from). Anything else will detract from the efficiency of the installation process and add delivery risk and cost; and if included in the implementation strategy should be considered and included in the Impact Assessment.

This issue can be reflected in the proposed Smart Energy Code.

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

This level of functionality for an IHD should be at the providers (energy supplier or 3rd party such as an ESCo) discretion and that of the customer. If a providers IHD has such

capability to receive and display such message, the customer should be made aware of that capability and have the ability to opt-in to the receipt of those messages.

This issue can be reflected in the proposed Smart Energy Code.

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?

There is always a cost associated with the provision of information, and this will be charged in accordance with any tariff agreement or contractual arrangement. Where a provider offers, or a customer requests, more information there will be an expectation to cover the additional costs.

A minimum level of data provision should be specified within the Smart Energy Code in terms of presentation of that data on a bill/statement or an IHD. All other data provision and choice of media presentation should be at the discretion of the provider.

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?

Orsis support the identified licence amendment¹¹ and would want to ensure that the additional costs of Supplier processes to ensure compliance are considered in the Impact Assessment.

This should be in addition to consideration of the alternative installation or additional IHD arrangements in the design and implementation activities of the Programme as outlined in our response to the Main Prospectus section, Chapter 2, Question 4, and Question 7 below.

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

The provision of an appropriate IHD would help overcome meter accessibility issues and reduce the prospect of significant cost to move a meter. However, this raises the issue as to the design and delivery of additional IHD functionality above the minimum specification; or the design of IHD functionality to the highest common denominator – with associated costs.

This also presents implementation considerations, as to whether an installer has the option to install either the “basic” or the “PP” IHD; and whether this is determined based on strict criteria and/or subjective opinion of the installer when on site. This is further complicated by the prospect that meters and IHD devices may need “pairing” prior to the installation visit; or whether they will be self-configuring on-site.

¹¹ amendment to the electricity and gas supply licences to clarify that suppliers must take all reasonable steps to identify the status of customers and the occupants of premises prior to disconnection

This is further complicated by the fact that the installer could provide a “PP” IHD on the first visit for an existing PrePayment customer, but that for any subsequent customer with accessibility issues (as per the Priority Services Register) who is moved by a supplier onto PrePayment, would require a further site visit to move the meter position or provide and commission a “PP” IHD. In such circumstances there is still an additional process to provide a PrePayment facility to that customer and it is not purely a remote activation process.

Orsis would therefore question whether the benefit of PrePayment functionality for all is adequately considered in the cost and benefit analysis of the Impact Assessment.

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

Current Licence Provisions would seem adequate but these should be kept under review according to experience of customers and suppliers in the market where we are led to believe that PrePayment will be more prevalent.

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?

There should be minimum regulations for emergency credit and non-disconnection periods; but beyond that any additional facilities should be a distinguishing feature between supplier products.

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

Orsis believe that energy suppliers should be able to interface with any preferred payment channels at their own discretion, and that the subsequent messaging to the meter will be adequately provided. There is therefore no need for an additional industry role/party incurring additional associated costs.

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?

Orsis believe that whatever measures are introduced and whatever efforts suppliers make to comply with those measures, there will always be instances of system, process or human failure that will result in an adverse customer experience.

This will include the potential to disconnect a customer in error, possibly due to data quality issues in the industry systems. Providing the capability in all meters to be disconnected will increase the likelihood of this occurring by an order of about seven times¹².

The cost and consequences of this increased cost and potential litigation costs should be considered and included in the Impact Assessment.

¹² Based on c.15% customers are currently PrePayment

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

In addition to notifications to a customer (and in light of the above point), a supplier should be required to notify all parties who may hold any related data for that customer or proposed metering point, to determine that there is data consistency across the systems; thereby minimising the risk of incorrect disconnection.

This should help substantiate against any subsequent litigation costs, but this will clearly add to the system process design and cost of operation and should be considered and included in the Impact Assessment.

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?

The previous points made in Questions 11&12 in relation to PrePayment functionality would apply to partial disconnection, giving rise to the potential adverse customer reaction, increased costs and litigation.

As a new functionality, we presume this would require new Licence conditions equivalent to those discussed for PrePayment, but may differ in terms of required notification periods.

The additional "PP" IHD may also be required, dependent on the level of partial disconnection permitted and the prospect for safety issues for remote enablement of full load without customer intervention. This will similarly add to the volume of required supplier activity and operational cost, which should be considered and included in the Impact Assessment.

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

Orsis believe a fundamental review of the need for universal disconnection and PrePayment functionality is required to address the significant delivery risk and customer service issues associated with this topic.

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.

Please see our responses above and to the Main Prospectus Chapter 2 Question 4, and our responses to Question 6&7 above. **We believe these are of sufficient significance to warrant a review of the Impact Assessment and the associated optimism bias for benefits.**

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?

Orsis are mindful of Supply Licence Condition 26, which would appear to require the provision of a specific IHD at least to accommodate the needs of the blind or partially sighted. This would require an additionally specified IHD (at associated cost) and would require careful consideration as to their deployment and subsequent provision to a property as the circumstances of an individual change or there is a change of occupier from non-vulnerable to vulnerable.

The additional design, logistic and administrative burden of this activity should be considered in the Impact Assessment.

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?

Orsis do not believe universal IHDs are a cost-effective or appropriate solution to address the Government objectives, due to design, implementation and maintenance issues, and the inherent dependency on an as yet unspecified and unproven HAN solution.

If the supplier chooses to provide, or the customer is willing to pay, then an appropriate model of IHD should be provided to the customer. This issue can be reflected in the proposed Smart Energy Code.

Orsis would question the use of the phrase “basic” in relation to the smart meter design as currently specified. It is questionable as to whether all the inherent costs with the smart meter specification have been addressed, including the consequences related to maintenance, lifetime costs, meter certification life and logistical issues. It should be remembered that the cost of the smart metering implementation will ultimately be borne by customers in their energy bills and the prospect of customers recognising their need to invest £175 to save £14/annum is likely to meet substantial objection.

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.

The IHD has a very prescriptive role in terms of addressing energy consumption – showing how much energy is being used in real-time. For the purposes of accuracy, this does not require exact alignment to what is being recorded at that point in time in the fiscal meter. Alternative solutions to an IHD integrated into a HAN communicating with the meter are not required for this functionality and can be achieved with existing “clip-on” technologies, that are already being promoted by energy suppliers.

All other functionality relates to customer service aspects, which the suppliers should use to distinguish their product.

Orsis recognise that our response relates solely to the electricity supply, but there are known inherent issues in providing real-time gas consumption. “Instantaneous” gas consumption information to customers – upon which changes in behaviour is reliant – cannot be provided and therefore channels of information provision (other than IHD) are more appropriate for gas. Orsis are not aware of any behavioural studies of changes in gas consumption in response to this real time consumption provision, as is the case for electricity.

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.

“Initiative fatigue” is a well documented human condition, and whilst initial attention may be paid by some as to how many grammes of CO₂ their kettle has just used, this will be short-lived and an unnecessary feature. Customers do not know what a kWh of energy or a gramme of CO₂ looks like - of far more relevance to the customer is how much is being consumed in money terms. Evidence from the initial findings of the EDRP shows that customers respond far more to financial indicators.

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

Ambient feedback on an IHD will require setting separate specific parameters for different customers or different customer groups. The level of consumption that can be regarded as “high” will vary by household depending on what appliances are in use; the age of the property and the number of occupants for example.

It is also wrong to assume that there is not this level of diversity of consumption in the fuel poor population, and to single them out as a sub category is inappropriate.

Assuming the industry players can gather and make informed judgement in order to set ambient display parameters that will be relevant to the individual customers is a phenomenal assumption that will require masses of quantitative and qualitative data collection, followed by accurate application.

If required the cost of this application should be considered and included in the Impact Assessment.

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?

There is the existing Supply Licence Condition 26 that will require appropriately designed IHDs for customers with special requirements.

The addition of a further IHDs for distinct groups of customers merely adds to the design, implementation and operational costs associated with ensuring all customers types are appropriately dealt with and providing and maintaining such devices – eg where the circumstances of an individual change or there is a change of occupier. This issue of additional IHD functionality is also considered in our response in the Main Prospectus Chapter 2, Question 4 and Consumer Protection Chapter 3, Question 6&7.

The raising of barriers to entry by the enforced provision of a range of IHDs for a wide range of customers and potential scenarios – which is a consequence of the existing Licence Condition - will be detrimental to the development of the competitive market and the levels of innovation and customer service.

If required the cost of these issues should be considered and included in the Impact Assessment.

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

Orsis have no evidence, and are not aware of any empirical studies, on whether portability of IHDs will have a significant impact on consumer behavioural change.

Orsis is of the opinion that if you make a device battery powered (so as to be portable) then it will discharge and not be recharged; and that if it is portable that it will get lost.

As a consequence there will not be the claimed impact on consumer behavioural change, and this should be considered in the Impact Assessment and associated optimism bias.

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

From our reading of the Prospectus, there appears to be a wide range of required IHDs (for PrePayment and customers with special needs under licence condition 26). Each of these will require a minimum functional requirement which will add to design, delivery, implementation and cost issues, all of which should be considered and included in the Impact Assessment.

Please see our response to the Main Prospectus Chapter 2, Question 1.

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?

Orsis are not aware of any evidence of the presentation of gas consumption on an IHD having an affect on customer behaviour, and do not believe that a comparison can be made with real-time electricity information studies, since real-time information cannot be provided for gas.

Orsis would question therefore, whether there can be a common minimum specification for both fuels; and further would question the need and justification for gas consumption display on an IHD as opposed to a media more suitable to the data that can be captured.

Orsis believe that the universal IHDs requirement represents a significant delivery risk and also reduces the scope for product innovation and customer choice. In conclusion, innovation will be hampered and there will be additional barriers to entry.

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

We would refer to our response to the Main Prospectus Chapter 3, Question 8.

The complexity associated with the development and maintenance of the IHD and the HAN required to ensure that the IHD remains functional for the persistence of energy savings assumed in the Impact Assessment could be nothing short of phenomenal. These issues must be included in the Impact Assessment and associated optimism bias.

There is a further issue for consideration relating to the branding of the IHD. It is already recognised that the customer may have different suppliers for each fuel, and therefore this should not allow for supplier branding of the IHD. This argument is supported since the customer has the potential to change supplier. If a previous supplier's branding appears on the IHD they may be inappropriately contacted by the customer – adding to further customer frustration and industry participant cost.

This issue should be reflected in the Smart Energy Code.

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?

Orsis do not believe that a DCC is necessary to facilitate or ensure the enduring cost effective operation of smart metering. Smart metering implementation can be met with minimal delivery risk to cost, timescales and customer satisfaction using existing industry governance, systems and processes.

However, the DCC may have a role to play in simplifying industry processes and enhancing customer service, but that this should be an entirely separate consideration outwith the Smart Metering Implementation Programme.

As such the DCC scope should be re-considered as to the areas that will enhance industry performance and customer experience, building on smart metering deployment and capability, rather than being an additional restriction on it.

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

With reference to our response to Question 1 above, Orsis believe that meter registration should be included in the DCC, with the intention to reduce the number of instances of meter data being held in a variety of systems, leading to data quality issues and failing processes.

If implementation proceeds as outlined in the Prospectus, then meter registration, and Data Processing functionality, should be included from day one.

The Statement of Design Requirements – Registration of Smart Meter – “self-registration of smart metering system with the DCC after installation is complete (90% in 2 hours)” would suggest that meter registration in the DCC is a pre-requisite and will require on-line communication with the field operative so that the DCC knows which meter is installed in which property. The cost of this process and requisite monitoring should be considered and included in the Impact Assessment and the associated optimism bias.

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

Yes. The DCC has a significant role in improving industry processes and customer service and as such should be included in the role of DCC – but this should be a separate consideration to the Smart Metering Implementation, not a pre-requisite for it.

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?

Orsis do not believe a DCC is a pre-requisite for Smart Metering Implementation and that there are very straightforward measures that can be introduced to commence smart meter deployment in early 2011. This is proven by the existing deployment of smart meters by current market participants and international evidence of other deployments. Deployment should be incentivised on all suppliers, without the need for additional interim solutions which will merely add to complication and cost.

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?

Please see our responses above. In addition, if the scope of the DCC changes from what is currently proposed, it may not require a licence condition, but merely be a functional service entity controlled and managed by the clients that utilise its services - thereby reducing the regulatory and governance burden.

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?

If the DCC scope proceeds as outlined in the Prospectus, the DCC should be independent of energy suppliers, since they will not be the only parties seeking to utilise the service.

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?

Orsis believe there is a suitable approach that will provide an adequately scoped DCC that can be implemented ahead of the proposed Autumn 2013 milestone.

Orsis would question whether the interim processes required before the introduction of the DCC and the associated issues with migrating existing smart meter installs into the DCC, have been adequately considered and included in the Impact Assessment.

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

Orsis believe that the introduction of the DCC is unnecessary for Smart Metering Implementation, and therefore it should be possible to remove concerns and necessary governance steps for cost recovery and incentivisation. Energy suppliers themselves have appropriate incentives to procure the most appropriate services for their needs and are already progressing smart meter deployment.

DATA PRIVACY AND SECURITY

CHAPTER 3

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

Please refer to our response to the Main Prospectus Chapter 2, Question 2.

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.

The provision of a daily meter reading would more than adequately serve customer service and settlement processes. However, under the current trading and settlement arrangements, the provision of half-hourly data on a daily read basis is required to provide the necessary commercial incentives for energy suppliers to offer Time of Use tariffs and the associated carbon benefits.

The cost associated with requiring this half-hour functionality for a customer in order to provide a time of use tariff should be taken into account in the Impact Assessment and associated benefits optimism bias.

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

This should be considered as part of the Smart Energy Code.

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

This should cover the regulatory duties and who has access to what data and for how long, subject to the customers ability to opt in or out for fixed or permanent duration; although greater complexity will add to delivery risk and cost.

CHAPTER 4

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

Orsis agrees that the security of the system is paramount. There are well known security protocols available which can ensure a level of security of customers data. Orsis is concerned that the HAN security model may require further study if it is intended as an open architecture. The Gateway also needs careful consideration as it communicates both on the HAN as well as the WAN.

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?

Orsis believe that the Smart Metering Implementation proposals are overly complex and present significant delivery risk. The removal of industry redesign and associated governance and regulatory changes from the programme will greatly enhance Smart Metering Implementation and the achievement of Government objectives.

CHAPTER 3

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

The introduction of minor Licence amendments, possibly supported by a Smart Energy Code would allow smart meter deployment to commence a year ahead of the milestone proposed in the Prospectus.

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 indicative contents appear to provide a good coverage of the necessary issues to address, but Orsis believe the completion of these details in accordance with the Prospectus will be overly complex and costly and will in itself present a delivery risk.

The same contents would be appropriate for a Smart Energy Code but with significantly reduced detail to facilitate the smart metering implementation under existing industry systems and processes. This would provide the necessary vehicle for the required commercial interoperability.

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

Under the Orsis envisaged solution, this could be administered by Ofgem in a more structured way than how they have facilitated the commercial interoperability advanced metering for business customers.

CHAPTER 4

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

Any WAN failure may be a result of a hardware component or signal issue and the troubleshooting of a failure may not be straightforward and may require an on site visit, with the consequent issues and costs of failed appointments and repeat visits if the engineer does not have all appropriate hardware. We would expect energy suppliers would look to source these support activities from third parties, but stringent service levels for availability of the communication link (particularly for PrePayment customers) will result in high costs.

We would welcome the consideration and inclusion of this feature in the Impact Assessment and the associated optimism bias.

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.

Orsis are of the opinion that the HAN solution as currently proposed represents a significant delivery risk to the Programme. As such we do not support the proposal for a universal HAN or functionality that is dependent upon it.

Orsis believes that the presentation of the energy consumption data should be separate from the collection of the data. In particular, the data items displayed on the IHD should specifically be programmable to the extent that it should be implemented using existing standard protocols such as HTTP. It is natural that the presentation of data will change over time, and a standard Man Machine Interface (MMI) should be defined rather than specific data items. Orsis agrees that any interface must adhere to a minimum specification, and that the look and feel should be consistent across providers. This is not the case today.

Orsis believes that the IHD does not need to be part of the HAN and that other means of communication are readily available.

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?

If it is concluded that the WAN hardware should be a modular component of the meter, then it would not appear possible to install a gas meter before the electricity meter and know that it is working as intended when leaving the premises.

Is it intended that the installing supplier (as stated above) is responsible for the WAN/HAN even after the customer has changed supplier? If so this adds further complication to the customer service and maintenance issues.

We have previously raised the issue of complex and costly maintenance issues that will be required if the claimed persistence of energy savings is to be enabled by an IHD. We have also raised the issue over the appropriateness of IHD branding and potential customer confusion.

Orsis would expect that these issues are considered and included in the Impact Assessment and associated benefits optimism bias.

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?

Orsis are in agreement with the Prospectus for staged implementation and the consequent need for interim arrangements. Where we differ is over the nature of those interim arrangements.

Suppliers are already beginning to deploy smart meters and these are under threat of removal if they do not meet the final design requirements. It would seem wholly inappropriate to remove such meters and suppliers should be given a clear derogation to install smart meters ahead of Summer 2012, subject to a minimum (and we mean minimum) functionality, that will not be removed before the end of their useful lives.

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

The market has already seen commercial interoperability facilitated by Ofgem to allow the deployment of advanced meters in the business market. This same commercial interoperability can be permitted to allow smart meter deployment to commence based on existing industry systems and processes. This can be readily achieved by appropriate licence amendment and potentially supported by a Smart Energy Code.

Orsis would also like to contribute to a review of failing existing business processes that are presenting an obstacle to business customers achieving their energy consumption and Carbon Reduction Commitment aspirations. Resolving these industry process issues and obstacles will ensure a more accurate and expedient deployment of meters.

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?

Technical assurance is obviously sufficient to allow suppliers to deploy smart meters now. The required technical assurance for the operation of smart meters, IHDs, and the associated WAN and HAN is a further significant delivery risk adding to both implementation timeframe and operational costs.

Orsis would expect this issue to be considered and included in the Impact Assessment.

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

Orsis are in agreement with the Prospectus for staged implementation and the consequent need for interim arrangements. Where we differ is over the nature of those interim arrangements. Simpler arrangements will mean simpler regulatory and commercial issues.

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?

There is currently no commercial incentive for suppliers to introduce TOU tariffs. There is a greater incentive on DNOs to introduce TOU in their DUoS structures. Whilst smart meters will facilitate TOU, they will not ensure them. TOU tariffs should become a mandated feature of any smart implementation, and this can be achieved by supplier licence amendment. Overcoming the commercial barriers to TOU will require a further substantial change to industry trading arrangements, and this will not happen in the desired timescales to influence customer behaviour.

An incentive could be placed on energy suppliers through a possible CERT obligation to reduce their overall customer consumption volume – but this would need to take account of many different influencing factors. However, the introduction of “rising block” (as opposed to the current falling block) tariffs can be achieved with a simple change to supplier systems (amend unit rate and threshold) and do have a direct impact on customer behaviour. This includes evidence in the USA that customers source their own energy storage devices to avoid breaching threshold parameters.

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

As mentioned above, a change to industry trading and settlement arrangements would be necessary to facilitate the necessary commercial incentives to introduce TOU tariffs. This is an additional complex and costly change that should be considered and included in the Impact Assessment, including the downside prospect that the benefits of TOU tariffs do not materialise.

However, this could be overcome if meters are settled on a half-hourly basis – subject to additional complexity and cost considerations being included in the Impact Assessment. This would also require all customers to relinquish half-hourly data and required under a regulatory duty of the supplier.

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?

n/a

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

Orsis have made it clear that existing industry processes are sufficient to facilitate smart metering deployment, but that these do need reviewing to ensure that they are operating correctly under competitive market arrangements and licence compliance, and that all parties should improve their processes to ensure minimal disruption to smart meter deployment and data quality issues.

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?

Orsis will be able to develop and provide the required solutions in any market. However, this appears to suggest the potential for further market segmentation and implementation options that will add to complexity and cost, that should be taken into account in the Impact Assessment and associated optimism bias.

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

Orsis understood that process simplification and the removal of duplication was a necessary requirement of the cost benefit analysis. Since only domestic customers will be mandated to use the DCC, this clearly requires duplicate processes and systems. Either all smart metered (possibly even all) customers should be mandated to use the DCC or the associated complexity and costs should be considered and included in the Impact Assessment and associated optimism bias.

Please refer to our response to the Main Prospectus document Chapter 2, Question 5.

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

Orsis believe the HAN and the complexity of customer issues surrounding the provision of IHDs provide a significant delivery risk as outlined above, and this does require a radical reappraisal of these items.

Orsis believes that a dedicated metering network is essential for meter data collection. The metering data network can be bespoke, but based on standard protocols; aggregating the data through the DCC and dispersed to authorised users. The separate development of a HAN network is not essential to the presentation of the consumption data.

Orsis believes that the focus should be on existing metering protocols which have the opportunity to mature. A review of what's available is essential, as it may expedite the rollout. Any new proposed technology will need a lengthy commission process.

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?

Orsis understood that process simplification and the removal of duplication was a necessary requirement of the cost benefit analysis. Since only domestic customers will be mandated to use the DCC, this clearly requires duplicate processes and systems. Either all smart metered (possibly even all) customers should be mandated to use the DCC or the associated complexity and costs should be considered and included in the Impact Assessment and associated optimism bias.

Please refer to our response to the Main Prospectus document Chapter 2, Question 5.

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?

Orsis understood that process simplification and the removal of duplication was a necessary requirement of the cost benefit analysis. Since only domestic customers will be mandated to use the DCC, this clearly requires duplicate processes and systems. Either all smart metered (possibly even all) customers should be mandated to use the DCC or the associated complexity and costs should be considered and included in the Impact Assessment and associated optimism bias.

Please refer to our response to the Main Prospectus document Chapter 2, Question 5.

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?

Orsis is of the opinion that it is inappropriate to refer to “Smart Grid” requirements, since this terminology means many things to many people. There is a clear need for more data on how and where energy is being consumed or produced on the network, and there is a clear need for solutions that can influence supply and demand side response. However, the range and potential of the challenges and the proposed solutions (including end-use appliance control) have not been evaluated for their technical, commercial or societal impact. Some of this work will be conducted during Ofgems LCNF Trials and any premature assumptions as to what is required for what purpose will delay and damage the Smart Metering Implementation.

It will be far better to progress with a staged implementation that allows new technologies to be introduced as they become available, as opposed to attempting to future proof the technologies now – which will be doomed to failure.

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?

Yes, a licence condition is required for the provision of this data and control of the costs for delivering such data. These costs should be considered and included in the Impact Assessment. However, since there are no stipulated requirements as to how much data is required and how frequently, the optimism bias should also be considered to allow for this uncertainty.

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

As recognised in the December 2009 DECC Decision document, interoperability can be facilitated by Ofgem, as achieved in the larger business market.

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?

This should be addressed through the Smart Energy Code. Minimum requirements should be set in place, but thereafter, the provision of consumption data and choice of presentation should be left to supplier product and service innovation and customer choice.

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

Please see our response to the Main Prospectus Chapter 2, Question 2 and other points on data privacy and security, which we believe are equally applicable to domestic and non-domestic customers.

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?

An installation Code of Practice could be part of any Smart Energy Code. Targets should be set as part of a licence condition – as per the precedent for advanced metering deployment for larger business customers.