

Dear Margaret,

Please find below the second part of Thames Water's responses to the Prospectus.

Regards.

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

Currently there is only provision for the in-home display device to display energy consumption information. The functional requirements should be flexible enough to allow not only energy companies to display consumption but also water companies to display any appropriate information to the customers, if they wish to do so.

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

No comments.

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

No comments.

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

No comments.

**Question 8: Do you have any comments on the proposals that energy suppliers should be responsible for purchasing, installing and, where appropriate, maintaining all customers' premises equipment?**

On page 23 of the Prospectus, item 3.7 states the introduction of a range of new equipment into customers' premises, including 'a home area network (HAN) to link different meters within customer premises, the communications module and the IHD (and potentially other consumer devices, such as microgeneration and load control devices)'. In the consumer protection support document, page 39, item 6.24 'Value added services and microgeneration' states that the smart metering infrastructure may be capable of supporting value-added services beyond electricity and gas smart metering. Subject to the introduction of appropriate regulatory arrangements, such services could include communications for water smart metering or wider services such as tele-healthcare that the customer may choose to take up. Our proposed functional requirements specify that the HAN should support the addition of new device classes, such as other utility meters or smart appliances.

As the water companies will be able to access and use the equipment owned by the energy suppliers, there is a need for a commercial interoperability between them and the water companies and the terms applied to the energy suppliers could also apply to the water companies.

**Question 9: Do you have any comments on the proposal that the scope of activities of the central data communications function should be limited initially to those functions that are essential for the effective transfer of smart metering data, such as data access and scheduled data retrieval?**

In the consumer protection support document, page 39, item 6.24 'Value added services and microgeneration' states that "...Our proposed functional requirements specify that the HAN should support the addition of new device classes, such as other utility meters or smart appliances. However, we propose that the DCC should not be allowed to support such services until the programme is satisfied that the core energy services are being effectively delivered".

The DCC must guarantee the reliability and safety of its services. Therefore the decision to support other services at the same time of the energy services should lie with the DCC as this is related to its technical capabilities.

**Question 10: Do you have any comments on the proposal to establish DCC as procurement and contract management entity that will procure communications and data services competitively?**

No comments.

**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)?**

No comments.

**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?**

No comments.

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

Thought should be given to extend the Smart Energy Code to include water as there is a possibility to include services to water companies as well as other services. This would make the code flexible and could be controlled by different regulators, e.g., Ofgem & Ofwat, as appropriate.

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

No comments.

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

No comments.

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