



Margaret Coaster  
Smart Metering Team  
Ofgem E-Serve  
9 Millbank,  
London  
SW1P 3GE

Wales & West House      Tŷ Wales & West  
Spooner Close      Spooner Close  
Celtic Springs      Celtic Springs  
Coedkernew      Coedcernyw  
Newport NP10 8FZ      Casnewydd NP10 8FZ  
  
T. 029 2027 8500  
F. 0870 1450076  
[www.wwutilities.co.uk](http://www.wwutilities.co.uk)

28<sup>th</sup> September 2010

## Wales & West Utilities response to Smart Metering Prospectus

Dear Margaret,

WWU is a licensed Gas Distribution Network (GDN) providing Gas Transportation services for all major shippers in the UK. We cover  $\frac{1}{6}$ <sup>th</sup> of the UK land mass and deliver to over 2.4 million supply points. WWU Limited is one of only two Licence Operators that focus solely on Gas Distribution in the UK.

In this response we have provided our answers to the questions in the prospectus for which you request answers by 28<sup>th</sup> September. We have provided a separate response to the open letter dated 7<sup>th</sup> September "Smart Metering Implementation Programme – Rollout information request"

### CHAPTER 2

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

We agree that it is important to engage customers and therefore support the suggestion that local authorities and other trusted third parties should be involved to inform customers about smart metering and what is expected from installation visits. We also agree that synergies with other Government schemes should be fully harnessed.

We share the concerns expressed by consumer groups over safe guards required for the installation process and concerns over the potential for installation visits to be used for unwelcome sales and marketing. We note the recent press release on 2<sup>nd</sup> September 2010 announcing that Ofgem has begun investigations to establish whether four suppliers (npower, Scottish Power, Scottish and Southern Energy and EDF Energy) are complying with new obligations to prevent mis-selling, brought in following Ofgem's retail market probe. We suggest that one way to reassure customers would be to have the rollout delivered by a contractually independent company that also has considerable experience of customer interaction and meter installation. The gas networks are ideally placed to fulfil this role.

24 hour gas escape number  
Rhif 24 awr os bydd nwy yn gollwng

**0800 111 999\***

\*calls will be recorded and may be monitored  
caiff galwadau eu recordio a gellir eu monitro

Wales & West Utilities Limited  
Registered Office:  
Wales & West House, Spooner Close, Coedkernew, Newport NP10 8FZ  
Registered in England and Wales: No. 5046791

Wales & West Utilities attends approximately 250,000 premises a year in the course of its activities, these visits comprising metering jobs, emergencies, mains replacement, connections related work and some other activities. We therefore have the management systems, work systems, and workforce to deliver the volumes required by the smart meter rollout and could carry out a significant proportion of the work with our existing, trained, experienced and geographically dispersed workforce. Network involvement will also enable more speedy resolution of any matters requiring action by the distribution business such as service alterations required to enable the smart meter to be installed.

### 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?

All bar one of the ENA gas requirements for smart meters to which Wales & West Utilities actively contributed are included in the [the functional requirements for the smart metering system we have set out in the Functional Requirements Catalogue](#). The exception is the requirement:

“Provision of positive confirmation when a gas valve closure has been requested”

This would potentially enable Wales & West Utilities to identify that the reason for a customer being off gas was due to the valve in the smart meter being closed. This could remove the need for an emergency call out and attendance at site.

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

We agree that the draft technical specifications of the smart metering system should be developed by the industry. This should be done by means of an inclusive process involving all interested parties. Gas Transporters have limited requirements but it is important that they are involved in the development of the detailed technical specifications for their area of interest. To ensure efficient use of resources the group(s) working on the technical specifications should be structured to enable participants to attend only the meetings relevant to their interests.

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)?

We are concerned that supplier rollout will be inefficient for the reasons given in our answer to Question 3. We agree that local co-ordination is very important but see a significant challenge in designing local coordination that will also allow suppliers to operate in a commercial environment and compete with each other. It is difficult to see how local coordination and allowing suppliers to provide meters to early adopters can be reconciled. While it may be possible to coordinate a few suppliers it is difficult to see how coordination will work with the approximately 30 suppliers operating in the market, when they differ in size, geographical coverage and business strategy. Suppliers will need to pay particular regard to hard to access customers; otherwise there will be a danger that these are left to the end of the programme. This could result in period where the majority of customers are converted but a small number are not, considerably lengthening the time when legacy systems have to be operated.

Wales & West Utilities is responsible for providing the emergency service in the Wales & West Utilities geography and we wish to ensure that the smart meter rollout does not result in an increased number of calls to the emergency number some of which may not be actual emergencies. Increases in call outs could result from:

- 1) Unsafe installations
- 2) Safe installations but inadequate customer education resulting in customers thinking there was a gas escape when the smell was caused by a residual smell from the installation
- 3) Inadequate customer education resulting in the customer not understanding how to operate the smart gas meter and then ringing the emergency number either directly or after phoning their supplier.

If smart meter rollout is to be supplier led it is essential that suppliers adequately manage all aspects of the rollout and do not directly or indirectly impact on safety.

We do not believe that small suppliers or non domestic suppliers should have materially different obligations or targets to large domestic suppliers. If the principle of supplier led rollout is maintained then this means that all suppliers should rollout meters to their customers to broadly the same timetable.

#### **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?

We do not support a supplier led rollout and believe a network led rollout would provide larger benefits as described in our response to the DECC smart metering consultation of 3<sup>rd</sup> August 2008.

Rolling out smart meters before the communications systems are ready provides the customer with the benefits of having a smart meter but leads to an additional risk:

- 1) Installers and suppliers will not be able to conduct full end to end tests at the time of installation. When the DCC services are available errors may be discovered that necessitate further site visits adding to rollout costs.

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?

We have the following suggestions as to how the rollout could be brought forward.

- 1) Effective use of network's resources, where available, would provide additional resources to bring forward the rollout. As described earlier we think that supplier's understandable wish to minimise the number of contractors they use may lead to them not wishing to contract with each network thereby leading to inefficient use of available resources. It is clear that delivery of the rollout in the desired timescales will require all available resources to be efficiently utilised.
- 2) Wales & West Utilities visits approximately 250,000 premises each year as part of its transporter activities. There is the potential to use some of these visits to install smart meters instead of the current non-smart meter. Suppliers would need to contract with

networks for this service but if achievable, it would result in fewer customer visits. The scope of this service would need to be developed.

- 3) There are likely to be circumstances where a smart meter cannot be installed because work is required on the service. In a model without co-ordination any work required by the network to resolve these issues will need to be handled by current processes. If the rollout was coordinated or network led then networks and suppliers could work more closely together and this could potentially facilitate a more speedy resolution of any issues encountered.

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

The timelines in the Smart Metering Implementation Programme are very challenging. We believe that some aspects of the programme such as the Commercial and Regulation workstream (DCG sub group 3) will need more meetings than the two envisaged. With a supplier led rollout the DN contribution to DCG subgroup 2 which is working on the meter specification is likely to be small. The gas requirements provided by the Energy Networks Association (ENA), while small, are important and need to be incorporated in the meter functionality. The way in which data to meet these requirements will be provided is uncertain until the scope and data handling function of the DCC is agreed.

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?

The last major change in the metering market was RGMA implementation. We would expect that the lessons learned from this will be applied to the governance and management of the Smart Metering Programme. We note that some aspects of the introduction of metering competition have been repeated in the Smart Metering Programme. Two key features that are recurring are first, a complex central programme and second, a significant player rolling out in advance of industry arrangements being agreed. It is important that the governance and management of the Smart Metering Programme recognises any risks that may arise from this, otherwise the assumed benefits of smart meters may not be fully realised.

We note that the Energy Demand Reduction Trials are still on going and would like the programme to clearly demonstrate that the learning from, and final results of, these trials are being utilised in the governance and management of the Smart Metering Programme.

Yours sincerely

