

**Chapter 2 – Smart metering regulatory regime**

**Question 1:** Have we identified all of the key elements that you would expect to see as part of the Smart Metering Regulatory Regime?

Yes, we agree this covers the key elements.

### **Chapter 3 – Smart Energy Code**

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

Yes we agree this is likely to be more effective, and simpler to manage, than the alternative option of inserting new requirements in to existing industry codes.

**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 table of contents for the proposed new code appears to cover the key areas where governance is required.

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

At the highest level, the code should only contain the main rules and principles for the operations carried out under the code.

These high level requirements should be overseen by a small, elected and representative panel of industry experts, supplemented as necessary by the Code Administrator, an independent chairman, and representatives from the regulatory body and customer groups.

Changes to the high level requirements should be subject to a modification process similar to the existing BSC modification process, where industry and other parties can propose changes which are developed by working groups and passed to the Panel for decision.

All detailed requirements should be contained in subsidiary documents which, subject to there being no impact on the high level code requirements, can be developed and amended by a simpler process.

This also has similarities to the BSC change process but we would prefer less involvement from code administrators and more involvement from industry.

Unlike the BSC, decisions on accepting or rejecting these changes should be made by a representative industry group, including network operators. The MRA change process offers a good model for managing the detailed issues of the code.

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**Chapter 4 – Roles and responsibilities at customer premises**

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

The proposals appear reasonable but, as this has no direct impact on network operators, we consider that suppliers' views on this should prevail.

**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.

We see no need for additional data to be included in the HAN data set on a mandatory basis. The provision of additional HAN functionality and additional data should be at the discretion of the supplier who may elect to offer additional features in order to differentiate their service.

**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?

This has no direct impact on network operators and we consider that suppliers' views on this should prevail. However, whatever solution is chosen, it is essential that the identity of the party responsible for ongoing maintenance is clearly understood both by the customer and other market participants.

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**Chapter 5 – Other regulatory and commercial issues**

**Question 8:** Are there additional measures that should be put in place to reduce the risks to the programme generated by early movers?

We have been unable to identify any measures additional to those already identified in the consultation documents.

**Question 9:** What is needed to help ensure commercial interoperability>

We are not a Supplier or a provider of smart metering assets so have no comment on this area.

**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?

We consider that, at least for the electricity smart metering system, the existing BSC procedures for technical assurance, (meter CoPs and technical assurance agent activities), should be extended to cover the smart metering system. The new Smart Metering Code itself would not need to cover these requirements.

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

As has been recognised in the consultation document, new processes in the smart metering code will have knock on effects on the processes and requirements governed by the existing industry codes, at least until smart meters have been fully rolled out.

As the detailed design of the new smart metering code is developed, and during any subsequent changes to it, we believe it is vital that there is close co-operation between the various code administrators to ensure the impact on the existing end to end processes are fully assessed, so as to minimise the risk that potential issues are overlooked.

Obligations to co-operate on development/change issues should be placed within the new and existing codes and agreements.

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**Chapter 6 – Impact on wider industry processes**

**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?

Evolution in this area is likely to be limited until a significant volume of intermittent generation is connected. In the short term, (5 to 10 years), changes in this area are likely to be restricted to the introduction of 3 or 4 rate tariffs rather than the typical, current 1 or 2 rate tariffs.

Existing barriers, such as higher agent charges for Half Hourly metering systems, are likely to fall away naturally as the volume of HH capable systems increase. We therefore do not consider any issues in this area require attention at this stage. Market participants should be left to raise change proposals in this area as and when the benefits of doing so outweigh the difficulties and the costs.

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

We do not consider that changes to settlement arrangements are needed at this stage as the additional benefits are likely to be marginal and the cost of the changes needed to support it are likely to be high.

Ultimately all metering systems will be half hourly capable and as such could be settled on a half hourly basis. However any further expansion of half hourly settlement, over and above that currently being examined by Elexon, should only be undertaken following thorough impact assessment. Changes should not be imposed by regulation.

Market participants should be left to raise change proposals in this area as and when the benefits of doing so outweigh the difficulties and the costs.

**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?

Customers on independent electricity networks already have the same arrangements as customers connected to the 14 main networks. We have no comments on the arrangements for Gas.

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

Potentially there will be changes to many existing processes.

However we do not believe these should be addressed within the scope of the smart metering programme which should focus on the core requirement of setting up the baseline DCC service.

Instead it should be left to market participants to raise further change proposals, as and when there is a business case for doing so.