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

Sent via email to smartmetering@ofgem.gov.uk

Smart Metering Implementation Programme – Prospectus

Dear Madam,

We are grateful for the opportunity to respond to this consultation, and I am sorry that partly due to the demands of the Ofgem programme on our company we have somehow managed to miss the deadline for the second phase of responses to the prospectus. I hope that it will still be possible for you to consider this response to questions required by 28th October 2010.

As stated in our previous response Utilita is a new entrant supplier and is focused on residential pre-payment customers. We have delivered in excess of 10,000 smart dual fuel metering systems, at no up front cost to our customers, as well as maintaining the lowest priced pre-payment energy services in the areas in which we operate. This has been achieved outside of the EDRP and without any other public sector support. We have therefore developed a considerable amount of expertise in the rapid and cost effective installation of smart metering.

We have not only delivered significant value to low income households, but also demonstrated to the industry in practice the benefits of smart metering, and helped to improve the design of the next generation of smart meters.

The Consumer Experience

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

Utilita: Our experience is that customers often use only a small fraction of the functionality available in the IHD, and in our case this particularly relates to the functions dealing with pre-payment. We think it is essential that the IHD is capable of providing pre-payment functionality and in particular provides back up when automated credits do not arrive on the meter because of variances in telecommunications performance.

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

Utilita: Again based on our experience this issue seems to have been over played. We have not had any concerns regarding data privacy from our 10,000+ smart customers. However, it would not be sensible to ignore this concern because of the potential for it to generate a disproportionate negative reaction to smart metering. It would be appropriate for the programme to develop a

robust common response to this concern as well as other concerns (e.g. EMS and negative health impacts).

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

Utilita: We believe the programme has covered this area very well. Whilst we target existing pre-payment customers, we do adhere to our code of practice regarding payment options and support the view that pre-payment should only be enforced as a last resort where it is not possible to get consumer consent.

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

Utilita: This is not a market that we have addressed, but we are concerned about differential treatment for suppliers that have invested in smart meters in the small business market and those like us that have invested in the residential market.

Industry Roles and Responsibilities

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?

Utilita: We believe this is the best way to get value delivered to customers, either in terms of reduced prices or improved services, or indeed both.

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?

Utilita: We believe the scope of the DCC may have a serious detrimental impact on competition because it will reduce the scope for differentiation in services and price. It is also self-evident that the wider the scope of the DCC the more potential there will be for delay to the programme.

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?

Utilita: We believe the scope of the DCC, if at all, should be as thin as possible. We are very concerned about the potential to delay the roll-out of smart meters if the scope of the DCC is too wide and impacts on the current business processes around settlement for both electricity and gas.

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)?

Utilita: If there is to be a DCC then it is essential that the contract is awarded through a competitive tender process.

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?

Utilita: We believe suppliers of **all** customers should not be obliged to use the DCC and cannot see why rules should be differentiated in this manner. A free market is the best way to ensure customers get the maximum benefit from smart meters.

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

Utilita: Some form governance to ensure interoperability and future improvement is essential and the proposals would seem to set out a framework within which that could be managed. However, it should be recognized that there is already a large body of documentation that covers both consumer and industry related matters and smart metering will need to be embedded in all of these documents. At some point in the future text relating to dumb meters will be redundant and should come out.

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

Utilita: It is difficult to address the full scope of benefits that smart meters might bring. We believe that it is important to focus on those benefits that are quantifiable now to ensure that genuine benefits are delivered to customers, whilst at the same time not restricting future potential.

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

Utilita: Other options for security should have been considered. To some extent a single DCC will create security risks. Diversity would provide more security.

For any questions concerning our response please contact [REDACTED]

Yours Sincerely

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