

Mrs M Coaster
Smart Metering Team Ofgem E-Serve
9 Millbank
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28th October 2010

Dear Mrs Coaster

Response to the DECC consultation on the Ofgem Energy Smart Metering Implementation Programme Prospectus

Veolia Environnement is the world leader in environmental services, providing customised solutions to meet the needs of municipal and industrial customers in four complementary segments: water services, energy services, environmental services and passenger transportation.

As part of its core activities and in relation to DCC, "Veolia Environnement" is currently active in a number of areas related to smart metering and is particularly active as:

- An AMR technology provider
- An AMR network operator
- A water network operator
- A regulated water company

We promote AMR networks for the benefit of utilities and municipalities throughout the UK and Europe and across a range of varied service offers, a selection of which are listed below:

- The management of water distribution networks, which encompasses automatic reading of water meters, customer side leakage detection and enhanced customer information;
- The measurement of water levels in sewage networks, which when linked to hydraulic models allows real time management of the network resulting in optimised pumping regimes and reduced carbon footprint;
- The management of bottle banks and community waste disposal units including sophisticated "route organisation" planning in order to optimise the waste collection thereby reducing cost and carbon;

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- Building energy management systems with the objective of remotely managing temperature and reducing thermal energy consumption for buildings including the reduction of sanitary risks such as “Legionella Pneumophila” by active control of the temperature into and out of water heaters; and
- The storage and management of petroleum and chemical products to optimise inventory control of fuels for buses, local authority vehicles, utility vehicles, trains, etc.

This lengthy and growing list of applications which rely upon the AMR network will contribute to the long term protection of the environment and sustainable development.

With regard to the DECC consultation for DCC, our UK based water company Veolia Water UK has already contributed to the consultation process via the previously submitted Ofwat and Water UK responses. Veolia Environnement fully supports these responses and we reiterate our view that the DCC for energy should be open to Water Services as water and energy savings are intrinsically linked with at least 25% of energy use in the household being associated with heating water.

We believe that the DECC consultation for DCC could benefit from the work and experience of the water community and in particular Veolia Environnement as we are quite advanced across Europe in the implementation of smart metering solutions that are suitable for monitoring a wide range of environmental resources (energy, water, municipal waste, etc).

In France, the Veolia Group is currently setting up a dedicated operational company to deal with the implementation and management of smart meters including all aspects of data acquisition, transfer, storage and information delivery to end users.

We offer the following thoughts on the topics raised in your Prospectus:

- Regarding consumer information (Consumer Protection – Question 5), we agree that consumers should receive basic consumption and cost information free of charge whereas more sophisticated value added services provided by the Service Providers, e.g. consumption histograms, leak detection, etc., should be chargeable services;
- Regarding the non-domestic sector (Non-Domestic sector – Question 2), we suggest that the non-domestic sector should be in the scope of the DCC. Once the DCC is active and operational for the domestic sector, the non-domestic user should be allowed to fit their premises with HAN modules (compatible with their meters and the DCC WAN) in order to benefit from the DCC services;
- Regarding the DCC's independence from the energy supplier (Communication business model – question 6), we think that the regulator should grant the DCC licence for the communication area only (The DCC would satisfy the regulatory requirements in terms of HAN / WAN, Data storage / delivery). Making selection of the Service Provider the responsibility of the regulator should avoid any potential conflict of interest;

- Regarding the DCC level of services (Communication business model – question 3), we believe that the DCC should provide fundamental data to the Service Provider to allow them the opportunity to build their own differentiated service layer. Such a proposal would benefit the consumer and the Green Deal compliance by creating a more competitive market with differentiated service offers; and
- Regarding the communication role of the DCC, as far as data retrieval and transport are concerned, we strongly recommend that the DCC is not restricted solely to the management of the consumers' data (meter readings, energy usage, etc) but is extended to include data related to the network infrastructure (outage management, network balancing, leakage detection on pipes, etc). In this way, network efficiency measures would enable the suppliers to improve efficiency thereby lowering operational costs to the benefit of the consumer.

We trust the above comments have been helpful and we look forward to contributing to this important subject as the roll-out programme develops.

We would be very happy to elaborate on any of the above items should you wish us to do so. Please contact [REDACTED]

Yours sincerely

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