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Dear Liz

Smart Metering Spring Package - Addressing Consumer Protection Issues

ElectraLink is pleased to respond to Ofgem's consultation ref 13/11 published on 7th February 2011. We have limited our responses to the questions in Section 4 – Commercial Interoperability, and hope that these are of assistance to Ofgem.

Question 13: Do you agree that there should be an obligation on the original supplier to offer terms for use of the meter?

We note from paragraph 4.6 Ofgem's view that "In the short run we consider it acceptable if a smart meter has to revert to operating in dumb mode on change of supplier." Whilst we understand the logic of the argument (that a consumer may wish to sacrifice functionality for lower cost), this may be perceived to run counter to the premise that smart metering is good for consumers, and our previous responses to Ofgem have highlighted the risk that allowing smart assets to go dumb poses to programme in terms of consumer confidence. Quantification of that risk depends on how long these "short run" arrangements persist.

Paragraph 4.18 highlights the evidence collected through ROMA, and asserts that risks increase in proportion with the number and value of smart meters being installed. However it may be argued that the higher cost of smart meters increases the incentive on suppliers (and their agents) to ensure interoperability. We anticipate that service providers will emerge that offer managed services to suppliers and their agents to facilitate interoperability, with business cases predicated in part on the reduction in the asset stranding risk. Through its Data and Professional Services units, ElectraLink is designing and delivering, on an open and non-discriminatory basis, a portfolio of "smart data flows" which enable this interoperability; for example by exchange of smart meter technical details and communication contract novation data on¹ smart meter change of supply.

Question 14: Do you have any comments on the requirement for terms to be reasonable and non-discriminatory and factors we would propose to take into account?

Paragraph 4.22 suggests that suppliers (or their agents) should not initially expect to recover more than the costs for a dumb meter on change of supplier. This makes sense for smart meters installed at risk which are found *not* to meet the technical specification, once that specification is defined. However, if those meters being installed now are subsequently found *to be compliant* with the technical specification, it seems reasonable that they continue to be operated as smart meters following change of supplier, and that the incoming supplier should expect to pay smart costs whether or not they choose to operate the meter in smart mode. This provides a clear incentive on installing suppliers to install meters compliant with the technical specification, and on incoming suppliers to cooperate with the installing (or losing) supplier on interoperability

¹ E.g. paragraph 2.50 of Smart Metering Implementation Programme Response to Prospectus Consultation; Supporting Document 2 or 5 – Rollout Strategy

Question 15: Do you agree with the proposed obligation that terms should be transparent?

We agree with the principle that terms should be transparent, but it does not logically follow that a common structure of charges is required (we are not commenting on whether a common structure of charges would be a good thing, only that it doesn't necessarily follow from the transparency requirement). As suggested in the ROMA Initial Findings², providing transparency around data systems and, for example encapsulating information such as the type of WAN contract in a standard data flow could satisfy the incoming supplier's data requirements to maintain a smart service. ElectraLink stands ready to help the industry facilitate such data flows, either via open governance or, in the short run, commercial data services.

Question 16: Do you agree with our proposed approach around an obligation to offer terms for use of communications services as part of the Spring Package, and the timeframe for any such obligation?

The "smartness" of smart metering is a function of the meter itself, the communications link, and the back office systems which interact with the meter. Thus we agree that similar principles apply around communications links as to the meter.

In the foundation period we anticipate that the market will generate managed services which facilitate commercial and technical interoperability; if successful these may shield suppliers from the requirement to overhaul or replace back office systems (ref paragraph 4.29). Central bodies, including ElectraLink, have a clear role in facilitating this innovation and in connecting these services to the industry.

Question 17: Do you have any comments on our proposed approach for dealing with prepayment?

We note the challenges associated with prepayment interoperability, and would support initiatives from industry to address this through availability of foundation managed services that can maintain smart operations independently of the installing suppliers. ElectraLink is ready and willing to facilitate these types of commercial services during the foundation period. Such support could include provision of data flows to securely route prepayment details between old and new suppliers, and/or their agents.

Yours sincerely



Stuart Lacey
Chief Executive

² "Review of Metering Arrangements – Initial Findings and consultation on proposed metering industry remedies" December 2010 Ref 162/10:
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=ROMA%20Consultation%20Document.pdf&refer=Markets/RetMkts/Metrng/Comp>