



Consultation Response

SENT BY EMAIL TO: liz.chester@ofgem.gov.uk

12 April 2011

Liz Chester

Social Policy Manager

Ofgem

9 Millbank

London SW1P 3GE

Dear Liz,

ELEXON's response to Ofgem's Smart Metering Spring Package – Addressing Consumer Protection Issues

I welcome the opportunity to provide ELEXON's views on the 2011 Spring Package, which seeks to protect consumer interests as Suppliers start rolling out smart meters across Great Britain.

Smart metering is a key element of the move to a low-carbon economy. Changes in consumer behaviour, based on the information from smart metering systems, are crucial for both realising the financial benefits and for meeting our carbon reduction targets. It is essential that a positive consumer experience is delivered across the Foundation and Mass Rollout Phases of the Smart Metering Implementation Programme (SMIP) and we agree that controls around the use of advanced smart features, such as the ability to remotely disconnect a site, need to be addressed now.

As a core provider of services to the electricity market, ELEXON is fully engaged with the SMIP and committed to its successful outcome. In this letter, we have reviewed the impact of the Spring Package proposals in the context of the electricity settlement processes that we manage and have responded to those questions where we can provide a unique insight.

ELEXON is committed to supporting the SMIP and we are keen to continue to share our expertise and knowledge with the Programme. If you would like to discuss any areas of our response, or other areas of smart metering, please contact me on **020 7380 4337**, or email chris.rowell@elxon.co.uk.

Yours sincerely

Chris Rowell

Smart Metering Programme Director



Smart Metering Spring Package – Addressing Consumer Protection Issues

Chapter 2: Prepayment and Remote Disconnection

Q11 Do you agree with our proposal to explicitly set out in the supply licence that load limiting and credit limiting amount to a disconnection in certain circumstances?

ELEXON notes the introduction of new approaches to demand disconnection: the use of 'load limiting' and 'credit limiting' amounts. We agree that in applying such measures, a careful balance must be struck between ensuring consumer protection and promoting Supplier innovation.

As these are Supplier initiated actions that directly impact the consumer, to include requirements in the supply licence is more appropriate than within the Smart Energy Code or any existing Code or Agreement. Furthermore their inclusion as a Principle Term in the consumer's contract alerts the consumer that these actions could be applied.

However, for settlement purposes, it is important to stress that 'load limiting' is not a disconnection or de-energisation, as energy (albeit limited) continues to be consumed at the premise and will be measured at the meter. This consumption needs to be recorded and submitted into settlement. We do not believe that this affects your broad conclusions, but may affect your detailed drafting of the requirements on Suppliers.

A further point to note is if consumption is settled using Non Half Hourly data, then to reflect the period of reduced (load limiting) or zero (credit limiting) consumption in settlement, meter reads need to be taken at both the start and end of the period. This is achieved automatically for consumption that is settled using Half Hourly data.

Chapter 3: Data Privacy

The consultation asked no specific question, but we would like to make these points.

We agree that Ministers and the Programme will need to carefully assess the impact of the roll out of smart meters on consumer privacy and in turn determine the access rights and the appropriate legislative framework.

The four suggested priorities for assessing policy options (listed in paragraph 3.13 of the consultation) mirror our views on the key elements that will need to be balanced: protecting consumer interest; respecting consumer privacy; encouraging new services; and facilitating new developments.

The consultation additionally reflects that there "*may be a case for allowing access to*



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more granular data (e.g. half hourly meter readings) in certain circumstances". We have been investigating how settlement can support the more extensive use of innovative tariffs. Whilst the BSC arrangements can support the full spectrum of data granularities (from Non Half Hourly data recorded at extended intervals, through to Half Hourly data), we would stress that the ability of settlement to accurately reflect individual consumers' behaviours in Suppliers' aggregated consumption is determined by the granularity of the data submitted into settlement. In the belief that consumer behaviours should be reflected through to Suppliers, we anticipate a substantial growth in the use of Half Hourly data. This view is supported by the work we have been doing with industry to investigate the future shape of the non domestic market (Profile Classes 5-8).

That said, unless there is a universal adoption of Half Hourly settlement, we will need to maintain and adapt the profiling arrangements that underpin the Non Half Hourly market. The arrangements regarding data use need to recognise and support the use of sampling and collection of representative Half Hourly metered data for profiling purposes.

We have noted the further work on data uses that the SMIP will undertake under the Foundation Phase and we will continue to work with the Programme and industry to explore and explain and the evolution of the settlement arrangements.

Chapter 4: Commercial Interoperability

Q13 – Do you agree that there should be an obligation on the original Supplier to offer terms for use of the meter?

ELEXON agrees that the consumer experience will be adversely impacted if smart meters need to be changed on Change of Supplier. Placing an obligation on the 'original Supplier' or its agent to offer commercial terms to the incoming Supplier for the use of a meter on Change of Supplier is a pragmatic means of addressing this issue.

This new obligation will however need to reflect that currently each Supplier is required to:

- "*appoint and register Supplier Agents in respect of each ... Metering System for which such Supplier is ... the Registrant*" (BSC Section S 2.1.1)
- "*be responsible ... for every act, breach, omission, neglect and failure (in relation to that Supplier) of each Supplier Agent appointed by it*" (BSC Section S 2.1.2).

Thus under the proposed Commercial Interoperability arrangements, delivery may be via the original Supplier's agent(s), but overall responsibility for delivering these services will remain with the incoming Supplier. Incoming Suppliers will need assurance that the original Supplier's agent(s) can discharge their obligations.

We agree that the 'original Supplier' is appropriate where they have a 'live' contract with the smart metering agent(s). It is however conceivable that there may have been more



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than one Change of Supplier event, and that during these events the agent or agent contracts may have been transferred by one of the incoming Suppliers. In such circumstances, it is the Supplier that holds the agent contract who is relevant for delivering the ongoing service.

In paragraph 4.20 you ask what implications the proposed interoperability arrangements would have for the dataflows needed on Change of Supplier. It is a BSC requirement that at all times a Data Collector should be appointed for a Metering System. In recognition of this, the registration systems default to the outgoing Supplier's Data Collector until such time as the incoming Supplier has appointed their preferred agent. Provided that the incoming Supplier can appoint the outgoing Supplier's Data Collector, minimal change would be required to the settlement data flows.

In support of the above observation we highlight the example of the advanced meters that are currently being rolled out across Profile Class 5 to 8 premises. Some Suppliers have elected to appoint the incumbent agents in order to promote continuity of service. This has been achieved without the need for dataflow or governance changes. If you would like to discuss our experience in this area please contact me.

Q14 – Do you have any comments on the requirements for terms to be reasonable and non-discriminatory and factors we would propose to take into account?

We believe that in order for any service to be widely adopted, the associated terms must be reasonable and non discriminatory.

From a settlement perspective it is key that, whatever the business event:

- the meter continues to measure consumption;
- the metered data is collected; and
- the recorded energy is attributed to the correct Supplier.

These activities all need to continue through a Change of Supplier event. Under the proposed commercial interoperability model, the old Supplier will need to continue to provide these services, without break, even when terms are not immediately agreed. There is a risk of losing data if such a practice is not adopted

The level of disputes is uncertain and we agree that a mechanism for resolving disputes is needed. This process is aided by Ofgem's guidance on how to interpret 'reasonable' and 'non-discriminatory'. ELEXON manages disputes processes relating to the application of rules and errors in data and processes and we are keen to share our experiences and expertise.

For more information, please contact:

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