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Dear Jonathan

Smart Metering Consumer Protections Package – Statutory Consultation

CE Electric UK Funding Company (CE) is the UK parent company of Northern Electric Distribution Ltd (NEDL) and Yorkshire Electricity Distribution plc (YEDL).

We welcome the opportunity to respond to Ofgem's statutory consultation on consumer protection issues in relation to smart meters. We would ask that you consider our response in the context of our business roles as both a distribution network operator (DNO) and an electricity meter asset provider (MAP).

There are aspects of the consultation that we like such as the identification of vulnerable customers and the supplier commitment to rapid reconnection for all customers who have been wrongly disconnected as we are keen to ensure customer service is maintained through the implementation of smart metering. However we are concerned that the licence modifications do not go far enough and fail to achieve the necessary objectives.

We have previously highlighted two key issues which continue to be a concern to us. In summary, DNOs (as a front line agency maintaining 24/7 cover) are called upon to deal with a range of issues concerning customers' meters both inside and outside office hours ("no supply" calls resulting from faulty metering, etc) and to deal with the resulting effects on vulnerable customers. However, DNOs lack legal entitlement to replace, repair, disturb or circumvent meters, as these are legally the province of suppliers. Therefore obligations are needed on suppliers to provide 24/7 customer response and 24/7 meter operator response in a smart environment. Second, commercial interoperability is crucial and can be assisted by creating transparent default meter asset provision terms under the smart energy code and including a meter asset register within the scope of the Data Communications Company (DCC).

To assist Ofgem's consideration of consumers' interests in relation to the different aspects of a smart metering environment, we have grouped our comments into the following main areas:

- New technology and faulty metering; and
- Commercial interoperability.

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New technology and faulty metering

The roll-out of smart meters could result in a range of problems to be faced by DNO field staff that should also be addressed by reviewing arrangements for suppliers and their meter operators. These scenarios result from the introduction of new technology itself, for example events due to remote disconnection facilities or faulty smart metering installations that could occur inside or outside traditional normal working hours. They include:

- DNO field staff encountering metering equipment they are unfamiliar with as part of their normal activities and this may hinder fault diagnosis;
- When a smart meter is installed DNOs may not be able to extend any existing commercial offering of urgent metering services (UMETS), even for vulnerable customers;
- Remote disconnection resulting in events being presented to DNOs by customers as “no-supply” calls due to suspected faults;
- Any new smart metering installation that goes faulty, for example due to loose connections, towards the end of a normal working day may be presented to the DNO by the customer as a “no-supply” call in the evening; and
- Proposed functionality creates the facility for DNOs to interrogate meters or data systems for their energisation status in response to a “no-supply” call prior to arranging a rapid response visit. Where the meter is disabled due to a supplier-led event the DNO needs to be able to redirect the customer to the supplier in an effective way and the supplier needs to be able to respond.

Suppliers and their meter operator agents are not currently required to offer call handling or response services outside normal working hours. Today, so-called urgent metering services (UMETS) are provided by some DNOs on behalf of some suppliers. However, this may not be possible in the future with the increased complexity and sophistication of smart metering systems. To deal with this issue, there should be obligations on suppliers to ensure 24/7 call centre facilities and an aligned meter operator response.

We are concerned that the proposed licence modifications do not address this issue and propose that Ofgem review arrangements for suppliers and meter operators outside normal working hours, including those for vulnerable customers, because DNOs are unlikely to be able to provide the full range of services they may offer now once a smart meter is installed.

In the context of having sought to raise the profile of this issue we were pleased to attend an electricity and gas faults workshop with DECC on Wednesday August 10th 2011 covering the smart metering roll-out. The workshop covered a number of key points as follows:

- Registrants to own and control faults within a smart metering system.
- Customer experience and service must be a top priority especially during the rollout as it is believed that the level of faults will increase during this phase.
- The current service provision was reviewed both in and out of operational hours. This ensured all parties including DECC had a clear understanding of the “as is” position. Some suppliers picked up on their current operational hours highlighting times and days.
- Metering communications faults require a principle of a lead supplier ownership. The lead supplier principle is that the electricity supplier will utilise their agents to address communication faults that require an initial site visit as gas field staff do not generally have the required skill set.
- DNO's & GDN's may only be able to make safe (isolate supplies) when encountering smart metering systems. This was viewed as reduced customer service when compared to the as is position.

Commercial interoperability

We agree that it is important that, where a customer has a smart meter installed, this does not create a barrier to switching supplier and that mechanisms should be put in place to ensure that consumers who have had a smart meter installed can switch supplier without needing to have their meter replaced again. These outcomes are essential both during “early mover” activity and in the roll-out and are also vital to potential providers of smart metering assets, such as ourselves. We

believe it is possible to achieve these outcomes by promoting effective competition in meter asset provision (MAP).

Consumers should not be faced with a meter exchange each time they change supplier. We believe that this would introduce significant unnecessary costs into the market that would eventually be borne by the consumers. To avoid this, effective commercial contracts must be in place between all parties operating in the market. We believe that the best mechanism to achieve this would be to allow parties to reach their own standardised commercial arrangements where possible, but also to create meter asset provision default terms under the governance of the DCC which would apply, when required, if there were no bilateral agreement in place between two parties. We believe that default terms would also enable smaller parties to participate equally in the market.

We welcome Ofgem's recognition of the complexities of commercial interoperability and note that you will consult separately on this in the summer. We believe that commercial interoperability is essential as we move towards a new smart-meter market and clear policy decisions should be made and implemented as soon as reasonably practicable to ensure that as far as possible no smart meter needs to be replaced prematurely due to interoperability issues.

If you would like further clarification of any aspects of our response, please contact me as we are keen to have further opportunities to share our thoughts with you.

Yours sincerely



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Director of Customer Operations