

## Response to Ofgem paper: Commercial interoperability: proposals in respect of managing domestic customer switching where meters with advanced functionality are installed

14<sup>th</sup> October 2011

### Overview

This paper provides the Energy Retail Association responses to the questions in the Ofgem paper: “Commercial interoperability: proposals in respect of managing domestic customer switching where meters with advanced functionality are installed” published on 18 August 2011. The response is due for submission to Ofgem by 14 October.

In general, we are supportive of many of the principles within the paper at a high level. However, there is much more development and design work to do before the full implications are understood and therefore the reasonableness of any requirements or licence conditions can be understood. We would recommend that this more detailed work is progressed as soon as possible and considers the DECC Smart Metering Implementation Programme development work (e.g. BPDG business process definition).

If there are any changes to the DCC Go-Live date, the impact on these proposals will have to be considered (e.g. volume thresholds).

Given that any licence conditions may apply to ADMs being installed now, the date from which any requirements/licence conditions apply need to be reasonable given the amount of work still to be done to define and process any industry changes and supplier system/service changes. We would caution against setting any effective date until the detailed implications are much better understood. We also need to ensure that any licence conditions are reasonable and do not assume that any market driven solutions are in place.

The priority in considering these arrangements should be the customer and how they will perceive the services they receive from suppliers from ADMs installed. The impact on the overall customer engagement programme for smart metering must be considered and input provided to the DECC CERG group, as well as output taken from CERG.

We are happy to provide our support and input to any further work on commercial interoperability.

## ERA Responses to Questions

<b>1</b>	<b>Do you agree that suppliers should be required to inform the customer of any potential loss of services before a switch takes place?</b>
----------	---

Whilst the concept of assuring customer awareness and ensuring their freedom of informed choice is supported, there are different ways to deliver this. Practical arrangements need to be defined for exchanging the necessary information to support any processes.

One option is that the installing supplier should inform customers of the possible future loss of services and a need for early replacement of the meter at the point of sale or install.

Another option is that a gaining supplier should assess a possible loss of service and inform the customer before confirming the switch.

This would put an additional requirement and cost on the supplier attempting a sale, to:

- identify that a customer has an ADM meter (and potentially what type of ADM is installed) and any associated equipment (e.g. In-Home Display);
- identify what services the customer is receiving as part of their previous supply contract;
- obtain information which they can only get from the customer and which the customer may not readily have or be able to tell them in a coherent way (e.g. a customer may think they have a smart meter if they have a clip-on stand-alone In-Home Display); and
- then to be able to check easily what they may or may not be able to provide – given that this may depend on the equipment used and agents in place.

There might be ways that this could be made easier with industry change (e.g. ADM/smart meter flag for gas & electricity in SCOGES& ECOES) but any associated industry change will need robust definition quickly for assessment. The definition of industry change is probably in turn dependent on the robust definition of business processes from the BPDG development work.

We need to understand whether there will be, in either case, a requirement on the losing supplier to provide information or whether there may be requirements set on the installing supplier. If it is the installing supplier, then there are implications of identifying who the installing supplier is (e.g. potentially a new “Installing Supplier” data item to be stored in industry).

It may not be reasonable to place these requirements on suppliers as obligations if they cannot be reasonably discharged. There is also likely to be a long lead time to implementing any industry change and this will need to be progressed in parallel in the electricity and gas governance processes.

**2 Do you agree that the old supplier should be required to disable any misleading information prior to the switch taking place?**

Again, we agree with this in principle, but, investigations by a number of our members of the processes that would need to be undertaken show that this is likely to have serious technical challenges in some instances.

There needs to be a clear definition of misleading information, and this is not expected to be excessive, so that the processes and systems associated with them can be analysed. For example, we would consider cost information to be misleading on the IHD if it is based on the wrong tariff, therefore something needs to be done to the tariff within the smart metering equipment to avoid misleading information. It should be reasonable to zero the tariffs at a meter, therefore resulting in zero cost data at the IHD and any associated devices and we would consider this to be reasonable to customers. However, if the requirement was extended to stop showing cost data altogether at the IHD, a number of our members have highlighted that this would be a complex interaction with an ADM meter and IHD and is unlikely to be possible for most ADMs.

Misleading information is likely to be information that will change at Change of Supply (e.g. tariff).

**3 Do you agree that the old supplier should be prohibited from removing historic consumption data from the meter?**

Yes.

There will be circumstances in which the meter will overwrite historical data as part of its normal operation (e.g. if the memory is full and consumption data is over-written on a First In First Out basis), but suppliers should not proactively remove data from the meter as the metrological source. Historical data will be required to support current processes such as disputed reads.

**4 Do you agree that suppliers should not be allowed to charge customers for the replacement of a prepayment ADM in these circumstances?**

Yes.

**5 Do you agree that the old supplier must make available to the new supplier all the information they would need to help maintain the provision of services based on ADM functionality?**

Firstly we would need to understand whether this requirement sat with the installing supplier or the outgoing supplier, as this has significant impact on the implementation of any solution, as highlighted above. Suppliers will need access to data from their agents where applicable.

We believe that suppliers should not withhold information that may be required to communicate with the meter (subject to that information being available and reasonable steps being in place), but the practicality of these arrangements depends on the level of detail required to be passed and what information is required to communicate with the meter. We recommend that this interface is defined in detail through business process development work to understand exactly what is required (PIN, Access Code, protocol etc.).

Questions remain on the definition of information to be exchanged, including:

- Should this include all information to deliver all additional functionality that the outgoing supplier may have invested in?
- What impact is there on commercially sensitive information?
- Is there data that is proprietary and not available for transfer?

**6 What kind of information would the new supplier need access to in order to ascertain whether they can maintain advanced services?**

There are probably two categories of information that might be required:

- ADM meter information
- Service Information

The ADM meter information will include:

- meter / equipment type
- meter / equipment configuration (e.g. software, firmware)
- HAN
- Meter ID/MPAN/MPRN

The service information will include:

- any agents being used
- a description of the services received
- back-office systems being used to communicate with meters/equipment (e.g. head-end software)

**7 Do you agree that a large supplier should make available on request all services that a new supplier would reasonably require to maintain some or all of the services relating to ADM functionality?**

This obligation should apply to all suppliers who have installed more than the volume threshold for ADM's regardless of their size as the focus should be on the customer experience.

There is a spectrum of views across ERA members on what services should be maintained on Change of Supplier and whether all suppliers should be included regardless of size which need to be further developed in discussion with Ofgem.

More clarity is required in defining the practicality of what these arrangements might look like before we can consider the implications of any requirements/licence conditions, including:

- service definition;
- whether they can be discharged through a 3<sup>rd</sup> party and how that might work;
- whether any ongoing service offer has to be in a format that the new supplier can take on; and
- what data might be required to support the processes?

Prepayment has been one area of services where a number of suppliers have voiced concerns on their ability to support at Change of Supplier and this needs detailed analysis.

**8 Do you consider that the proposed volume thresholds are appropriate? If not, please suggest what would be more appropriate thresholds.**

The ERA cannot comment on the appropriateness of the thresholds, but it is important to define the thresholds accurately so that the market has clarity. It must be clear that the volumes apply to gas and electricity separately (i.e. 25,000 gas ADMs and 25,000 electricity ADMs; 5,000 gas PPMs and 5,000 electricity ADMs).

**9 What costs do you consider suppliers will need to incur to ensure compliance with the proposed licence conditions?**

It is not appropriate for the ERA to provide cost information.

**10 Do you consider that additional incentives are necessary for suppliers to avoid ADM meter exchanges on a change of supplier where possible??**

There is likely to be a commercially sensitive response across suppliers.

**11 Do you consider that the measure outlined here places appropriate incentives on the installing supplier in respect of the costs of a meter exchange?**

There is likely to be a commercially sensitive response across suppliers.

**12 Do you consider that £60 represents an appropriate proxy for the cost of a meter replacement in these circumstances? If not, what would you consider to be a more appropriate amount?**

Does this need to have a single figure applied to it? Can this not be defined as a reasonable cost of meter replacement on a pass-through basis?

We should consider that the cost of workforce may change significantly as the demand for skilled workforce increases. There are also geographic, work density and emergency replacement effects.

**13 How long a lead time do you consider is appropriate for enabling suppliers to be compliant with the proposed licence conditions?**

The lead time for delivery depends on the nature of the definition of business processes, data and dependencies on consequential industry change. Once these are better defined, then potential implementation timescales can be considered, but it would not be prudent to define and apply these now.

Clarity is required within the licence conditions on when these obligations come into force and whether any licence conditions will apply retrospectively.