

Paul Fuller
Analyst
Smarter Markets
Ofgem
9 Millbank
London
SW1P 3GE

1 May 2012

Dear Paul,

Supporting effective switching for domestic customers with smart meters: further statutory consultation and notice

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, combined heat and power plants, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

EDF Energy is supportive of Ofgem's proposals to ensure consumers are made aware of the extent to which any advanced meter services they are receiving through their Advanced Domestic Meter (ADM) would be maintained when they switch supplier. We also support obligations placed on suppliers to advise consumers, at the point of installation and on change of supplier, that smart services may not be able to be supported by a new supplier. Proposals aimed at ensuring that the benefits of ADM's are not misrepresented (which could lead to an escalation of consumer dissatisfaction with, and mistrust of Smart Meters), are also welcome.

We remain concerned with the limited time available for suppliers to secure compliance with (the majority) of the proposed licence conditions – which are due to take effect 56 days after any decision to modify is published.

We acknowledge the benefits in delaying the requirement to offer smart services to a new supplier. It is essential that appropriate arrangements are developed in a robust and timely manner in order to protect the interests of consumers. However, our concern is not focussed on this specific requirement because of our approach to roll-out – until such time as the full smart meter specification is finalised by the European Commission we are only deploying ADMs for specific trials and do not expect to exceed the 25,000/5,000 threshold volumes until the middle of 2013, at the earliest.

We acknowledge the reasoning for the amendment to licence condition 25B.10 in respect of the proposed threshold volume. However, we draw your attention to the concerns raised in our response dated 14 October 2011 to your '*Commercial Interoperability*' consultation. In summary, we continue to believe that the thresholds should be driven by the volume of ADMs installed and not by the size of the supplier. In our view, the greater the number of ADMs installed (by any supplier – large or small), the greater the risk of customer dissatisfaction and complaint. Indeed, we are aware of at least one small supplier that has already installed more than 25,000 ADMs, and for those customers there would be no opportunity, under these proposals, for a new supplier to operate those ADMs in smart mode, should they wish to.

Our representations are summarised below. These are covered in greater detail in our response to Ofgem's earlier consultation on this issue dated 3 February 2012¹, and that document should be read alongside this letter in respect of the representations being made.

Our representations can be summarised as:

- **Lead time** – insufficient time is being allowed for internal and external (e.g. internet switching sites) system, process and literature changes, especially relating to licence condition 25B.3 – requirement to take and retain/maintain appropriate record.
- **Identification of ADM** – adequate time needs to be allowed for a thorough assessment of the impact of the proposed licence condition on industry governance and processes, and to deliver the necessary changes needed to secure compliance, particularly with respect to a supplier's ability to identify that the meter at the customer's premises is an ADM. From previous experience, we do not believe this could be reliably established by simply asking the customer during any sales/acquisition process. Indeed, through DECC's Foundation Interim Operating Model (FIOM) workshops, it has been suggested that the lead time for implementation of industry changes, to support Smart Change of Supplier as Standard, is 15 months.
- **Nugatory costs** - the new supplier may have to develop, build and test multiple interfaces to the installing suppliers systems, due to there not being a standardised format for the transfer of relevant ADM instructions. We are against suppliers building throw away solutions ahead of the DCC.

EDF Energy would also welcome any guidelines Ofgem could provide in relation to what is considered to be 'reasonable steps' within these conditions.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact my colleague Ashley Pocock on 07875 112854, or myself.

I can confirm that this letter may be published on Ofgem's website.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Paul Delamare'.

Paul Delamare
Head of Downstream Policy and Regulation

1

<http://www.ofgem.gov.uk/Markets/sm/metering/sm/Documents1/EDF%20response%20to%20supporting%20effective%20switching%20for%20domestic%20customers%20with%20smart%20meters.pdf>