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Dear Colin

Supporting Effective Switching

Thanks for the opportunity to respond.

Our view throughout the development of the smart metering programme has been that the over-riding imperatives in introducing smart are customers' experience and cost effective implementation.

We believe that the Foundation period is for testing and trialling of technical and interoperability solutions, industry processes such as effective switching, and consumer experience and buy-in. Excessive volumes of non compliant Advanced Domestic Meters (ADMs) in Foundation drive enduring interoperability and consumer cost issues in mass rollout.

We welcome the revision of the implementation date to January 2013 for the mandatory provision of smart services by the losing supplier, and believe that more time is needed to develop the industry mechanisms and processes underpinning a consistent customer experience at change of supply.

The Foundation Interim Operating Model (FIOM) working group in the DECC Smart Metering Implementation Programme (SMIP) has been very helpful in establishing potential industry arrangements. For example we believe that the creation and definition of the Smart Metering System Operator (SMSO) has the potential to establish the functionality available from a smart meter installed in a customer's premises.

Our detailed comments are enclosed

Yours sincerely

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The Smart Metering System Operator

We welcome the introduction of this definition and role. In particular, we believe that the creation and definition of the Smart Metering System Operator (SMSO) would be a more effective way of establishing the functionality available from a smart meter installed in a customer's premises.

The concept of SMSO provides clarity in Foundation, particularly where there has been a change of supplier, and a sensible transition to the enduring landscape.

In the residential sector, it is beneficial for the number of exceptions from which the DCC is not the SMSO to be minimised. We believe that easy identification of the SMSO is also very beneficial in the non domestic sector, particularly for micro-businesses.

The concept of the Installing Supplier is important in Foundation as the obligations on them have incentivised the provision of inter-operability. We do not expect the Installing Supplier to play any enduring role and expect that the need to record them will lapse.

Foundation Interim Operating Model

The recent establishment of the Foundation Interim Operating Model (FIOM) working group under the DECC Smart Metering Implementation Programme (SMIP) has been very beneficial regarding industry processes to support interoperability.

We encourage Ofgem to review and support recommendations under development by the FIOM, for example the migration of responsibility from the Installing Supplier to the SMSO. The licence conditions as drafted could go further in this regard.

We do not believe that it is tenable in the long term for the Installing Supplier to be responsible for providing services any longer, particularly if they share the same SMSO. The obligation should be on the Current supplier to provide services via an "Industry Approved" SMSO.

Our interpretation of the licence conditions is that it is possible for the current supplier to be able to fulfil their licence conditions via an agent style agreement with the appropriate SMSO, or appoint their preferred SMSO.

Implementation date of the licence conditions

The implementation date, currently proposed to be January 2013 must be synchronised with the go live of the Foundation arrangements. A date in advance of the FIOM Change of Supply (CoS) arrangements developed and implemented might lead an Installing Supplier being in breach of licence whilst still being consistent with the FIOM CoS requirements.

The FIOM CoS processes will require system as well as industry code changes and these may not be complete by Jan 2013. Whilst a later implementation date is



preferable, it may be possible to have a January 2013 date with the requirement being of “reasonable steps” rather than absolute type.

SLC25B - Information to be provided in respect of advanced domestic meters

SLC 25B.1 - We support the change of wording from Installing Supplier, to Relevant Supplier.

SLC 25B.2 - Whilst we support the principle of the obligation, that of providing customers with clear and unambiguous information thereby enabling the customer to make an informed decision in respect of supplier switching, we are of the view that this cannot be achieved without appropriate industry change that will enable suppliers to confidently identify ADMs prior to any sales approach to the customer. Ofgem encourages the industry to make changes to registration systems to support the arrangements but there is no obligation on the network operators, who own these systems, to make such changes. We therefore do not consider the effective date of 30th June 2012 to be reasonable.

A clear industry mechanism is needed to identify these meters for the following reasons:

- Customers are not always aware of the type of metering they have, or the functionality it offers. Typically, clip-on displays have been described as smart meters, which they are not. We believe that this will confuse some customers.
- The customer may not know who installed the meter originally, particularly if there has been a Change of Occupancy.
- The time taken for a potentially gaining supplier to acquire the necessary information and the disincentive on the potentially losing supplier to provide this information on a timely basis may trigger a “winback” activity on the part of the potentially losing supplier. Whilst winback in itself is a legitimate activity, the use of information in this case is not, and a barrier to switching is erected. Further work by the Fiom is required to solve this issue.

SLC 25B.3 - Suppliers are required to retain proof of compliance with this obligation. This introduces new sales processes and may have particular impact on switching websites, where it is unclear how the obligation can be met. We do not believe that this can be resolved in the proposed timescales.

SLC 25B.4 - We support the requirement to inform the customer of the potential loss of functionality following a CoS event when installing a smart meter, subject to the comments above.

SLC 25B.13 - We believe that this should be linked to the overall smart reporting obligations and the work that is currently being undertaken in the Consumer Engagement and Rollout (CERG) group under SMIP, so that there is a consistent approach to reporting in respect of smart meters. Further consultation is required.

SLC25B - General obligation to help maintain advanced domestic meter services

SLC 25B.6 -In principle we support the proposal but have concerns around the



practicalities of achieving this without appropriate industry change to clearly identify both ADMs and the installing supplier. In particular we have concerns on the impact for the change of supply process;

- The installing supplier may not be the current supplier
- The thresholds after which this obligation becomes effective are very low and could easily be exceeded as part of a robust commercial trial. This does not mean that suppliers have the capability to support a service to other suppliers.
- The introduction of this obligation impacts every change of supplier event from June 2012, regardless of the metering arrangements at the property. This will impact suppliers and switching sites alike.
- Changing the wording to 'relevant' supplier, assuming the existence of the SMSO, would actually make this a more enduring obligation that would also support the DCC arrangements.

SLC 25B.10 Consistency of Threshold Application - The wording of the obligation conforms to Ofgem's policy intent. See our comments on SLC25B.11.

SLC 25B.11 Since it is proposed that it is in the interests of consumers for them to understand fully what functionality they may lose on switching, the loss of benefit of any exemption must be made up by something else such as greater choice of supplier. We recognise that regulatory requirements can act as an entry barrier, but believe that this would be more relevant if it applied to suppliers to less than 50,000 customers, rather than 250,000 (potentially 500,000 accounts). The exemption becomes more untenable in Mass Rollout if (as we believe), that DECC is particularly keen for SMETS1 meters to "stay on the wall" even if not adopted (or adoptable) by the DCC.

SLC25B - replacement of a prepayment advanced domestic meter

SLC 25B.12 - In principle we support the proposal that it should not cost the consumer for a meter exchange necessary to enable them to remain on a prepayment tariff. However it is in keeping with the original consultation proposal that early deployment of non compliant ADMs is at the risk of the installing supplier rather than consumers (through the socialisation and flowthrough of costs to gaining suppliers). The absence of interoperability incentive may drive a barrier to switching for customers who have ADMs operating in prepayment mode.

Appendix 3 – Impact Assessment comments

Enabling customers to make well informed switching decisions. We support the principle but are aware that there is some confusion amongst customers as to the difference between a smart meter and a clip-on 'real time' monitor, as these are often presented as smart meters in the media.

Providing customers with accurate consumption information. 1.8 – The smart metering technology is likely to display historical consumption information at the new supplier's prices. This is a constraint of the technology, especially early generations of smart meters.



Costs to Suppliers – 1.12 – We do not agree with this statement, as the consequence of the obligations is that *all* sales processes and *all* sales channels must be updated to support the arrangements.