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### **British Gas' request for changes to its meter inspection licence obligations**

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 supports a consistent and zero harm approach to safety that should be applied to all consumers. We believe that the safest outcome is for all participants to collaborate to develop minimum standards on health and safety matters. We believe that:

- A risk-based approach to health and safety is appropriate and that Ofgem should encourage a level playing field for all energy suppliers.
- Ofgem should set minimum safety standards (i.e. the proposed five years - or other maximum period - proven to be appropriate for entire industry adoption following comprehensive risk based analysis) that all participants must comply with – individual organisations may choose whether to go further than the minimum.
- Proposals that introduce competition into the health and safety area will increase safety risks.
- Introducing inconsistent minimum standards is unfair and will distort competition as the cost to meet varying standards will differ significantly.
- Introducing inconsistent safety standards is inappropriate, unhelpful and will lead to consumer confusion – especially when they switch supplier.
- There is an acute need for the gas and electricity industry to collectively regain the trust of consumers. This proposal does little to support this aim.

EDF Energy understands how health and safety improvements may be met through risk based inspection approaches. Ofgem has to be satisfied by the complete approach proposed by British Gas. We note that the consultation only provides background supporting information and limited data on operational and other significant areas. This prevents us from commenting further on the attributes or limitations of the proposals and whether this would be an appropriate approach for all energy suppliers.

We also note that there is limited evidence to support any change of approach for advanced and smart metering inspections. We believe that no change should occur until statistically relevant and long term data on the safety performance of advanced and smart meters is available.

On the basis of the points made above EDF Energy believes that new industry wide risk based meter inspection arrangements should be explored. This project should consider

collectively all aspects related to conventional and smart meters installed in GB. No consent for individual supplier meter inspection arrangements should be issued whilst this process is underway to ensure that consequences due to the competitive pressures are avoided. Any agreed recommendations should then be issued across the supply industry as a standard consent.

EDF Energy also notes the forthcoming court proceedings involving UKPN and insurance companies. This is likely to be a test case concerning resistive heating of cut outs and highlights the importance of ensuring compliance with all existing requirements. This has become known as the RIMSSE (Routine Inspection and Maintenance of Supply Side Equipment) issue. The High Court should give clarity of the inspection regime required of electricity service termination equipment; at least in so far as resistive heating is concerned. Ofgem will need to review its decisions on this matter in the light of the court case currently scheduled to conclude in June 2012 (delayed from June and July 2011).

Our detailed responses to questions raised in the consultation are set out in the attachment to this letter. 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.

Yours sincerely,

A handwritten signature in blue ink that reads "Paul Delamare".

**Paul Delamare**  
**Head of Downstream Policy and Regulation**

## Attachment

### British Gas' request for changes to its meter inspection licence obligations

### EDF Energy's response to your questions

## Chapter 2

### **Q 1: Do you consider that the factors that we have considered are relevant and provide a robust framework for assessing the proposal?**

EDF Energy is concerned that the proposals will effectively introduce competition into the health and safety area and no assessment of this fundamental point is explicitly referenced. We believe this is inappropriate and unhelpful when considered against the need for the gas and electricity industry to collectively regain the trust of consumers.

A level playing field should be maintained, by implementing a minimum standard applicable for all. This will ensure that the arrangements remain fair as the cost of complying with differing standards will vary greatly. Each company can then choose whether to go further than the minimum standard.

While acknowledging the specific requirements of vulnerable consumers we question the approach to differing levels of safety and propose that a single level should be applied consistently across all consumer groups. From a technical perspective, differences between prepayment and credit meters should be considered further. This is on the basis that there are significant differences between the consumer interactions between the two types of legacy (i.e. non-smart) meter.

Over a five-yearly period many more building modifications and changes of tenancy/residence and use may occur than for the current two-year frequency. It should be recognised that these factors could impact on the meter and its installation. We believe that these should be built into the framework for assessing this proposal as it is clear that impacts to safety are evident.

EDF Energy also notes the forthcoming court proceedings involving UKPN and insurance companies. This is likely to be a test case concerning resistive heating of cut-outs. This has become known as the RIMSSE (Routine Inspection and Maintenance of Supply Side Equipment) issue. The High Court is expected to provide clarity on the inspection regime required of electricity service termination equipment; at least in so far as resistive heating is concerned. Ofgem will need to review its decisions on this matter in the light of the court case currently scheduled to conclude in June 2012 (delayed from June and July 2011).

Finally, we note that there is limited evidence with which to assess the proposal in relation to smart metering. International experience has demonstrated new safety concerns following smart metering roll-outs. It therefore appears difficult to assess the safety

implications for GB smart metering and, at this stage, the case for change cannot yet be made.

**Q. 2: Are there any other relevant factors that we would need to consider, if we were to extend the consent to include advanced meters?**

There is little experience of long term safety performance of advanced meters. It is difficult to predict how safety will be impacted over the longer term from advanced meters installed in GB.

The HSE has stated that it does not see any evidence to suggest that the societal safety risk from meter equipment would be materially affected from an altered timing frequency under the SLC. As there is no long term information available on advanced meter safety performance EDF Energy believes that HSE's statement cannot be applicable to these meter designs. As such, no change to present meter inspection arrangements should occur until sufficient data is available to allow robust risk analysis.

**Q. 3: Do you agree with our assessment of BGs proposal and whether the proposal provides a sufficient level of protection for consumers?**

EDF Energy believes it is inappropriate to comment on Ofgem's assessment or the BG proposal. We note that the consultation only provides background supporting information and limited data on operational and other significant areas. This prevents us from commenting further on the attributes or limitations of the proposals and whether this would be an appropriate approach for all energy suppliers.

EDF Energy has its approach to risk analysis and risk management for its customers and staff. We are committed to zero harm and cannot comment on the approach adopted by others.

**Q. 4: Do you consider that we have identified all of the relevant factors for assessing the potential implications for competition?**

Please see our response to Question 1 (Chapter 2). EDF Energy believes it is inappropriate and unhelpful to introduce competition in the safety area. Rather than to compete on safety grounds, which must lead to sub-optimal safety standards for some, a preferable approach would be to collaborate on safety issues to achieve the best safety outcome for all.

From a commercial perspective, EDF Energy is keen to drive costs down and transfer those savings to its customers. We believe that adoption of a consent restricted to BG will unhelpfully skew the competitive market. All other suppliers will be subject to higher costs from this proposal, unless implemented on an equitable basis. These will flow from the new requirement to assess and deal with meters from different inspection regimes. This is likely to have a larger impact on smaller suppliers more as the customers won from BG will be more as a proportion of their total customer base.

## Chapter 3

### **Q.1: For each of the conditions we have proposed, do you consider that they are appropriate and provide a sufficient level of protection for the consumer?**

Please see our response to Question 1 (Chapter 2). EDF Energy believes it is inappropriate and unhelpful to introduce competition in the safety area that could be detrimental to consumers.

While acknowledging the specific needs of vulnerable consumers, we question the proposed approach. EDF Energy supports a consistent and zero harm approach to safety that should be applied to all consumers. Rather than distinguishing between groups of consumers it is suggested that the consumer interaction differences between credit and prepayment meters is more relevant to safety.

EDF Energy believes that new industry wide risk based meter inspection arrangements should be explored. This project should consider all aspects related to conventional and smart meters collectively installed in GB. No consent for individual supplier meter inspection arrangements should be issued whilst this process is underway to ensure that consequences due to the competitive pressures are avoided. Any agreed recommendations should then be issued across the supply industry as a standard consent.

### **Q. 2: Is it appropriate to time limit the consent and include a sunset clause condition?**

EDF Energy does not believe an individual consent should be issued for the reasons set out above. If an industry-wide consent is issued then EDF Energy does not support any time limitation or sunset clause. It is essential that the overall decision is well founded and based on validated evidence. Time limits or a sunset clause is an admission of uncertainty and lack of commitment.

Ofgem should also note the consequences, costs and safety risks following from expiration of the time limit or when the sunset clause becomes operational. At this time it is likely that significant uncertainties will exist on the status of meter inspections across the population of meters affected by the consent.

The risk of the current requirements being re-instated would mean that costs could not fall as intended.

### **Q. 3: What do you consider is an appropriate definition of vulnerable customers for the purpose of the conditions?**

Please see our response to Question 1 (Chapter 3). We question the proposed approach to vulnerable consumers as the link between vulnerability and safety is unclear. While

recognising the specific needs of vulnerable consumers it is important that consistent safety arrangements are applied to all consumers with additional consideration required of consumer interaction differences between credit and prepayment meters.

If Ofgem decides to specifically refer to vulnerable consumers then the definition should be consistent to that used widely in the gas and electricity sector.

**Q. 4: Do you consider that linking the levels of theft detected to the conditions is appropriate, and if so, is it appropriate to set a tolerance to the level of theft detected?**

Generally third party interference is a cause of safety related problems. EDF Energy acknowledges the link between theft detection and the conditions of consent to a meter inspection regime. Setting tolerance to the level of theft detected may lead to difficulties as the instances of theft will change due to incentives and robustness of safeguards at any point in time. This will make evaluation of inspection effectiveness difficult. EDF Energy will continue to support the industry wide approach to theft initiated by Ofgem.

**Q. 5: How do you consider that any risk management systems and processes should be monitored?**

If an industry wide approach is implemented it will be important that accepted and validated risk management practices are applied and implemented. This should include periodic review of any changes that raise or reduce the likelihood or severity of any identified risk.

**Q. 6: We welcome your thoughts on whether there is any other specific data that we should be requesting as a part of the annual reporting.**

If an industry wide approach is implemented it will be important to identify and report against any factor that has a link to determining risk and evaluation of defined process outputs. These would be defined as part of the development process. Any specific reporting requirement should be minimal and necessary to demonstrate compliance. The reporting requirements should also conform to the principles of Better Regulation.

**Q. 7: Do you agree with our proposal to review more generally the regulatory framework for the smart meter inspections?**

There is no experience of long term safety performance of smart meters in GB. It should be noted that final functionality and technical specifications for smart meters are yet to be confirmed by DECC for the GB rollout.

The industry is working with the DECC's Smart Metering Programme to ensure smart meters are designed, manufactured and installed to protect the safety of installers and

consumers. While this is accepted, long term smart meter safety performance can only be determined through monitoring over the longer term.

It is also acknowledged that there is a link between safety and third party interference of meters. New interference mechanisms aimed at defrauding smart meters are likely to emerge that could impact safety. It is impossible to predict how this will affect safety over the longer term. Therefore, EDF Energy believes that a review of the meter inspection arrangements would only be sensible when sufficient data is available to allow appraisal of the meter inspection regulatory framework in the context of smart meters. This should be included in an industry wide review for all meters.

**EDF Energy**  
**June 2012**