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Dear Dora

### **Supplier reporting to Ofgem during the smart meter roll-out**

Scotia Gas Networks (SGN), SSE Pipelines Limited, SSE Energy Supply Limited and Scottish and Southern Energy Power Distribution welcome the opportunity to respond to Ofgem's consultation on Supplier reporting to Ofgem during the smart meter roll-out.

Overall, we support Ofgem's proposals to require suppliers to submit roll-out plans and progress reports. We believe such reporting should help suppliers and network operators to efficiently manage the installation of smart meters to all domestic and smaller non-domestic consumers across Great Britain by the end of 2020. We agree that it is important that issues which may affect installation are identified and addressed at an early stage.

We also think it is important at this stage to recognise that there are other essential reporting requirements and as far as is reasonable, rollout plans should be consistent and coordinated with these. For instance, where remedial work is required on network assets to facilitate rollout, more detailed and granular plans are essential to allow networks and suppliers to carefully plan and coordinate activities to minimise cost and delay for both parties, ensure targets are met, and ensure minimum disruption for customers. Our network businesses have been working with DECC and suppliers to try and secure timely information with the level of granularity necessary to allow gas and electricity networks to plan and manage this work efficiently. While this work is still underway, progress to date has been slow and disappointing.

Although we do not consider the reports referred to in this consultation to be the most appropriate means of securing this information, we are concerned that these requirements should not be forgotten. Additional support is required to help facilitate the development and delivery of proportionate and consistent reports across gas and electricity that meet suppliers' and network operators' needs. We would urge Ofgem and DECC to continue to lend their support to this important piece of work and ensure progress is made within the required timescales. This remains a critical risk for our network businesses and has significant potential to have a detrimental impact on the cost and success of the rollout programme for a substantial number of customers.

### **Non-compliance and Enforcement**

Ofgem's consultation proposes that suppliers will be permitted to resubmit rollout plans, and/or adjust their annual milestones, and that Ofgem will monitor and, where appropriate, take enforcement action where a supplier does not comply with these obligations. However, it is not clear what action Ofgem may take should a supplier not 'achieve' an annual milestone. We believe the focus should be on compliance with the licence conditions requiring suppliers to install smart meters by 31 December 2020, and the 2017-2019 annual milestones should be used solely for risk assessment purposes so suppliers are not at risk of being penalised more than once. We would welcome confirmation from Ofgem that this would be the case.

We would welcome further dialogue with Ofgem to discuss this and anything else we have raised in our response.

You will find our detailed answers to the consultation questions in the attached annex.

Please contact me in the first instance if you have any questions.

Yours sincerely

Lois Wares

**Regulation**

## **Annex – Consultation Questions**

### **Chapter 2**

#### **Question 1: Do you agree with our proposal for the content of the Roll-Out Plans?**

Overall, we support Ofgem's proposals to require suppliers to submit roll-out plans and progress reports that only contain the information that is essential to allow Ofgem to understand suppliers' plans across the entire customer base and to monitor performance. We also support Ofgem's intention to align its requirements with that of DECC as far as is practicable to reduce the reporting burden on suppliers.

#### **Question 2: Do you agree with our proposal to ask for a single Roll-Out Plan for both gas and electricity with separate annual milestones for each?**

We support both proposals.

However for the purposes of providing additional supporting information required by network businesses and third party service providers, certain information will need to be separately provided for gas and electricity, against each licensed network area. It is essential that other reports address this issue to ensure network operators have the information they require to allow them to plan and manage their activities efficiently. We believe this would also help highlight if there are problems or issues specifically related to gas or electricity or a distinct geographical area.

#### **Question 3: Do you agree with our proposal for which suppliers should be required to submit Roll-Out Plans?**

We support Ofgem's proposal.

#### **Question 4: Do you have any comments about our proposed definition of small supplier**

No comment.

#### **Question 5: Do you agree that suppliers should submit their first mandatory Roll-Out Plan in January 2016?**

We agree that the first mandatory plan should be submitted in January 2016.

#### **Question 6: Do you agree with our proposal to have a voluntary submission of Roll-Out plans for 2015?**

We believe there would be significant benefit for customers, third party service providers and network businesses associated with providing reports much earlier. However a balance needs to be struck to ensure reporting obligations are proportionate and do not place an undue burden on suppliers. There should also be sufficient certainty to provide accurate information. Finally, reporting obligations should be coordinated across the piece e.g. with DECC reporting requirements. As reports are already being provided to DECC, we believe a first attempt at a voluntary plan could be submitted in 2014, at the end of quarter 2 or 3, with a second full-year voluntary plan also submitted in January 2015.

**Question 7: Do you agree with our proposal to increase the tolerances on Annual Milestones at the end of 2016 and 2017 to 10% respectively.**

We agree with Ofgem's comments regarding uncertainty in earlier years, in particular the commercial availability of the following:

- independently certified interchangeable SMETS2 equipment;
- a common solution providing connectivity within multiple dwelling units;
- a wired HAN solution; and
- a sub gigahertz HAN solution.

We therefore support this proposal.

**Question 8: Do you agree with our proposals to require suppliers to publish their Annual Milestones?**

We recognise the importance of open and transparent communications regarding the smart meter rollout, and support the requirements to publish rollout milestones. It is our view however that publishing these on individual supplier web sites would provide consumers and other industry participants or interested third parties with a very fragmented perspective of the rollout, and carries the risk that the supporting narratives are inconsistent.

It is our view that publishing the results centrally (collated and aggregated) would provide consumers, networks and third parties with a more complete and broader view of the smart metering rollout. We believe the CDB website would be the most obvious location given the synergies between the CDB's directives and the rollout progress, and it is more likely that consumers would 'trust' information provided by the CDB. It would also be simpler to direct all consumers to one place for all smart metering information.

Customer messaging needs to be carefully managed to build confidence in the broader smart meter programme. Given the CDB has been tasked with managing customer engagement and communications, and with 'finding the most effective' and 'stand out' way of communicating, we recommend the CDB provides or at least informs the narrative that goes with the milestones report. This should ensure that the narrative is aligned with the broader programme messaging.

**Question 9: Do you agree with our proposal to require suppliers to publish updated Annual Milestones on their website alongside their original series of Annual Milestones?**

We do not agree with retaining the original series of Annual Milestones since we do not believe that customers would derive any additional benefit from such information, however we agree that the Annual Milestones should be updated to reflect any resubmission by suppliers.

Please see our response to question 8 regarding any publication.

**Question 10: Do you agree with our proposals relating to the re-submission of Roll-Out Plans?**

We agree with Ofgem's proposals.

**Question 11: Do you have any other comments on issues relating to suppliers' Roll-Out Plans?**

We have no further comments.

**Chapter 3**

**Question 1: Do you agree with the proposed content of suppliers' Progress Reports?**

We agree with Ofgem's proposals.

**Question 2: Do you agree with the timing of submission for suppliers' Progress Report?**

We agree with the proposed timing. We also support Ofgem's intention to align its requirements with those of DECC as far as is practicable to reduce the reporting burden on suppliers.

**Question 3: Do you agree with our proposal to have a voluntary submission of suppliers' Progress Reports in January 2016?**

We support the proposal to have a voluntary submission in January 2016 and also in January 2015 if our proposal in response to Question 6 in Chapter 2 is implemented.

**Question 4: Do you agree with our proposals in relation to publication of information from suppliers' Progress Reports?**

We recognise the importance of open and transparent communications regarding the smart meter rollout, and support the requirements to publish progress reports. It is our view however that publishing these on individual supplier web sites would provide consumers with a very fragmented perspective of the rollout, and carries the risk that the supporting narratives are inconsistent and potentially divisive.

It is our view that publishing the results centrally (collated and aggregated) would provide consumers, networks and third parties with a more complete and broader view of the progress of the smart metering rollout. We believe the CDB website would be the most obvious location given the synergies between the CDB's directives and the rollout progress, and is more likely consumers would 'trust' information provided by the CDB. It would also be simpler to direct all consumers to one place for all smart metering information.

Customer messaging needs to be carefully managed to build confidence in the broader smart meter programme. Given the CDB has been tasked with managing customer engagement and communications, and with 'finding the most effective' and 'stand out' way of communicating, we recommend the CDB provides or at least informs the narrative that goes with the progress reports. This should ensure that the narrative is aligned with the broader programme messaging.

**Question 5: Do you have any other comments on issues relating to suppliers' Progress Reports?**

We have no further comments.