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Dear Ian,

**Ofgem response to the consultation on changes to equipment installation requirements and the governance arrangements for technical specifications.**

Thank you for the opportunity to respond to your consultation which seeks views on a number of changes to the regulatory requirements relating to the installation of smart metering equipment and the governance arrangements for technical specifications. Generally, we are supportive of your proposals to amend the regulatory framework in respect to the smart metering equipment requirements. Our response to each of the consultation questions is set out below.

***Do you agree with our proposed approach and legal drafting for meeting our policy intention of requiring energy suppliers to install DCC provided communications hubs with SMETS<sup>1</sup> 2 meters at domestic premises, and requiring the DCC to provide energy suppliers with CHTS<sup>2</sup>-compliant communications hubs? Please provide a rationale for your views.***

We support the proposed changes in this area. We believe these changes will provide regulatory certainty for the energy suppliers in relation to SMETS 2 smart metering installations. Also, the proposed changes to the DCC's licence will provide for an aligned and complementary regulatory framework adding further clarity to the roles and responsibilities of the DCC and energy suppliers.

We also consider that appropriate steps should be taken to ensure that the CHTS, SMETS and relevant features of the GBCS<sup>3</sup> are appropriately aligned to reduce the risk of any functional and technical interoperability issues arising.

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<sup>1</sup> SMETS – Smart Metering Equipment technical Specifications

<sup>2</sup> CHTS – Communications Hub Technical Specifications

<sup>3</sup> GBCS – Great Britain Companion Specifications

***Do you agree with the proposed approach and legal drafting in relation to requirements to comply with the technical specifications for PPMIDs<sup>4</sup> and HCALCS<sup>5</sup> where such devices are installed? Please provide a rationale for your views.***

We agree with the proposed approach which will require suppliers to install and maintain devices that are compliant with the technical specifications extant at the time of installation. We consider that this will provide regulatory certainty for energy suppliers and will also support technical interoperability of the smart metering system. As mentioned above, due consideration should be given to ensuring that all the applicable technical specifications are duly aligned to minimise the risk of interoperability issues arising.

***Do you agree with the proposed approach and legal drafting to allow that more than one version of SMETS can be extant in the future? Please provide a rationale for your views.***

We note that the proposal to have multiple versions of SMETS in effect will provide regulatory certainty for energy suppliers and support them in achieving their roll-out targets. We support the approach taken to allow more than one version of SMETS to be extant in the future however, we note the following:

- a) that DECC considers that 6-12 months would be a sufficient notice period to facilitate an efficient transition from SMETS 1 to SMETS 2. In making its decision we encourage DECC to obtain detailed information from suppliers, for example SMETS1 devices procurement plans and installation profiles. We believe this, and other appropriate information will help it determine the most appropriate notice period. Too short or too long a period could lead to undesired impacts to the roll-out of smart meters, e.g. increased deployment of SMETS 1 equipment or technical and commercial issues relating to churn.
- b) that for maintenance purposes a device must remain compliant with the technical specification that was in effect at the point of installation and must also remain compliant with any updated requirements of that specification. We would encourage DECC and the industry to limit such changes to a minimum as maintenance of these installations could swiftly become cost prohibitive.
- c) that DECC considers sufficient flexibility within the governance framework to ensure remote firmware upgrades and configuration equipment capability is appropriately managed in parallel with introduction of new versions of SMETS. The governance framework should recognise that equipment firmware may be technically capable of remote exchange to allow equipment to be upgraded to a new SMETS version or downgraded to a previous version. The reasons for any equipment remote downgrade should be understood and approved

***Do you agree with our proposed approach and legal drafting concerning the incorporation of the SMETS into the SEC? Please provide a rationale for your views.***

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<sup>4</sup> PPMIDs - Pre-Payment Interface Devices

<sup>5</sup> HCALCS - HAN Connected Auxiliary Load Control Switches

We consider that the SMETS and other technical specifications should be subject to change control procedures that allow industry to be involved. The consultation indicated that the date of the transfer to SEC governance is envisaged to coincide with the introduction of SMETS 2 and CHTS. We believe that the governance arrangements for all versions of SMETS should be identical to promote consistency in the change control arrangements.

We look forward to continuing our engagement with DECC on developing the regulatory framework to support these arrangements.

If you would like to discuss any of the issues raised in this letter, please do not hesitate to contact Jenny Boothe ([jenny.boothe@ofgem.gov.uk](mailto:jenny.boothe@ofgem.gov.uk)).

Yours sincerely,

**Rob Church**

**Associate Partner, Smart Metering and Smarter Markets**