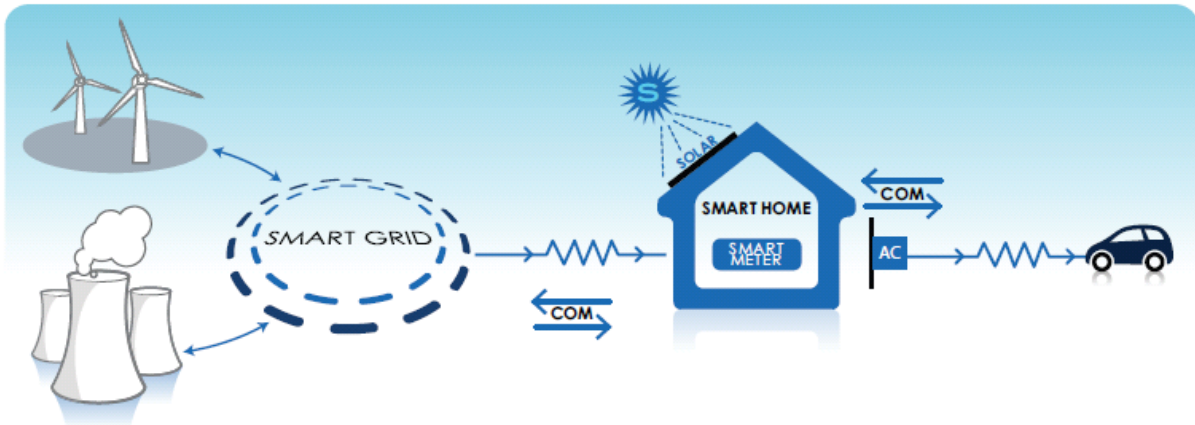


BEAMA response 14<sup>th</sup> Feb 2014

BEAMA is the UK trade association, representing the entire electrotechnical supply chain for smart grids, covering a wide range of product sectors, down and up stream of the meter. BEAMA is actively engaged with a broad range of EU and UK policy makers and stakeholders, shaping energy, construction, business and environmental policies. BEAMA positions itself as an expert advisor to its members on the market outlook across its range of represented sectors, R&D, marketing and business strategy in the UK.



BEAMA are active members of the DECC Ofgem Smart Grid forum and view the work ongoing within the Smarter Markets team as integral to the discussions ongoing in the forum and specifically activity within WS6. As the work within the Smarter Markets team develops BEAMA would be very pleased to provide further input and can draw on our expertise across the supply chain to address technical and regulatory barriers to the market development in the sector. BEAMA have therefore provided the following answers to the questions outlined in this consultation as we take a strong interest in the emerging markets beyond smart meter rollout.

**CHAPTER Two**

**Question 1: Do you agree with our proposed approach to micro-businesses? (sections 2.21 – 2.31)**

BEAMA support the approach to include micro-businesses, to maintain consistency with the Smart Metering Program, and in appreciation that this category of customer are very different to larger businesses and therefore benefit greatly from gaining closer interaction in the market. This is also a potentially large customer base and therefore the benefits in terms of load management could be significant from engaged micro-businesses.

**CHAPTER Three**

**Question 2: Do you agree with the focus areas we identified?**

The focus areas seem to be appropriate and provide a good framework to work from. There is some overlap between a couple of focus areas, namely 4 (tariff innovation) and 8 (empowerment and protection for advanced DSR), but this does appear to have been recognised in the paper.



**Question 4: Do you agree with the proposed phasing of work, or do you think some areas should be brought forward or pushed back?**

BEAMA maintains considerable expertise in the Smart Housing and Smart Grid Sector, and specifically on the technical feasibility of demand side response functionality in domestic properties and small businesses. Our members recognise smart metering as providing a good catalyst for more advanced control and automation in a property and with the smart metering specification further developed manufactures are already developing specification for whole system approaches integrating smart appliances and low carbon technologies in the home using smart control which could link to the meter.

Any regulatory arrangements Ofgem consider should not inhibit the ability to develop the functionality from smart metering to facilitate more advanced demand response. While smart meters as they are installed under the mandated program may not provide this added functionality, work is now underway to develop the benefits case from smart meters and therefore provide the added functionality for smart housing (Consumer Access Device). It is also anticipated that not all DSR services may result as a communication through the smart meter, but 'point to point' communication direct to the customer, and perhaps a specific appliance or low carbon technology, this is already being trialled through a number of LCNF projects.

BEAMA therefore believes focus area 8 (empowerment and protection for advanced DSR) is worth considering earlier than 2018, and perhaps alongside focus area 4 (tariff innovation), at least to ensure discussions around focus areas 1, 2 and 3 fully consider the path this market should take in order to meet the full benefits of smart meter rollout and that any benefits from DSR can be realised. The manufacturing community through BEAMA are already scoping this and therefore are keen to continue to work with Ofgem to ensure the technical requirements for this meet both the commercial and regulatory needs of the market in the future.

The discussion around tariffs for customers in the future under a DSR market is a very important one, and BEAMA are of the opinion that this will act to drive the uptake of low carbon and smart appliances/ controls in this sector. Manufactures of smart controls and housing solutions are aware that for the benefits of DSR to be realised for consumers the costs of solutions must be kept low. The tariff structures will determine the payback opportunities for consumers who may invest in more sophisticated smart appliances and controls. With effective tariff signals for customers, savings can be better identified and the smart housing requirements for customers better understood. Demand Side Response and distributed generation are inextricably linked and this is a further dimension to be considered as we consider the control hierarchy of appliances to ensure the availability of local electricity (e.g. via PV) is optimally used whether this be for hot water storage, electric heating or electric vehicle charging. The tariff structures going forward will help determine this. An understanding therefore of how this market is to evolve will help the supply chain to deliver cost effective and appropriate solutions for consumers, with the ultimate goal to help them save money on their energy bills. BEAMA appreciate there is a requirement for the supply chain to work with Ofgem and government to outline the technology capabilities in the home and commercial premises to respond to tariff signals as they become more dynamic.



#### **CHAPTER Four**

##### **Question 6: How would you like to engage with us throughout this work?**

BEAMA are members of WS6 of the DECC Ofgem Smart Grid Forum and will continue to contribute to this workstream which considers the longer term regulatory needs of the market. We recognise that Ofgem already ensure the cross over between this workstream and the Smarter Markets Program is already made and we encourage this to continue.

On specific matters where the Smarter Markets team may require expertise on technical capabilities BEAMA would be happy when required to provide input.