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20 June 2013

Monitoring suppliers' smart meter roll-out activities

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, 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 welcomes the opportunity to respond to the consultation.

The roll-out of smart meters to 30 million households in GB is a multi-billion pound project that could fundamentally change how customers interact with their energy consumption and energy suppliers. It is therefore important that DECC and Ofgem monitor the roll-out programme to ensure that costs are minimised and customers are able to benefit. It should also be recognised that there is a cost of completing these data reports and so any opportunity to realise synergies and remove duplications will reduce such costs and benefit consumers. We therefore believe that in order to minimise costs Ofgem should ensure:

- that synergies are realised by combining reporting requirements and timelines where appropriate;
- DCC and DNO/GDN reporting requirements make full use of the information that is currently provided by suppliers and do not create additional workloads or duplication of effort;
- suitable time is provided to allow suppliers to plan how they can most effectively respond to data requests.

We believe that the majority of the proposed questions that suppliers will be required to answer are fair and proportionate. However, if DECC and Ofgem require the same information from suppliers, the wording of such data requests should be replicated in order to avoid inadvertently creating new reporting requirements.

We are concerned with the suggestion that over time additional questions will be added to the data reporting requirements. In order to avoid introducing additional costs, we recommend that Ofgem, as far as practicable, produces the full list of data requirements upfront. DECC's approach of providing notice of future reporting requirements as far in advance as possible has reduced development costs by allowing suppliers appropriate planning time on how the data can be collected. In addition, DECC's policy is to avoid introducing new reporting requirements at key points within the programme such as DCC go live. We believe Ofgem should adopt a similar approach.

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Ofgem already receives smart metering data from suppliers as part of the quarterly Social Obligations reporting. Ofgem should ensure that the same data is not requested within the new data reporting requirements so as to avoid duplication of effort.

We would also welcome the development of a guidance document to support the reporting requirements. This is the approach taken within the Social Obligations reporting and ensures that all suppliers have sufficient clarity around the requirements.

We believe there is a need for Ofgem to define 'smart meter' for this set of reporting requirements. We note that currently the Social Obligations reporting includes non SMETS meters and so additional clarity is required in this respect. Guidance on the reporting of AMR meters at designated premises is also required.

Our detailed responses 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 Ashley Pocock on 01342 413838, or myself.

I confirm that this letter and its attachment may be published on Ofgem's website.

Yours sincerely,

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

Paul Delamare
Head of Downstream Policy and Regulation

Attachment

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EDF Energy's response to your questions

Q1. Do you consider that the proposals place a fair and proportionate regulatory burden on suppliers?

The timetable set within the consultation is acceptable on the assumption that the term 'smart meters' means SMETS compliant smart meters. If the reporting is to cover both smart type and SMETS compliant meters this will introduce complications, cost impacts and delay as our external reporting has been designed to meet the known DECC requirements.

EDF Energy believes the majority of the proposed initial questions are fair and proportionate. However, we believe it would be beneficial to review the questions so as to more closely align them with DECC's reporting requirements. This would ensure that the costs to support these reports is minimised and efficiencies and synergies can be realised. A detailed response to each question is provided in the table below.

Question	EDF Energy comments
<p>1 - Number of customers who have had a smart meter installed. Of these, number of customers who had an IHD installed at the time of SM installation</p>	<p>The question is fair and proportionate. However, we note DECC's equivalent question relates to meters not customers. Any minor wording changes will create new requirements.</p> <p>We request clarity on the definition of 'smart meter' for this section.</p> <p>Clarification needs to be provided around a smart meter installation of a gas or electricity meter by the reporting suppliers where another supplier has previously installed a smart meter on the other fuel.</p> <p>We request clarity on the definition of 'customer' for this section. The existing Ofgem social obligations smart meter reporting definition would lead to dual fuel installations being counted twice.</p> <p>EDF Energy is committed to developing IHD alternatives to ensure our customers have the best experience and the smart programme remains affordable. We would therefore note that some suppliers may roll out significantly less IHDs than their competitors depending on their approach.</p>

<p>2 - Number of Public Service Register (PSR) customers who have had a smart meter installed. Of these, number of customers who had an IHD installed at the time of the smart meter installation.</p>	<p>The question is fair and proportionate.</p>
<p>3 - Number of IHDs reported faulty within one year of smart meter install and how many were replaced at no cost.</p>	<p>As currently worded, we believe this question will be hard to answer accurately and should therefore be made broader in nature. In particular, we would note that it is unlikely that customers will admit to losing or damaging their IHDs when requesting a replacement. Instead it is likely that they will claim that they are faulty. We would therefore not be able to determine whether an IHD was truly faulty. Also a customer could request an IHD post install just because he refused at the time the meter was installed.</p> <p>We believe that the following wording should be used: 'The number of IHD's provided at no cost to customers within one year after installation'.</p>
<p>4 - Number of IHDs reported faulty between one and two years after smart meter install and how many were replaced. Indicate how many months after smart meter install the IHD is understood to have become faulty.</p>	<p>We would note that the current licence requirements for IHD maintenance only apply for a 12 month period. Extending a warranty to 24 months would not align with wider manufacturing standards or current licence conditions. As such this is not something that we plan to capture in our systems. Introduction of this requirement would therefore increase our costs with no customer benefit. In addition, we would note our previous comments of capturing lost and damaged IHDs alongside faulty IHDs.</p>
<p>5 - Total number of customers who informed the supplier that they do not want to have a smart meter installed.</p>	<p>The question is fair and proportionate.</p>
<p>6 - Number of customers with a traditional prepayment meter who have had a smart meter installed.</p>	<p>The question is fair and proportionate.</p>
<p>7 - The number of cases of gas and electricity theft detected when visiting the property for a smart meter installation, estimation of the volume of gas and electricity stolen and of the volume</p>	<p>EDF Energy is able to provide the number of cases of gas and electricity theft detected at smart meter installation and the estimate of what is stolen. Without system changes we are unable to provide</p>

recovered.	<p>an estimate of volume recovered for a subset of sites, this has cost and time impacts for EDF Energy to resolve.</p> <p>However, we do note that the question is not directly related to the roll-out of smart meters and the information gathering powers provided by SLC44</p>
8 - Number of customers that have a smart meter installed, by postcode.	The question is fair and proportionate.

The approach that monitoring of suppliers' roll-out activities will evolve over time introduces a regulatory risk that may lead to unnecessary costs being incurred which will ultimately be borne by the customer. EDF Energy believes that Ofgem should, as far as practicable, produce the full list of data requirements upfront.

The DECC approach of Level 1 to 3 reporting provides confidence to build reporting systems and processes in an efficient and effective manner. We accept the DECC reporting will be tailored with over time to a small extent and we also accept one off requests maybe made, but as far as practicable DECC's approach has provided confidence to suppliers on their reporting investments. EDF Energy also has concerns that questions will be added at key points in the programme such as DCC go live. We would request that suppliers are provided with the full list of reporting requirements with as much advance notice as possible.

Ofgem already receives smart metering data from suppliers within the quarterly Social Obligations reporting. We request that Ofgem should ensure that the same data is not requested within the new data reporting requirements, in order to avoid duplication of effort.

We would also welcome the development of a guidance document to support the reporting requirements. This is the approach taken within the Social Obligations reporting and ensures that all suppliers have sufficient clarity around the requirements.

Questions which directly relate to the monitoring of suppliers compliance with licence conditions should apply to all suppliers. We see no justification for a small-supplier exemption in this respect. .

Q2. Can you propose alternative methods of monitoring supplier's activities in these areas which are as or more effective, while imposing less of a burden?

Given the nature of the eight questions, we do not propose a more effective alternative method of monitoring. However, we would like Ofgem to wherever possible align its questions with existing DECC reporting.

**EDF Energy
June 2014**