

Paul Fuller
Smart Metering
Ofgem
9 Millbank
London SW1P 3GE

Name Chris Harris
Phone 07989 493912
E-Mail chris.harris@rwenpower.com

19th June 2014

Dear Paul

Consultation – Smart Meter Rollout Reporting

Thanks for the opportunity to respond. We have enclosed below some itemised comments and thence our responses to your specific questions.

We understand and support Ofgem's role in monitoring the smart meter roll-out, to assist the monitoring of supplier compliance with obligations and to monitor the consequential impact of the smart meter roll-out on consumers and the retail market.

At high level we would like to make a few points;

Regulatory burden – we re-iterate and support Ofgem's stated intention to align their data collection activities with DECC's, wherever possible. We therefore assume that where a data item specified within this consultation is already being collected in support of the DECC reporting requirements that this will form the source of that data item.

Context – as with all reporting care must be taken to ensure that the data collected is used in context and that any subsequent analysis does not skew results and so lead to incorrect conclusions being drawn.

Data request timescales – we would ask that Ofgem remain minded of the fact that data extraction can sometimes prove to be both a costly and lengthy exercise and in some cases the data may not always have been collected or requires significant system change to collate and report. As such, we would ask that any further requests (additions, subtractions or alterations) are requested in a timely manner

Unrecorded energy - We support the concept of identifying unrecorded energy where it can be readily identified. We also recognise that reporting in relation to smart will assist in the diagnosis and reduction of technical (essentially in distribution) and "non technical" (largely accounted by theft) losses. At the same time there are many other threads to this activity. On the non technical side we see the seeking and prevention of theft as key, and there are many industry groups and activities to which the smart activity can be coordinated. We understand that reports are now being developed and it would therefore be helpful to understand how Ofgem envisage the additional requirements proposed within this consultation will complement this work.

Yours sincerely,



Regulation Director
07989 493912
Cc Mark Field

Ofgem's proposed monitoring

We recognise the need to monitor the smart metering implementation activities to ensure progress and success for the Programme. However in order to obtain a better understanding, we do have the following points that we wish to raise on the proposed data items that have been suggested. These are mapped to the key items, that we have summarised in the annex for ease of reference

- Item 1 – As customers can refuse to have an IHD, a measure of the number of customers who have had a smart meter installed, with or without an IHD, will not necessarily provide an accurate measure of compliance to the obligation on suppliers to offer an IHD. Suppliers are obliged to offer an IHD to every customer as part of the Rollout obligations (ESLC 40 and GSLC 34). We therefore seek clarification as to how the measure satisfies the stated rationale. In addition, we note that we are currently providing similar information to DECC in the Quarterly Reports – we therefore ask whether or not this data item is one that can be aligned.
- Item 2 – We support the identification of Priority Service Register (PSR) customers who have had a smart meter installed. Once the new smart metering systems and processes have been fully established and have had time to stabilise we will begin to ramp up the installation volumes according to the rollout strategy that we have developed. This will include a mix of PSR customers that will be present within their customer portfolio for a given area. Therefore, PSR customers should not be treated any differently from any other and as such the count, as suggested, will not necessarily show any useful or meaningful information for this customer segment. If Ofgem are seeking a view as to whether or not this group of customers is being prioritised then this should be made clear and consideration must then be given to the impact that such a new approach will have on a suppliers' rollout strategy. With regard to the IHD aspect of this data collection proposal the same argument must apply as outlined in item 1 above;
- Item 3 – Suppliers have an obligation to replace faulty IHDs that have been identified within the first 12 months after SMS installation. Whilst our strategy is to replace faulty IHDs it must be recognised that commercial considerations will need to be taken into account where numerous faults occur for a particular customer, except where a PPMID is involved, which must always be replaced. A distinction between a faulty IHD and customer misuse of an IHD may therefore need to be made. Further, we see the IHD as a 'stepping stone' for future developments (e.g. Smart Apps.) and as such there is already an incentive for us to provide this equipment to our customers. Clarification is required in order to distinguish between the number of faulty IHDs reported and those that have actually been proven to be faulty as this may dictate how and when IHDs are replaced and so the results that may be obtained from this measure;
- Item 4 – There is no obligation on a supplier to have to replace faulty IHDs after the first 12 months. It will therefore be a commercial decision as to whether or not there is sufficient benefit in replacing a faulty IHD. This proposal equates to a whole raft of new data items and IT development across the entire industry in order to provide this particular measure we therefore ask that this is taken into account when considering the cost, time and practicality of developing the report. Further, the approach does not consider the possibility of a change of supply. Any subsequently IHD fault data collected will therefore produce spurious results;
- Item 5 – Customers may refuse to have a smart meter installed at any stage of the smart metering Installation Programme. There are many factors that may influence a customers' decision to refuse a smart meter, many of them are outside of the incumbent Supplier's control (including coordinated campaigns). We are unsure how suppliers' customer engagement performance can be measured in these instances. It should be noted that there is potentially a fine line between encouragement and coercion. We seek further clarification as to what is required and intended for this particular measure. What measures may become available from the work undertaken by the Central Delivery Body that may replace or complement this particular measure? We also note that this measure is very similar to one

provided to DECC as part of the Level 2 Quarterly reports, we therefore seek clarification as to whether or not this additional information is required

- Item 6 – We require further clarification around this particular measure. If the count is of the number of PPM customers with a Smart Meter then this is already provided in the DECC quarterly reports. It should be noted that prepayment customers will not be treated any differently to any other customer. The same argument that has been provided in response to the proposed collection of installation volumes for Priority Service Register (PSR) customers (item 2 above), is also relevant here;
- Item 7 – Theft of Gas and Electricity is currently being managed by industry working groups that have been established specifically to develop appropriate systems and processes to detect, communicate and manage theft of energy effectively. Reports are being developed and work is underway to align the two fuels. The Smart Programme has been designed to install Smart Metering Systems into a large number of properties by 2020. Whilst the Programme may be able to identify historic theft of energy during the smart meter installation process, we do not believe that it is appropriate for the Programme to estimate the amounts of energy that have been stolen or to track the amount that has been recovered. We believe that the Theft Risk Assessment Service (TRAS) Scheme that is being developed is a better vehicle for this reporting. We would therefore anticipate that instances of theft encountered during smart rollout will be appropriately reported to our internal teams who will have been set up to deal with theft under these new arrangements. Such an approach will avoid duplication of effort, double-counting and ensure a consistent approach to dealing with theft of energy. We would therefore like to understand the reasoning behind the proposed collection of these additional data items and how it will fit in with the work that is already being done?
- Item 8 – The amount of data that will need to be collected and stored to fulfil this particular requirement is extremely large. There are approx 1.7million full postcodes in the UK We would therefore like to understand where this information will be stored and how and who will be analysing it. On occasion a full postcode will contain only one property and as such the data collected by this measure will be classed as personal data. We note that similar data (by supply and out-code) is already being collected and provided to DECC on a quarterly basis, this may therefore present an opportunity to align data collection and reporting requirements. We suggest that it may be better to investigate the possibility of developing some form of additional ‘trend analysis’ to the switching information that is already collected in order to establish any correlation between customer-switching and the smart meter rollout.

Question 1: Do you consider that the above proposals place a fair and proportionate regulatory burden on suppliers?

We support the cost-effective collection of unambiguous data that can be used to clearly monitor key aspects of the Smart Metering Implementation Programme

We currently disagree with proposed data collection where we cannot see how the data collection will provide relevant information to fulfil the stated rationale. For example, data item 4.

We do not believe that it is a fair and proportionate regulatory burden to require suppliers to track the number of IHD faults after the first 12-month period as there is no obligation on a Supplier to provide a replacement IHD after this period, except for PPMID. We do not see how this will provide information on loss of key benefit as stated. Such a practice is likely to continue until such time that it becomes uneconomic, or evident that the IHDs are repeatedly being broken. However, we envisage that the number of these cases is likely to be low.

We do not consider that it is appropriate to use the Smart Metering Implementation programme to estimate unrecorded units or the volume of stolen energy recovered. We would prefer to see this dealt with by the existing working groups that have already been established to deal with these issues.

We ask that clarity is provided around the proposal to collect information as to the number of smart meter installations to the postcode level. This level of detail will not necessarily provide a greater level of clarity around the relationship between observed switching and the smart meter roll-out but any trends are more likely to be obscured by 'noise' associated with the relatively small volumes at this level of disaggregation. As already stated we also believe that this data may already be being collected as part of the DECC reporting, clarification on Ofgem's understanding of this would therefore be useful.

Question 2: Can you propose alternative methods of monitoring suppliers' activities in these areas which are as or more effective, while imposing less of a burden?

We support the use of existing reporting, wherever possible or practical. For example, DECC's rollout reporting.

We do not support the notion of having to facilitate requests for additional information that have not first been through a rigorous review process.

We suggest that optimum use is made of the large amount of information contained in the existing reporting arrangements that have been extensively developed by DECC and the industry over the last few years. The quarterly and annual reports that have been developed provide a great deal of information that has been designed specifically to monitor Smart Metering roll-out activities and ultimately provide comparative analysis that does not stray into commercial territory.

It would be helpful to understand Ofgem's monitoring requirements in more detail before being in a position to be able to fully suggest alternative approaches or sources of information. However, we do have the following points for consideration that could assist in the cost-effective and efficient collection of useful data.

- Where additional information is required careful consideration must be given to ensure that a particular measure ultimately provides both accurate and transparent information. Data and reporting requests that require commercially sensitive information, for example, will not necessarily shed any light on the progress or otherwise of the smart metering implementation but may only serve to highlight a suppliers' particular set of strategic decisions which may be legitimately different to others. The more difficult installations that require 868 MHz, MDU and Wired HAN solutions that have still to be developed may have a disproportionate impact on some suppliers rollout activities due to the geographical location of it's customer portfolio, for example;
- As the experience of consumers are critically important and often forms part of the rationale for the need to collect certain data items or develop derived information, consideration must be given to the Data Protection Act to ensure that these consumers cannot be identified at any point in the process. It must be understood that this may affect the level of detail of the data that can be collected;
- Requests for detailed information may generate large amounts of data that will need to be stored securely. These storage requirements will therefore need to be considered as part of the overall cost - benefit analysis that should also accompany any additional data or information requests. It is equally important to understand how any subsequent analysis will be conducted and by whom; and
- The reason why data items need to be collected should be clearly understood and communicated as part of any initial assessment and development in order to ensure that, if agreed, data collection is undertaken in a consistent manner that will ultimately lead to transparent and unambiguous results and comparisons being developed. Finally, it must also be considered that some data requests may require an industry change in order to provide the data. These change control processes have their own costs and timescales that will need to be accounted for.

Annex – summary of monitoring items

What Ofgem propose to collect:	Rationale:
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 the smart meter installation.	To assist in monitoring compliance with the obligation on suppliers to offer an IHD.
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.	To understand the extent to which PSR customers are being included in the roll-out
3: Number of IHDs reported faulty within one year of smart meter install and how many were replaced at no cost.	To assist in monitoring compliance with the obligation on suppliers to replace a faulty IHD within one year of it being given to the consumer.
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.	To assist in monitoring whether consumers are losing a key benefit of the smart meter roll-out due to an IHD not being replaced.
5: Total number of customers who informed the supplier that they do not want to have a smart meter installed.	To assist in monitoring suppliers' consumer engagement performance.
6: Number of customers with a traditional prepayment meter who have had a smart meter installed.	To understand the extent to which prepayment customers are being included in the roll-out.
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 recovered.	To assist in monitoring the scale of energy theft and in estimating the value of energy stolen and recovered after detection.
8: Number of customers that have a smart meter installed, by postcode.	To assist in monitoring the relationship between observed switching and the smart meter roll-out.