

**RE: Feed-in Tariffs Scheme: Use of automatic meter readers for biennial meter verification.
Consultation on proposed changes to guidance**

Question one: Do you agree with our proposal to allow the use of AMR data for biennial meter verification? Please provide evidence to support your answer.

Yes. As we understand it, the purpose of the biennial meter verification is to establish that accurate meter readings have been provided and the meter is recording correctly. Legislation states that verification should take “due account of guidance from the Authority”, which currently indicates that this should be done by reading the meter. However, if the AMR data can be used to verify readings in a way that can reduce the time and cost of running the scheme, this would be beneficial for both licensees and generators.

The cost of conducting meter readings is large (approximately £3000 excluding VAT per year for our number of meters), and the type of sites that have AMRs (e.g. public buildings or remote sites) means that it may take many visits to the site in order to locate and successfully read the meter, and more expensive appointments are required. We have made 89 visits to our 35 AMR sites since June 2013, with the appointment visits costing between £7.25-9.90 each. An alternative method of being able to use AMR data for verification could provide a way of avoiding these costs and save generators a significant amount of time.

Question two: Do you agree with the methods of verification and sample size we have proposed? If not, what would you propose and for what reason?

We agree with there being a choice of methods available, which will enable licensees to choose the most cost-effective method for them. However, we are unclear about what would happen if one method fails – if Methods 1 and 2 are too costly for a small licensee and yet Method 3 fails, will the licensee be forced to try to undertake the other methods, which could be very expensive? Also, could this choice result in smaller licensees being able to compete with larger licensees, because of the costs of these methods and the generator therefore only choosing a licensee able to offer Methods 1 and 2?

Method 2 in particular appears to be very costly for a small licensee, both in terms of time and money, if a full audit needs to be undertaken. It is unclear what auditing standards will need to be met to fulfil this requirement. Will the auditor need to be independent, or could the licensee conduct this? Paragraph 3.11 is unclear in what sort of further evidence would need to be required – would a photo be sufficient? We would appreciate best practice guidance to be provided for this method.

Method 1 makes the most sense as a way of verifying data. We recognise the need to obtain data from a source that could not have been tampered with; however it will take time to set up new processes and contacts.

As a small licensee with a small number of AMRs, we are pleased to see the option to retain the physical meter reads if that proves to be the most resource-effective method.

The proposed percentage of AMRs to be read is 5%. According to the consultation this was based on international audit standards which state that a sample size should be reflective of the potential for finding anomalies. Using the numbers provided in the consultation document (<20 cases from >300,000 readings), a reflective percentage would be less than 0.007%. This puts 5% at roughly three orders of magnitude greater than the reflective percentage, which seems rather excessive.

We think that the sample size should certainly not be more than 1%, and that even 0.01% would still be more than reflective of the anomaly risk. In addition to this, it could be considered that the spot checks could be carried out over a timescale of more than two years. We believe this would be in line with legislation, as the readings could still be verified at least every two years using methods outlined in the consultation.

The sample size should be more reflective of the actual risk, to avoid imposing unnecessary costs on consumers. The same context-specific criteria should be applied to the length of time between spot checks. More guidance on whether there is a stipulated method of sampling the licensees AMR sites, or whether this would be down to the licensee, would be useful.

Question three: Do you agree with the security measures proposed in this section? Are there other security measures you think are required? If so, please provide reasoning and evidence to support your proposal.

It is unclear who is responsible for ensuring that AMRs should have tamperproof seals in place, and how this should be undertaken. As the FIT Licensee often doesn't become involved with the site until after installation and generally will not visit the installation to check the setup (this would be practically impossible), it would be very difficult for us to ensure the physical security measures are put in place. This is also true for sites that switch FIT Licensee. We believe the responsibility should lie with the generator and installers/meter installers to ensure these measures are put in place, as they are the ones that directly interact with installation.

We understand that there is a very small risk related to the communication security, and the resulting need for provisions to be put in place. We would ask for some guidance around how to determine whether a four level password system is in place or not, as it is not clear how this could be determined from an end-user's perspective. A more detailed explanation of what is meant by the four level password system in relation to meters, with possible examples of acceptable and unacceptable setups, would also be appreciated.

Will Ofgem provide recommendations for suppliers to follow to ensure that the individual components of the AMR can be identified? If not, how will this be done? Again, this would be difficult to determine from a FIT Licensee's point of view. It may be more appropriate for this installer responsibility to lie with the installer/meter installer.

Question four: Do you agree with our proposals regarding standardisation of installation and commissioning, methods of communication and data models? If not, what alternatives would you suggest?

Paragraph 5.6 states that the licensee should “accept the MCS/ROOFIT accreditation as proof that the installation has been installed correctly”, but then states that the responsibility lies with the licensee to ensure that AMRs have been commissioned correctly. The responsibilities and standard requirements of the licensee should be more clearly defined: if the meter is deemed to be part of the installation, correct installation/commissioning should be verified as part of the MCS/ROOFIT, not by the licensee. If Ofgem will be checking meter compliance at the accreditation stage, will this be adapted for AMRs, and if so could these checks be passed onto licensees? If a meter is flagged as not meeting AMR standards after commissioning, this could result in the generator incurring significant costs and disruption to generation (and the associated FIT payments) to amend the setup. By addressing it as part of the MCS/ROOFIT process, this cost to the generator can be avoided.

Will there be responsibility on the licensee to check whether the transmission of data is by a widely recognised means? If yes, then the expectations of the licensee and “widely recognised means” should be more precisely defined.

It should be the responsibility of the generator to provide evidence that their AMR complies with Ofgem’s requirements and those requirements should be clearly defined, with licensees being able to fall back on physically verifying the meters.

Question five: Do you think that our proposals for monitoring and fault findings are suitable? If not, what further guidance would you suggest?

Is it the licensees’ responsibility to check that the metering service providers’ protocols are sufficient, or to conduct monitoring and anomaly detection themselves? If the former, more guidance should be provided to licensees on what sort of levels are required or responsibility should be transferred to the generator to ensure that they provide the necessary reassurance.

We already have in place tolerance checks for the meter readings submitted for FIT claims and for the biennial meter readings collected by meter readers. We consider that these tolerance checks could be used for AMR readings as well, and additional processes would not need to be put in place.

Question six: What methods would you propose as alternatives to physically reading non-AMR meters?

Photos of the meter, in which the meter make, model, serial number and meter reading are visible. Photos could be compared to any previous meter photos provided (eg. as part of the application) and recorded meter details to support the photographic evidence, if needed. This would save significant time and money for suppliers and generators.

Questions raised following FIT Licensee AMR Consultation meeting on 21/01/2015

Costings of current processes and potential additional costs

The current processes involve a substantial time commitment for one person, plus the costs of site visits. We have a contract in place with a meter operator, and depending on the type of visit, the cost of visiting a site is between £7.25-29.50 per meter. In many cases a site will need to be visited on more than one occasion, due to the meter being inaccessible or meter reader error. To date, meter visits have cost us as a Licensee £4802.12 (excluding VAT). We anticipate that, assuming we retain our current number of customers, the current processes will cost us approximately £3000 (excluding VAT) each year.

It is difficult to estimate the potential additional costs that the new processes could make. Given our relatively small number of AMR sites, it may involve considerable time and cost in creating new processes for relatively little gain in not requiring physical reads. If spot checks are also required every two years, then this reduces the advantage of the alternative verification methods.

If a full audit is required for Method 2, we envisage that this method would be too costly for us to undertake. Therefore Method 1 would potentially be the most useful alternative verification method, particularly as all of our AMR sites are with two generators, and so we envisage that we would presently need to establish relationships and protocols with only two metering service providers.

Number of meters that have not been read since July 11th letter and how long it would take to get up to date

We are aware of 35 sites with AMR. Of these, 7 meters have not been read as a result of the 11th July letter. These are all in public buildings and there have been problems accessing the meter when the sites have previously been visited. A further 8 meters are due to be verified before the end of June 2015, with a further 4 before the end of 2015, and so depending on when the Guidance is released these meter verifications may also be affected.

It will take time to respond to the changes in guidance, and therefore a time period should be allowed for licensees to conduct their biennial meter verification for AMR sites once the final guidance is published. We would hope that a 6 month period should be sufficient for us to conduct the meter verification process for the affected sites.