

15th February 2017

Ofgem consultation – Large supplier roll-out plans and annual milestones

Energy UK welcomes the opportunity to respond to this consultation. This response is not confidential.

Amending the framework for roll-out plans and annual milestones

Overall, the proposals set out by Ofgem appear sensible. The proposed approach of suppliers having the ability to re-submit roll-out plans in January 2018 (supported with appropriate evidence to support the need to revise previously submitted rollout plans and milestones) is welcomed. It is important to note, however, that the decision on whether or not to submit a revised rollout plan firmly lies with the licensee.

While suppliers have made good progress with smart meter installations thus far, utilising SMETS1 equipment, progress with SMETS2 arrangements and the additional delays associated with DCC readiness will have had a material impact on suppliers' previous assumptions when defining rollout plans.

Allowing suppliers to re-submit rollout plans in January 2019

At present there remains continuing uncertainty surrounding the readiness, and stability of DCCs systems and processes, and a number of key enabling infrastructures required for suppliers to complete the smart meter rollout by the end of 2020 are yet to be delivered (such as Alternative HAN arrangements, and delivery of Dual Band Communications Hubs). As such, Energy UK and its members believe it essential to extend suppliers' ability to re-submit rollout plans again (without first seeking Authority permission to do so) in January 2019.

While energy suppliers are clearly committed to delivering against rollout plans submitted (and the associated milestones contained within them), the uncertainties noted above will inevitably require suppliers to re-align rollout plans during 2018 to a point where their assumptions made during 2017 are no longer valid. The ability to resubmit rollout plans in January 2019 (without first seeking Authority permission to do so) with the most up to date evidence will therefore give suppliers and Ofgem more confidence in the rollout plans from 2019 through to the end of 2020.

No changes to SLC44.6 (electricity) and SLC38.6 (gas) in relation to the 7-day window

Energy UK notes that the current supply licence obligations in this area (SLC44.6 for electricity and SLC38.6 for gas) give suppliers a 7-day window post 31st January 2018 to resubmit their rollout plans, and that the proposed legal direction does not impact this based on the following text:

“The Authority hereby directs that, where a revised Roll-out Plan is submitted to the Authority in accordance with paragraph 7 of this Direction, or condition 44.6 of the Electricity Supply Licence and/or condition 38.6 of the Gas Supply Licence, such a plan must also contain a detailed explanation of the Licensee’s reasons for the Annual Milestones it has set, which reasons must demonstrate how the licensee expects to meet the requirements in condition 39.1 of the Electricity Supply Licence and/or condition 33.1 of the Gas Supply Licence”.

It would be helpful if Ofgem could clarify this.



The voice of the energy industry

I trust that this response is helpful. Should you wish to discuss any aspect of this response with Energy UK, either in isolation, or with our members collectively, please do not hesitate to contact me directly.

Yours sincerely,
Daisy Cross
Head of Smart Programme – Energy UK