

FAO Tom Rothery

Smart DCC

20th January 2017

Initial Enrolment Project Feasibility Report – a consultation from the Smart DCC

Energy UK welcomes the opportunity to respond to the above consultation. This response is not confidential. Whilst Energy UK has chosen not to provide detailed comments to each of the consultation questions, we would like to highlight the following points.

Enrolment and Adoption will be complex, but a speedy implementation is essential

Energy UK clearly recognises the complexities associated with enrolling the various cohorts of SMETS1 smart meters into the DCC Eco-System, and this Initial Feasibility Report is a good introduction to these complexities. This initial feasibility work undertaken by the Smart DCC is a vital step to understanding the various integration options that could be taken to achieve enrolment of SMETS1 smart meters, without landing on a preferred or recommended option, or indicating a specific solution direction at this stage.

There is clearly a significant amount of work required before any decision can be taken on the most appropriate way forward, and it is vital that the Smart DCC works alongside the key stakeholders associated with the Smart Metering Programme to make as rapid progress as is possible to deliver a suitable solution. With a lack of SMETS1 interoperability in the market currently, there is an obvious and distinct reliance on a speedy and successful Enrolment and Adoption process for SMETS1 smart meters.

Energy UK would like to add that, as with any complex technical implementation, detailed requirements of all parties must be fully understood before considering the suitability of any solution options. Due to the differences in how Suppliers have approached their SMETS1 deployments, there are inevitable compromises and trade-offs that must be explored to determine an acceptable overall solution for the whole market across the value chains.

Energy UK must highlight its more general concerns in relation to the impact on consumer engagement. There is a real risk that the longer it takes to deliver an enrolment solution, consumers with SMETS1 smart meters will become disengaged, and lose confidence in smart meters generally as a result of the loss of smart services following a Change of Supplier event. It is essential that consumers are able to benefit from the competitive nature of the GB retail energy market, and switch supplier with confidence that they can continue to benefit from the installation of their smart meter, regardless of which supplier they choose to be with.

Finally, Energy UK is pleased to note that BEIS has taken steps to form an Enrolment & Adoption Sub-Group via TBDG to provide valuable and essential input into the ongoing work in this area which we hope will help speed up progress, and we will be providing appropriate resource to this group once the Terms of Reference have been published. It is vital that the Terms of Reference for this group has viries broad enough to consider non-sensitive commercial and contractual frameworks as well as the technical aspects associated with potential solution architectures.

Costs must be controlled and kept to a minimum

Energy UK accepts that due to the Initial Feasibility Report exploring many SMETS1 integration options, it is impossible at this stage to have a good indication of the likely costs that the overall solution will attract. However, Energy UK must stress the importance of ensuring that cost considerations are one of the key factors in the overall decision making process moving forward. The costs of the enrolment solution will have a direct impact on consumers and this impact must be minimised wherever possible, therefore it is essential that all potential solution options are considered appropriately.

Energy UK recognises that there will need to be a careful balance against a 'Total Cost of Ownership' approach that must take account of all costs, including the Smart DCCs enrolment project costs, supplier's internal change costs, as well as ongoing costs of operation for both the Smart DCC and suppliers. For example, if delivery of services is phased, the total cost of DCC capability releases must be taken into account with User release implications and any asset implications, which may or may not be more cost efficient than a "big bang" approach.

Utilise the SMETS2 arrangements wherever possible

It is essential that the Smart DCC utilises its SMETS2 system wherever possible to manage DCC User interactions with enrolled SMETS1 smart meters and leverage natural synergies in solutions where they arise. That said, Energy UK recognises that there may be fundamental differences between solutions and further work needs to be undertaken to understand the detailed requirements and the suitability of solution options to fulfil them.

Maintaining consistent services across SMETS1 and SMETS2

The average consumer will not know or understand the difference between a SMETS1 and SMETS2 smart meter, nor should they be expected to. Energy suppliers will also want to offer the same customer service propositions for their customers, regardless of there being a SMETS1 or SMETS2 smart meter on-site.

With this in mind, the overall objective should be to deliver a consistent set of services for SMETS1 and SMETS2 meters. There are mixed views from our members on the set of services needed to support effective Supplier interoperability and how delivery should be best introduced. However, as noted above, it is essential that all costs, from all impacted parties are included in all approach considerations.

Establish Project oversight with Ofgem and BEIS represented

With a firm eye on cost control and protecting the interests of consumers, it is essential that Ofgem and BEIS (both of whom have an obligation to protect the interests of all consumers and the effective function of the market) are fully involved in the Enrolment Project decision making process from this point on. It will also be essential for the Smart DCC to reach out to BEIS and Government more widely if the investigations into potential solution options are being hampered by parties operating in the market, and for BEIS and/or Government to consider what actions may be available to enable them to meet their objective to protect consumers and the energy market generally.

Energy UK accepts that it may not be appropriate for the Smart DCC to publish detailed analysis of the time, cost and quality impacts of each of the options taken forward, therefore Ofgem and BEIS should play a vital role in scrutinising this and examining the overall balance of risks and trade-offs as part of the decision making process moving forward to preserve the best interests of GB plc overall.

As such, Energy UK urges the Smart DCC to form an appropriate oversight group for this work, with both Ofgem and BEIS represented.

This oversight group should have an initial objective of delivering a set of well developed, firmly costed enrolment integration requirements within robust governance to properly inform Government, DCC Users and relevant stakeholders before any recommended solution option is presented to the Secretary of State for decision. The group could be supported by focused working groups to leverage areas of expertise within the various stakeholder groups.

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 Metering – Energy UK