

FAO Tom Rothery,

Smart DCC

SMETS1 Delivery plan consultation

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 (our members will be providing individual detailed responses), we would like to highlight the following points.

Enrolment and Adoption will be complex, and an optimal but robust delivery plan is essential to ensure the earliest possible implementation point

Energy UK clearly recognises the complexities associated with enrolling the various cohorts of SMETS1 smart meters into the DCC Eco-System, and the Initial Feasibility Report is a good introduction to these complexities.

There is clearly a significant amount of work still required which needs to be effectively planned 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 and cost effective solution. With limited SMETS1 interoperability in the market currently and significantly higher numbers installed than forecast, Energy UK believes it is critical that BEIS provide rapid and clear direction to DCC so that Suppliers can build to a definitive design and timeline based on the approved DCC delivery plan that is clear and provides certainty.

Whilst time is of the essence, the plan must be based on sound project management principles with appropriate assurance to minimise delays and avoid any adverse impact on existing SMETS1 customers, especially as suppliers have existing license obligations to establish and maintain communications and smart services of DCC enrolled smart meters following a Change of Supplier event.

We welcome Smart DCC's intention to continue its engagement with the Security Sub Committee; this close engagement will help ensure any security related risks are alleviated from the outset.

The plan is a good starting point, but requires overarching principles and additional detail for confidence

The proposed high level plan included in this consultation represents a starting point for establishing a pathway to Enrolment and Adoption delivery but it needs to be underpinned by three overarching principles – simplicity of design to limit complexity, certainty in milestones to provide confidence and ensuring a cost-effective solution for all industry (not just DCC activity). This is a critical delivery for the overall rollout programme, to prove consumer confidence. It is unfortunate that definitive decisions on design will not be completed until the end of the year. This lack of clarity will not support effective planning and costing of Supplier side integration and testing. It is important that surety of delivery is not sacrificed to achieve the critical path and stability of the service is at the forefront of considerations. Ensuring the plan is both realistic and achievable given the lesson learnt from DCC's delivery of R1.2 Live and the yet-to-be-delivered R1.3 is critical to its success.

Indeed, the plan needs to consider the impact of the DCC's enduring release plan on the SMETS1 delivery plan, particularly in light of the assumption on reuse of DCC testing environments. To optimise on the robustness of the design and to ensure delivery at the earliest opportunity we believe the programme must utilise best practice in developing the delivery plan and we recommend DCC and BEIS undertake appropriate assurance to confirm the plan is fit for purpose.

The importance of all stakeholders having greater visibility of design, testing plans and clear milestones so that all parties can prepare, and be ready to engage in enrolment activity accordingly, cannot be overstated.

Whilst there is a view within industry that suppliers should have the opportunity to test other supplier's cohorts following churn before a decision is made to enrol the cohort, it is important that the DCC plan covers the technical aspects and agreement on the minimum level of SMETS1 services provided to provide robust assurance. Without this the SMETS1 programme could have unintended consequences on supply competition in the event a new supplier is unable to operate churned DCC enrolled SMETS1 meters electronically.

Consumers must be protected during enrolment

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 could become disengaged, and lose confidence in smart meters generally because of the loss of smart services following a Change of Supplier event – this will impact the overall benefits case and has reputational risks. Similarly, where a customer's SMETS1 meter is enrolled in DCC but fails to operate following a CoS then this will have further impact. This makes it essential that customers who have SMETS1 meters experience a seamless transition from existing infrastructure to DCC enrolment. It is essential that consumers can 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.

Costs must be controlled and kept to a minimum

Energy UK welcomes the update on costs that the DCC is due to provide in August 2017 following the Initial BEIS decision in June on the IEPFR options that will progress. However, with BEIS and DCC confirming that it will provide details of the SMETS1 population that will not be considered as part of the Enrolment and Adoption process as late as December 2017, there is a real risk that overall costs could change significantly between August and December. This could lead to nugatory development for both DCC and Suppliers at a time when resources are particularly strained given the existing level of change within industry at present. With this in mind, Energy UK expects that regular updates on the projected costs are maintained through the key stages of the delivery plan to ensure adequate oversight and focus on control of cost escalation. The costs of the enrolment solution will have a direct impact on consumers and this impact must be minimised wherever possible; and a cohort / SMSO combination should have a positive cost benefit for "GB PLC" for it to be considered for adoption, without this costs may escalate which the consumer would ultimately bear.

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. Having a credible and achievable plan is key to the success of SMETS1 enrolment; DCC's delivery of this requires clear direction from BEIS – it is important that BEIS provides this direction as soon as possible. It will also be essential for the Smart DCC to reach out to BEIS and Ofgem if development of detailed designs is hampered by parties operating in the market, and for BEIS and Ofgem 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 again urges the Smart DCC to form an appropriate oversight group for this work, with both Ofgem and BEIS represented, with a clear remit of scrutinising costs to protect customers' interests.

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. We would suggest this joint BEIS Ofgem oversight group is supported by the existing Transition Governance SMDG and IMF group to ensure delivery oversight and plan monitoring respectively. Additionally, we request that Smart DCC makes clear how it sees the working level DCC Design Forum and TBDG Sub-group will interact to ensure appropriate support to Smart DCC's work. It is important that these focused working groups are used to leverage areas of expertise to benefit the overall delivery without acting in isolation.

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