

Title: AMO response to DECC's consultation: "Smart Metering Implementation Programme - Licence conditions for a Code of Practice for the installation of smart electricity and gas meters: a consultation"

Synopsis: To document the AMO's response

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1. Introduction

1.1. Purpose

This document is the response to the consultation from DECC dated 18th August 2011, seeking views on the “Smart Metering Implementation Programme - Licence conditions for a Code of Practice for the installation of smart electricity and gas meters: a consultation.”¹

This response is not confidential.

1.2. Background

The Association of Meter Operators (AMO) is a trade association representing the interests of its members. There are twenty members² on the AMO who include all of the active electricity Meter Operators and the largest gas Meter Asset Managers. Many of these companies also own significant quantities of metering assets, either directly or through associated companies.

The term Meter Operator is used throughout this document to include both the gas metering term Meter Asset Manager (MAM) and the electricity term Meter Operator.

1.3. Member Involvement

Many of the AMO members are undoubtedly providing their own response directly to DECC. This AMO response does not necessarily represent the agreed views of every member on each issue. This response has been prepared by the AMO Consultant on behalf of the AMO members based on views expressed through individual discussion, meetings and written comments provided by members.

The AMO is grateful for being invited to participate in the many DECC smart metering programme groups and various workshops arranged by the DECC and, previously, Ofgem teams. The AMO has also submitted responses to a number of earlier consultations run by the ERA and representatives have attended all the public workshops.

The AMO membership is grateful for the on-going dialog with DECC, including attendance at our meetings to discuss the smart meter programme. The AMO membership would welcome the opportunity to provide any further clarification or discussion of any of the issues raised by this response.

1.4. Key Messages

- The AMO members should be represented on the SMICoP Interim Steering Group and any successor group
- We congratulate the ERA for developing the draft code
- If any promotion or sales are allowed then careful consideration will need to be given to incentive payments to meter operatives and the appropriate calibre of staff required who are able to safely exchange meters, while also correctly undertaking a sales activity
- If there is early adoption of the code, then the relevant sections which were (or not) adopted should be explicitly stated
- It is hoped that a single code can be developed for domestic and non-domestic customers with suitable distinction between the slightly differing requirements

¹ www.decc.gov.uk/en/content/cms/consultations/cons_smip/cons_smip.aspx

² www.meteroperators.org.uk/members.php

2. Questions & Answers

2.1. Question 1

Are the overall objectives set out in the draft licence conditions appropriate?

We believe that the objectives set out in the draft licence conditions are appropriate.

We congratulate the ERA for developing the draft code³. We welcome the drafting intent of not wishing to repeat the existing requirements which are already captured in related codes, such as MOCOPA®, MAMCOP and the emerging NSAP framework.

2.2. Question 2

Would the licence conditions as drafted effectively underpin:

a) the intended roles of Ofgem and suppliers in establishing and reviewing Code(s) of practice for domestic and micro-business sites?

We believe that the license conditions support the intended roles of Ofgem and Suppliers.

b) an appropriate ongoing governance regime for the Code(s) of Practice?

We believe that the license conditions support the ongoing governance regime.

The AMO, as a trade association representing all of the active metering companies do believe that the AMO should be represented in the SMICoP Interim Steering Group and any successor group. This would help to ensure that the obligations were realistic and achievable. Any proposed changes or new obligations could be considered in recognition of existing obligations in parallel governance regimes, while also highlighting if the proposed new obligation was unrealistic or expensive to implement. The AMO members are directly involved in delivering the current and future meter installation activity so can bring considerable experience to developing the appropriate level of governance, including effective methods of monitoring compliance. Having made this request of the ERA on numerous occasions we remain disappointed that they have failed to allow the AMO to directly participate in governance and the on-going management of the SMICOP.

c) the intended arrangements for monitoring and compliance with Code(s)?

We believe that the license conditions support the arrangements for monitoring and compliance with the codes.

2.3. Question 3

Should the licence conditions underpinning a domestic Code also be applied to smart-type meters, or should the Government work with suppliers to secure voluntary application of Code provisions?

We believe that the code should *not* be applied to smart-type meters (non compliant) and that Suppliers should apply the code on a voluntary basis. If the code is applied to smart-type meters it would result in Meter Operators having to follow the code for any smart trials done using a smart-type meter. Meter Operators may not be currently setup operationally to follow all aspects of the SMICoP and therefore this should be an agreement between the Supplier and the Meter Operator commercially when installing smart-type meters, at least until the technical specification has been signed-off and compliant smart meters are available.

If there is early adoption of the code, then the relevant sections which were (or not) adopted should be explicitly and publicly stated. Otherwise confusion and ambiguity could undermine the creditability of the enduring SMICOP. There are parts of the SMICOP which are simply not available today, therefore full compliance with the draft code is currently impossible.

³ www.energy-retail.org.uk/smartmeters/smart-meter-policy-work/

2.4. Question 4

Would the licence conditions as drafted effectively underpin the policy intention that the costs of the installation of smart meter systems should be reflected over time in customer's energy bills, with no upfront or one-off charges?

We believe that the license conditions support the intended policy.

2.5. Question 4 (after paragraph 18)

Do you agree with our definitions of sales and marketing?

We agree with the definitions.

2.6. Question 5

Do you agree that prior written consent should be required for any face-to-face marketing or sales activity during the installation visit?

We believe that prior *written* consent for any face-to-face marketing or sales activity during the installation visit is impractical. Appointments will be arranged in advance and in some cases a customer may request an appointment with a short lead time (less than a week). If a customer has to provide *written* consent for any face-to-face marketing or sales activity this may not reach the Supplier/Meter Operator in time for the site visit. Suppliers may use their own sales/marketing teams when the Meter Operator is visiting the site, however many Suppliers may commercially agree that the meter operative will perform this activity on the Suppliers' behalf. The written confirmation will have to be then passed onto the Meter Operator and this may be after the site visit has taken place – which is useless and will confuse customers.

The impracticalities of waiting for customer written consent before attending a site would greatly increase the lead times involved in carrying out the installation work, and therefore decrease the level of customer service and could create a negative image of the smart meter installation programme.

Concern has been raised that many customer recognise the risks of doorstep sales, but are able to refuse entry to a salesman. The meter operative is in a different position as they are already inside the property, acting with a government mandate to install a smart meter. The meter operative also brings a perceived level of 'trust' – "this person who is capable of safely changing my gas and/or electricity meter must know what they are talking about if they recommend product X, Y or Z, so it must be good". So any sales activity must be considered carefully in this context.

There is a view that meter operatives have a sufficiently challenging role to perform safely and accurately without promoting additional services. If any promotion or sales are allowed then careful consideration will need to be given to incentive payments to meter operatives and the appropriate calibre of staff required who are able to safely exchange meters, while also correctly undertaking a sales activity.

2.7. Question 6

Are any other measures required to protect consumers' interests in relation to sales and marketing during the installation visit

No further comment, other than that described in response to question 5.

2.8. Question 7

Would the licence conditions as drafted and/or existing rules deliver the policy intentions on customer information and advice, vulnerable consumers, avoiding undue inconvenience and complaint-handling?

We believe that the license conditions deliver the policy intentions.

2.9. Question 8

Do you agree that, for the purposes of the non-domestic code, the sites to be covered should be defined as a business with no more than 10 employees or their full-time equivalent, an annual

turnover that does not exceed €2 million, or consumes less than 50MWh of electricity a year or less than 200MWh of gas a year?

We agree that businesses should be defined as above for the purposes of the non-domestic code, however if a Supplier requests the Meter Operator to provide a service following the non-domestic code to a larger business then this can be agreed commercially.

It should be recognised that Meter Operators and probably Suppliers will not be able to readily identify if a customer is above or below the thresholds described.

2.10. Question 9

Would the licence conditions as drafted effectively underpin the policy intentions with respect to non-domestic consumers on customer information and advice and undue inconvenience?

We believe that the license conditions deliver the policy intentions.

It is hoped that a single code can be developed for domestic and non-domestic customers with suitable distinction between the slightly differing requirements. One benefit of a single code and governance arrangement is that Meter Operator can utilise, train and implement a single set of requirements to meter operative staff that will undoubtedly be visiting customers in both customer groups. The reporting and monitoring will also be common.

3. Comments on the draft code

Over the past year we have raised a series of comments with the actual drafting of the code. At each iteration some have been adopted, the drafting has improved but new issues are highlighted. Here are some further comments on the detail of the code:

2.5.3 Is the ID the only thing to be destroyed/recovered?. Should reference be made to sealing pliers, access keys, etc.?

2.6 What about existing staff? There is no reference to staff employed for many years by the Meter Operators. These staff may need refresher training on certain aspects, and brought up to date with new aspects such as the communication via HAN/WAN and informing customers about the IHD.

2.7.3 "time agreed" this should say "time band agreed" not all Meter Operators (if any) offer specific times for appointments

3.9 Seems to be a lot of focus on sales. The meter operatives will have a sufficiently challenging role to perform safely and accurately without promoting additional services. If any promotion or sales are allowed then careful consideration will need to be given to incentive payments to meter operatives

8.3 Will the auditing be aligned with the MAMCOP/MOCOPA audits so to save costs for Meter Operators or will this be another audit carried out by an independent body requiring further management oversight, effort and time?

General it is essential that all electricity Network Operators accept the new training and authorisation regime for all meter operatives.