



Smart Metering Implementation Programme
Rollout Team
Department of Energy and Climate Change
55 Whitehall – room 101
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27th July 2012

Dear SMIP Rollout Team

Smart Meters Programme – Consultation on Information Requirements for Monitoring and Evaluation

Thanks for the opportunity to respond.

We fully support the need to monitor the progress of Mass Rollout and the SMIP Programme.

The rollout of smart meters is essential to secure the transition to the low carbon economy, and to enable consumers to manage and minimise their bills in the context of rising prices for delivered energy. Both Government and the energy industry are accountable to the public in ensuring successful outcomes in a transparent manner and at a proportionate cost. The decisions that will need to be made going forward must be informed from experience to date, and based on factual information.

Maintaining our customers' trust is central to RWE npower's deployment strategy. Consequently, we feel that more work needs doing regarding Data Protection and privacy, both to avoid requests for information that would cause breach of the (current and future) Data Protection Act, and also to ensure that surveillance is proportionate from the perspective of consumers' privacy.

It is important to note that the provision of data is expensive, requiring systems, operational resource, and secure data storage and transmission infrastructure, and that this cost increases with reporting volume and frequency and with reduced notice for changes. It is also a principle of Better Regulation, that similar information should not be requested in different formats by different Government areas (particularly DECC and Ofgem).

Therefore overall, we support the requirements. We believe that further work is required now to tighten the scope of the regular reports. We are keen to continue to work with DECC to ensure that the proposed measurement metrics are both well defined and interpreted consistently by all parties

Therefore overall, we support the requirements and believe that further work is required now to tighten the scope of the regular reports, and to ensure

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adequate notice and clear justification is provided for new regular reports and ad hoc reports (which we do recognise will be required and do support).

Justification should map directly to the four stated requirements of approach to consumer engagement, industry readiness, progress towards completion, and costs and benefits.

Our detailed comments are enclosed



Section 8 – Regulatory Proposals

1. **Do the licence conditions as drafted, deliver the set policy intentions set out above – for example, to create a consistent, predictable and proportionate framework for monitoring and reporting?**

Intentions yes

Consistent, predictable and proportionate are not assured

Do any specific areas of the draft licence conditions need amendment or clarification to deliver this policy, and if so, how should they be amended?

Amendments are required

Support - We support the need for a licence condition to provide information to allow DECC to monitor the progress of the programme.

Governance - Rather than DECC issuing a new amended formal Request for Information (RFI) each time, the Smart Energy Code (SEC) governance structure could be used as a way for managing any change to the agreed baseline reporting requirements. This will also allow Suppliers to confirm which data items are suitable to meet a revised metric thus ensuring consistency of reporting amongst suppliers (i.e. apples with apples and not pears).

Sunset clause – It is consistent with the four objectives outlined by DECC for there to be a sunset clause for the producing of reporting. It would not be consistent for the default to be to continue the requirement at the end of mass roll out. Sunset - This poses elements of uncertainty, risk and cost for Suppliers as there is a potential for these to continue until 2030 (the end of the Smart Benefit case)

Ad-hoc information requests - The licence conditions allow for these as long as they clearly meet one of the four criteria outlined by DECC for SMIP monitoring. The licence conditions must not be used as a “back door” for general information. Therefore for new requests, clear justification should be provided, making explicit references to one or more of the objectives.

Drafting – The drafting should change to connect the powers for request for information to link more directly to the four objectives

New additional Information Requests - there must be a standard lead time to comply. We suggest a minimum of 6 months to allow for system change. With good planning, it should be possible for DECC to anticipate information requirements

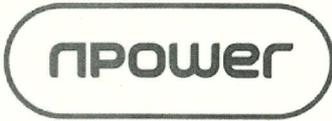
Impact Assessment – This did not include such information requests. This is another reason to ensure that a large burden is placed on Suppliers.

Decisions outstanding - We accept that the general drafting of the licence conditions covers the main points required in order to govern and regulate the Smart Programme’s activities to ensure completion of smart meter roll-out by 2019. However, we would like to point out that at this stage certain decisions are still to be



made which may impact either the drafting or the meaning of the clauses currently contained within these Licence Conditions. For example, 2 (c) references the Consumer Engagement Programme which is still to be established in terms of management, roles and responsibilities and funding. We accept that the Secretary of State needs to understand the success (or otherwise) of this programme but the current drafting implies that information on this could be requested from Suppliers and it is not yet clear what role they will play, rather that we currently know that Suppliers will be developing their own customer engagement activities that may be reported upon in order to support the development of the programmes understanding in this area.

Evolution - We appreciate that any reporting may need to evolve over time, particularly during the early stages of any large-scale programme such as this it would be beneficial and more cost effective if any monitoring reports were developed in a co-ordinated fashion between government departments, Ofgem and those responsible for data collection and report production



2. Is there a need for any consequential changes to existing licence conditions or codes to ensure that the proposed requirements on suppliers or network operators work as intended?

No

Charging and Codes/Agreements - Whilst we have not currently identified the need for any consequential changes to existing Licence Conditions we would ask that further consideration is given to ensure that existing clauses in sub-ordinate Codes and Agreements cannot be used to charge for activities relating to Smart Programme monitoring and reporting by one Industry Party to another.



3. What are your views on this proposed approach to the scope, frequency and timing of the content of Information Requests?

Quarterly monitoring, annual report, 6 months notice, and certainly not less than 3

Monitoring of rollout – We believe that quarterly strikes the right balance between being frequent enough to respond to in a timely manner, and not so frequent as to have excess “noise” and operational burden.

Regular report - Annual reporting is standard and seems to strike the right balance here.

Requests for information – these should be time-tabled

Requests for information where regulatory conflict is possible– Greater lead time will be required where there are regulatory issues to resolve, such as tension between the Data Protection Act and the need for monitoring.

Section 8.8 - notice period – 6 months would be satisfactory (this is still short term in large IT systems, particularly during periods of release schedules. 3 months should be regarded as a minimum, and very good reasons provided in exceptional cases where a shorter lead time is provided.

Coordination – It is natural for a programme to have deliverables measured in programme terms. At the same time, this programme is for the benefit of consumers and hence their metrics are at least as important. The reporting requirements for both purposes must be coordinated.

Section 3.8 – Commercial sensitivity - Government recognises the commercial sensitivity associated with supplier plans and would not expect to publish the information that it collects on supplier plans, other than high level conclusions or with supplier consent. In the absence of firm reassurance regarding what will not be published without permission, we must regard any submission as potentially in the public domain. To protect our commercial interests we would be forced to contest such a release. We also need clear reassurance of the boundaries of any confidentiality ring within the private domain, for example sharing with nominated staff and roles in nominated organisations.

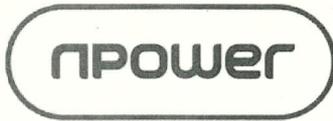
Section 8.9 – formal and voluntary requests – Whilst suppliers should comply with reasonable requests it is only right that they contest unreasonable requests. Whilst the Secretary of State is empowered by the Energy Act to make formal requests we expect this to be within the spirit of the Act.

Section 8.4 – DECC to make comparisons over-time. Direct or simplistic comparisons between suppliers are inappropriate due to different roll-out strategies, portfolios, geographical spread etc.. We have concerns over DECCs stated intention to make comparisons over time and would seek assurances that any such comparisons are not made between Supplier returns. Information obtained in this



way would be inappropriate for the purposes of understanding roll-out as Suppliers will have different roll-out strategies, portfolios and geographical constraints.

Section 8.10 – Information from small suppliers – We believe that all consumers should have access to the benefits of smart meters. It is also important to minimise any skew in the reporting. Therefore the same information should be received in relation to all consumers. It may be that lower frequency of some reports from small suppliers has limited risk to their respective consumer bases.



4. Do you have any comments on the proposed framework for the provision of suppliers' plans and reporting information to Ofgem?

Yes – mainly regarding one set of reports for DECC and Ofgem

Are there any alternative approaches that might better achieve the aims of the framework?

Yes – one set of reports

One set of monitoring and reporting information - We strongly support submission of one report that both DECC & Ofgem use accordingly.

Alignment of metrics between Ofgem and DECC – These should be consistent. For example if DECC focuses on the number of installations (a count) and Ofgem focuses on the number of customers with a Smart Meter, this could lead to a scenario following customer churn with DECC being satisfied with the progression of rollout, but Ofgem unsatisfied with the number of supplier's customers with a smart meter in relation to the milestones submitted.

Section 9.1 – All reasonable steps – Suppliers are exposed to the moral hazard that Ofgem takes a view that the most efficient plan for them does not constitute reasonable steps. This risk would be increased by ad hoc requests from Ofgem.

Section 9.10 – Re-submission of plans – DECC recognises that certain factors are outside of a Supplier's control and that plans may need revising and re-submitting. Guidance from Ofgem in advance would be helpful. Since DECC is managing the programme and sets its terms, then we would expect Ofgem to refer to DECC regarding re-submission.

5. Do you have any comments on the appropriate format of, interval between and status of, any interim milestones?

Yes – one set of quarterly updates and annual updates and a degree of flexibility of format

Milestones – To the extent that suppliers can set milestones that fit with their processes and programmes, their primary management reports will necessarily be supplier specific. Therefore while some fields will need to be standardised, others should be allowed to be bespoke.

High level plans – We support the view that base-line plans should be high-level, as this is an appropriate approach as changes are likely to be required as experience is gained.

Report stability – Changing format incurs costs. If the intention here is to provide clarity around the format and content of interim reports then these should be specified in the initial drafting of the Authority's Report Template. The Authority should provide some level of certainty as to what it requires in order to generate a better level of certainty and stability

Enforcement – It is our understanding that the initial targets operate at high level with respect to supplier-determined milestones. If the suppliers are then bound to 'fixed plans' that they are obliged to meet, then issues and risks that they face associated with the roll-out, from meter manufacturer to customer, must be clearly understood.



6. Do you have any comments on which elements of the above approach would be appropriate for smaller suppliers?

Yes – same information and phase, but possibly lower frequency

Phasing - Skewing the results can be avoided by all Suppliers providing the same information to the same timescales

Frequency – Annually is too infrequent - DECC need to survey/validate compliance and learning once a year. Contacting customers whose meter was installed 11.5 months previously is too long for certain purposes such as regarding the installation visit. Therefore six monthly should be the minimum frequency

Removing a particular group of market participants – this will skew the results

Management reporting – Since all suppliers will monitor their rollouts regularly, and DECC/Ofgem information should be a subset of management information, then quarterly reporting should not be a burden.

Segmentation – All suppliers have different business models, and to understand the relationship between business model and consumer in smart, it is important to capture as rich a view as possible. This is likely to require quarterly reporting.

7. Do the licence conditions as drafted effectively implement the proposed framework described in this section?

Yes, with the exception on the scope of information requests

Additional data requests – disproportionate requests for additional data and information are not precluded as currently drafted

Coordination between DECC and Ofgem in requesting information– this should be specified to avoid duplicate requests

Sunset clauses – These should exist in all appropriate places. Broadly speaking there should be sunset for all reporting requirements on rollout

Drafting – This is generally too wide, and the scope and frequency of requests should be limited to the requirements specific to the four objectives

Data storage requirements – data storage is costly and hence the requirement to store reporting data for long periods should be limited to those data that are necessary

8. What are your views on the options for different geographical granularity of data collection for:

- **Monitoring the roll-out of smart meters**
- **Tracking the impact of smart meters on consumer's energy use for a sample of consumers**
- **Understanding the benefits and costs incurred?**

Geographic resolution – Where data are required below the resolution of distribution network area, the request should be justified. Even then to go beyond the first part of the postcode has Data Protection implications that outweigh the benefits.

Other government programmes – We support fully the coordination of programmes and on minimisation of data replication across the national estate (e.g. inconsistent address files in meter, distribution, and welfare databases). At the same time any extension of data should be made in the right place and not necessarily in the smart universe at this time. The coordination of, for example, National Energy Efficiency Database and Green Deal databases with registrations and smart is necessary as part of the long term plan but cannot be pursued within the smart programme.

Life span - Any data we send should have a finite life span and there should be an obligation for the data supplied to be deleted. It should also be recognised that, like other bodies, government is not a completely secure environment for personal data and hence the holding of these data should be proportionate. Loss/leak of data by government has operational consequences on companies and assurance should be provided regarding storage and transmission. In some circumstances it may be that indemnity would be required before release.

Commercial sensitivity – Suppliers will be required to provide commercially sensitive data. Where such data are provided they must be marked commercially confidential so that suppliers may mount appropriate challenges to data release following Freedom of Information Act requests.

10.7 – Anonymisation – Specific reassurance will be required regarding compliance with the up to date guidance issued by the Information Commissioner on the anonymisation of data. Any data provided should have a finite life span and there should be an obligation for the data supplied to be deleted.

10.12 and 10.20 – Meter point information - Our general position with information at Meter Point Administration/ Reference Number (MPxN) is that energy flowing through is part of the supplier inventory and that suppliers should have unhindered rights to use these data for energy management (essentially upstream of the meter) but not for consumer insights (essentially downstream of the meter) without opt in. The key here is that the data are personal or impersonal according to use. The Data Protection / Privacy approach taken to MPxN data should be consistent in all areas. Where data is personal its release requires consent, direct consumer benefit or a clear and compelling policy rationale.

Competing aspects - In all instances, when considering the granularity of data collection certain competing aspects must be considered:

- i) The costs of detailed data collection (to include identification, systems developments to extract, analysis, communication and storage);
- ii) Provision of more disaggregated data leads to greater likelihood of breaching the Data Protection Act
- iii) Does the provision of detailed data add significantly to an understanding of an issue or must it be further analysed to extract the information required?
- iv) Careful consideration when defining data to ensure that reports are not distorted that could lead to misinterpretation with the consequence that changes could be made to the approach to foundation, mass roll-out and CES
- v) We suggest that most appropriate cost-effective, readily understood and least likely to be misinterpreted approach is for the data collection and reporting to be undertaken at the higher level of DNO area. This is particularly during foundation and early mass roll-out.

9 What are your views on the assumptions about the cost burden on suppliers of collecting and reporting on these data and information requirements?

Broadly speaking, we think that the cost burden appears underestimated

What could DECC do to minimise costs further?

Sufficient notice period, all requests proportionate in relation to the four objectives and one set of data for DECC/Ofgem

Cost burden – it should be a policy principle to minimise this

Section 10.10 – supplier internal data – Whilst it is certainly true that much information requested externally is produced internally, different data definitions, aggregation, format, frequency, phase and resolution to provide external data all incur costs.

Section 10.8 -“The data requirements of the Programme’s monitoring and evaluation strategy are likely to represent a subset of the data that suppliers are already collecting, or planning to collect” – This is only partially correct

Section 10.9 - “The updated impact assessment that will be published shortly will therefore not set out a specific quantified cost allowance for monitoring efforts and data submissions.” due to a lack of resource!

Duplication - We believe that a major contributor to the cost burden of monitoring the Programme roll-out lies in the current drafting of the framework and licence conditions that requires Suppliers to produce a series of reports to both Government and Ofgem. Whilst we appreciate that each has a slightly different set of requirements we do not believe that these are so distinct from each other that they require different sets of data collection and analysis.

Revision of the reporting suite - We urge the programme to consider a co-ordinated view of the Programme requirements at the outset. In this way a single set of reports can be developed, fit for all purposes, which can then be further developed overtime as necessary, driven by the greater knowledge and experience that is gained as the programme progresses. In this way, we believe, that the Programme will produce clear, concise, transparent and consistent reporting. Further, any requests to further develop the reporting requirements should be done so in a timely manner, be clear on their intent and be justifiable.



10. What are your views on this approach to the publication of aggregated and supplier-specific information?

There is potential of abuse in the form of over simplified league tables

Supplier and aggregate information – There is clear benefit for publishing aggregate information, as it provides knowledge about the development of the smart programme. There is little obvious benefit and significant potential disbenefit in taking data and processing it for a report which is accompanied by rhetoric. Suppliers have good reasons for moving at different paces in physical rollout.

Data and information - We support the need to publish certain amounts of information gained by the monitoring activities to engage all stakeholders. However, we must also understand the distinction between data and information when considering any data collection exercise and the content of the report returns that the Suppliers are expected to produce.

The purpose of the data questions - We need to be clear on what questions we are asking and why to ensure that the correct data is collected and analysed and that clear, unequivocal answers are developed. Collection of certain data items can prove to be more difficult in practice than expected, which can obviously add to costs, but with a clear view of requirements, alternative approaches can be developed more readily.

Aggregation - The Programme needs to carefully consider the level of aggregation that is required in order to understand the trends that subsequent analysis will then provide. For example, if there is a requirement to understand the percentage of meters installed by customer group in order to better understand any specific difficulties that these groups may have, no additional benefit will be gained by further disaggregation to postcode level.

Publication - Publication of information gained from the Programme must not be the subject of misinterpretation or used for alternative purposes but be clear in its message regarding the progress of the Smart Metering Programme.

Supplier permission - Whilst we understand the desire to publish certain amounts of supplier information we would argue that this should only be done where permission has first been given in order to maintain confidentiality over commercially sensitive information, which could otherwise compromise a suppliers position or roll-out strategy.

11. What are your views on the information that large domestic suppliers should provide to Government on an annual basis?

Quarterly returns data and annual report and some qualitative information

Debt Management – We provide extensive information to Ofgem in the Social Obligations Reporting regarding debt management. We therefore oppose a whole raft of extra reports, for purposes that appear unclear at this point. The Spring Package requirements are picked up with the Social Obligations information.

Cost reporting section of the draft Annual Report – We believe that this needs considerable further work and we would be happy to work with DECC and Ofgem to develop it.

Provision of sample Customer Data without the customers explicit permission - this is the case for both customers with Smart Meters installed and also the “control sample” from customers with Legacy metering. This at variance with DECC’s policy on privacy and data consent and is not clearly compliant with the Data Protection Act.

Current information - We understand and agree with the requirement to provide specific information with regard to the planning and implementation of the roll-out of smart meters. However, as redrafts have already occurred before the consultation deadline has been reached and that suppliers are being requested to begin providing elements of this information from the end of July onwards we ask that a period of consolidation is granted in order to ensure that the initial information that is to be provided can be used to its full extent.

12. What are your views on the information that suppliers should provide to the Government on a regular reporting cycle?

We support an annual report, quarterly progress statistics, and the provision of contextual information

The MPxN extract – we believe that this is unlikely to provide reliable information with the current status of registration and the meter point (service termination) systems of the distribution companies

The provision of data at postcode level – We disagree for reasons outlined above

Interim reports -Our current view on the information that Suppliers should provide in the interim reports that are part of the reporting cycle is that they should cover the more quantitative measures that are also present in the annual reports. In this way Suppliers have a more structured and consistent approach to data collection, analysis and reporting which is cost-effective and the information that is provided to Government allows them to readily assess each Supplier against their planned targets. Information on risks and issues will still be collected and collated but unless these are causing serious problems (that would be reflected in the quantitative submissions) then this information should be used to further develop and improve ongoing plans for subsequent years.