



DECC Consultation – Draft DCC Prohibition Order

Response from E.ON

General Comments

In our response to DECC's DCC Regulatory and Commercial Framework consultation of last September we set out our support for the proposed approach to the legal establishment of the DCC.

We continue to believe that this appears to be a sound approach and support the suggestions for legislative amendments set out in this consultation.

We appreciate the logic for the suggested changes to the draft Statutory Instrument and believe that in general these improve the original text.

Our only concern would be around ensuring that existing Pre-Payment Metering Infrastructure Provider (PPMIP) services are not inadvertently covered by the proposed prohibition order. Although this is not the intention of the legislation it could be interpreted that these services are included within the definition.

On detailed scrutiny we do not believe that this is an issue for the electricity services that we provide. It may require some action regarding gas PPMIP services where there is currently only one real service provider in the UK. It may require a specific exemption for the service provider and its current services or as a minimum clarification from DECC as to why their services are not covered by the DCC prohibition order.

Answers to consultation questions:

Do you think any party other than DCC would be captured by the Prohibition Order as set out? If you consider other parties would be captured please identify them and indicate whether you consider this a short term or long term issue?

No, although there is a risk that existing PPMIP service providers may inadvertently be considered to be captured by the Prohibition Order.

Existing electricity and gas pre-payment meters are quite sophisticated and could be considered by some to fall under the definition of a smart meter within the draft Order. Although suppliers do not communicate directly with the meters, electronic messages regarding consumption and payments are transmitted between a supplier and the meter, via a PPMIP, using a communication infrastructure.



Whether this infrastructure falls outside of the meaning of an electronic communications network and service as defined in Section 32 of Communications Act 2003 is not entirely clear.

The proposed drafting should mean that PPMIP's active in the electricity sector are not covered as the Order only applies to someone who provides services to all domestic suppliers. Service providers in this sector are usually limited to the number of suppliers that they contract with. Therefore even if the communication network definition creates some ambiguity this element of the Order should ensure that they are not included.

In gas Siemens provides PPMIP services to all gas suppliers for practically all gas prepayment meters (the Quantum gas metering solution). This service may therefore be considered to be inadvertently captured by the Prohibition Order.

Non-smart gas pre-payment meters only have a finite lifespan until they are replaced with smart gas meters. It would therefore seem to us that this issue is limited in terms of its scope and its duration.

To remedy the situation either a specific exemption for the Quantum service for the duration of the smart meter roll out may be needed or, assuming that Communications Act can be relied upon to exclude the existing gas PPMIP service, clarity from DECC on why they believe that this service is not covered would help the industry.

Do you have any views on the definition of a smart meter set out in the draft order?

We support the proposed definition of a smart meter with a minimum set of functionalities. This will reduce the potential need for the Order to be amended in the future.

Do you have any further comments on the approach being adopted to structuring the licensable activity?

In general the approach outlined in the consultation is logical and we would support it.

The inclusion of a reference to the DCC being required to only contract with 'active' suppliers is not required. Including such a reference will create confusion for the DCC rather than aid its implementation.

It is not clear what the criteria would be for determining an 'active' supplier compared to a 'dormant' one. Would a supplier new to the industry but without any customers yet be considered dormant or active?



Ofgem already have a set of guidelines for determining when they will terminate a supply licence for being dormant and monitor activity in the market. It would seem sensible to rely on this existing practice and to require the DCC to contract with all supply licence holders.

Do you have any comments on the draft licensable activity as set out in article 4 of the draft Order?

The revised draft licensable activity within article 4 of the draft Order seemed sensible. There is a proposed inclusion of a definition of an "external electronic communications network" which seemed helpful but this reference appeared missing from the actual article.

Should it therefore not be:

"A reference in this Part to providing a smart meter communication service is a reference to making arrangements with each domestic supplier to provide a service, for such suppliers, of communicating relevant information to and from smart meters installed in domestic premises *via an external electronic communications network*"

Do you have any comments on the conclusions set out in respect of the proposed consequential amendments or on those assessed as unnecessary?

No, we agree with the assessment presented in the consultation. Those suggested for inclusion seem sensible and we agree with the arguments presented for those considered unnecessary.

Do you have any comments on the consequential amendments as set out in the draft Order?

These all seem sensible and we would support their inclusion.

Do you think that the DCC should be included in the standards of performance framework? Do you have any general views on the regulation of DCC's relationship with consumers?

No, the DCC should not have any direct relationship with consumers and therefore it would not be appropriate for it to be included in the standards of performance framework. The DCC will provide services to users (suppliers, ESCO or network operators) and these users will in turn deal directly with consumers.

It would be preferable for the performance standards on these users of services to be reflected in contractual obligations, within the Smart Energy Code (SEC), on the DCC. Regulatory oversight and approval from Ofgem for the obligations within the SEC are expected and this should ensure that they protect the interests of consumers.



Do you consider it necessary for the DCC (or its service providers) to be considered a "statutory undertaker"?

No, although the DCC is envisaged as being responsible for the communication module of the smart meter it is expected that it will rely upon suppliers for the installation of this at consumers' properties. It can therefore rely upon the statutory undertakings that already exist for suppliers and does not need any powers itself.