

ESTA RESPONSE TO:



SMIP: Consultation on the prohibition order for smart metering communication activities DECC

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ESTA Energy Services and Technology Association

ESTA is the UK Industry Body representing suppliers of products, systems and services for Energy Management. The 120 members cover Energy Consultants, meter, AMR and controls manufacturers through to full Energy Services/Contract Energy Management.

ESTA is engaged with UK Government policies on Energy and Climate Change, The Green Deal, Energy Performance of Building Directive, Part L Building Regulations, Display Energy Certificates, Carbon Reduction Commitment, Energy Services Directive and the roll-out of smart and advanced meters. It also provides UK input to developing international energy management standards and Chairs several BSI committees.

ESTA members are key to the realisation of a low carbon, secure and affordable energy future. Our members provide equipment, systems and services for energy management to reduce energy demand at source and including renewables.

Our response is a majority consensus of the members involved. Where ESTA members respond directly, they may offer differing opinions on some issues which we respect as expressing their own definitive view.

SMIP: Consultation on the prohibition order for smart metering communication activities

ESTA welcomes the consultation and sees the work being undertaken by both DECC and Ofgem in this area as key towards continued improvement in energy best practice by major stakeholders, in particular consumers.

Firstly, it should be noted that this and the many other consultations on SMIP from both DECC and Ofgem assume a fixed smart meter specification at some point in the future.

Plans for transition and roll-out assume that we will have this specification in advance and be able to make operational, regulatory and commercial decisions early enough in the process. Decisions made prior to a stable smart meter specification becoming available could negatively affect many traditional metering practices and may also affect UK PLC energy best practice.

ESTA believes there is unlikely to be a time in the near future when a specification is stable enough and includes our entire knowledge of what a smart meter is. We are therefore very concerned about the financial impact on those operating in this market that could be investing in a certain direction we believe smart meters will develop based on assumptions which could end up being wrong.

To make such a big step change we need to know precisely where we are (through the current smart meter offerings on the market), and where we need to be, which currently is a sticking point. Commercial drivers and consumer responsibility will be key to this and the roll-out must ensure both these are able to operate in complete harmony.

For this reason we believe that the migration to smart should be in smaller incremental changes with more clarity of the end result. Specifications should be simpler and refer to existing practices and ideally tomorrow's smart meter will be what we have today plus two-way remote operation and an IHD. Simplistic but it allows for metering practices to develop in a way that will satisfy all stakeholder demands proportionately.

Secondly, ESTA believes that interoperability is of paramount importance. This does not just concern supplier switching, but also switching between any service provider that will use the smart meter and DCC to improve energy best practice. If this is limited to switching energy suppliers only, then we will lose substantial opportunities for demand-side reduction via competent third parties. If a supplier fits a smart meter that inhibits or even prevents the consumer from the autonomy in fully choosing energy service providers then the consumer should not be required to pay for the meter.

Further, we are concerned about the use of the term 'Open Standard' in many specifications and consultations and believe it is better to use the term 'Accessible Standard'. 'Open' by definition implies accessible to everyone, regardless of privileges and is unlikely to be adopted by suppliers. 'Accessible' on the other hand means providing interfaces to other parties for their use according to authorisation.

This allows proprietary solutions to be included, provided access is equal to those outside as inside (given appropriate privilege). The important thing is to ensure that privilege of access is not impeded by technical, commercial or security barriers.

With Interoperability being pivotal to the success of the programme as previously stated, it must continue to be mandated. DECC can either require suppliers to achieve it, or provide further details on the technical implementations to do so. This means either DECC gains sufficient technical expertise or the suppliers do. In both cases technical/engineering expertise at a firmware level and at a protocol data packets level is needed. IS/IT experience is not sufficient or robust enough.

'Accessible Standards' are likely to play a key role in ensuring the early adopter smart meters can be churned to other suppliers without replacement. We look forward to continuing to assist the programme in that regard in any way we can.

Finally, there should be more independent and cross-sector technical authority in both DECC and Ofgem when considering projects of this magnitude which will make fundamental changes to current scenarios. A top-level stakeholder inclusive advisory panel should be employed as an oversight committee. Too often we are relying on energy suppliers and vendors of metering and communications to outline the future strategy on behalf of UK plc.

The proposals currently on the table are largely restrictive and expensive, however, with proper technical scoping and knowledge among senior specifying staff they need not be and we could have a very robust system which will endure well into the future.

Below are responses to the specific questions set out in the consultation.

Question 1: 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.

This is dependent on the outcome of the Minister's Open Letter of enduring use of ADMs (Advanced Domestic Meters) as 'smart'. There are currently around 500,000 devices rolled out already by early adopters to their proprietary specifications. To take these into DCC poses the same problems as industrial meters. It would require an understanding of all the protocol details developed between the early adopters and their meter vendors. This is unlikely to happen, instead a parallel stream of ADMs and data retrieval systems could be envisaged similar to the industrial advanced meter market.

Question 2: Do you have any views on the definition of a smart meter set out in the draft Order?

The inclusion of 'ancillary devices' is too wide. For example a smart meter includes an IHD and valve as ancillary devices but not load shedding contactors or other meter inputs (e.g. export meters, water). There are two external communications to the meter – one is local (HAN) the other is remote (WAN). Each comes under the responsibility of two

separate licensed parties (the HAN is the supplier, the WAN is the DCC).

Question 3: Do you have any further comments on the approach being adopted to structuring the licensable activity?

Our main concern is around provision of energy services. It is unlikely that all needs will be captured within DCC and associated metering specifications. New techniques will evolve, as well as new technologies and it is important to understand how this will be implemented to avoid restricting the emerging market. Will such new requirements be included in prohibition (in which case they are unlikely to develop), or will the scope of prohibition be continually revised and updated? The market for products to improve energy best practice is growing rapidly and we express concern that the DCC monopoly could be taking in too much of this.

Question 4: Do you have any comments on the draft licensable activity as set out in article 4 of the draft Order (Annex 2).

In Section 3 of Article 4 – ‘making arrangements with each domestic supplier’ – what provision is there for the consumer or one of his agents to ‘make arrangements’ with the DCC?

Question 7: 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?

Yes, the DCC should be included in the standards of performance framework. It is in the public interest for such a monopoly to be regularly reviewed. However, if there is provision for parallel data retrieval (ADMs) and transparent costs for DCC, then this may provide sufficient competition for the market to work.