



Smart Meter Implementation Programme
Regulatory Design Team
Department of Energy and Climate Change
3 Whitehall Place
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Head of Retail Regulation
RWE npower

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Dear Team

Smart Meters – DCC Prohibition Order – URN 11D/957

Thanks for the opportunity to respond.

At high level we are concerned that the Prohibition is not comprehensive and does not meet the aspiration that for reasons of interoperability, security and economies of scale, all traditional domestic meters should be SMETS compliant and connect to the DCC. For example following replacement of a Foundation meter during mass rollout, the replacement meter can connect to communications provision other than the DCC.

The definition of meter is too broad and could include some traditional meters and "clip on" devices. There should be one single Smart Meter definition. This would ideally be approved by DECC and aligned across all legislative instruments, industry codes and agreements and industry documentation.

We believe that the change from "DCC contracting to communicate with every smart meter in every domestic premise" to "contracting to provide a service to smart meters" creates the ongoing possibility of domestic customers with different communications providers will have different Change of Supply processes, rather than the process approved by the DECC Business Process Design Group.

Our responses to the questions are enclosed

Yours sincerely

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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.

No

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

Yes

The definition of a smart meter used within the draft order is imprecise. At is stands, it includes for example, clip on devices, quantum meters and certain key prepayment meters.

There should be one single Smart Meter definition. This would ideally be approved by DECC and aligned across all legislative instruments, industry codes and agreements and industry documentation.

Ideally there is no supplier exemption from fitting smart meters (i.e. when Advanced Domestic Meters are in situ), and thence a Smart Meter is a SMETS compliant smart meter.

A draft that we proposed in 2011, based on the definition in the both DCC Regulatory and Commercial Framework Consultation and Security Requirements last year, was "A meter which, in addition to traditional metering functionality (measuring and registering the amount of energy which passes through it) is capable of providing two-way communication and additional functionality allowing it to transmit meter reads and receive data and instructions remotely."

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

Yes

It is our firm belief that exemptions from fitting SMETS compliant smart meters and connecting to the DCC will result in service cost increases for DCC users, interoperability issues, poor consumer experience, and barriers to change of supply.

Therefore;

- i) We support all licensed domestic suppliers being included in the prohibition
- ii) The definition of "Active" licensed domestic supplier is too vague
- iii) We strongly disagree with the decision to "On balance an approach based on contracting to provide a service to smart meters (rather than to every smart meter) is considered more appropriate"



We appreciate that during Foundation that there will be smart meters whose communications are provided by the domestic supplier themselves but the purpose of the prohibition must be that, ultimately, all domestic smart meters must be provided communications via the DCC in order to ensure that every customer can expect the same Change of Supplier experience.

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

Yes

We support DECC's position in principle, but are concerned about the exclusion of suppliers based on criteria that leave too much room for interpretation. We believe that it would be very helpful if Ofgem would produce a clear definition of both dormant and active licensed domestic suppliers and also the criteria for moving between the two states.

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

Yes

78 - extending the powers in the Electricity and Gas Acts to allow for regulations prescribing standards of performance to be made for the DCC. We support this. It is consistent with similar standards in distribution networks.

80 – we recognise that suppliers are the primary point of contact with consumers, that interfaces with further institutions like the DCC are not desirable, and that the DCC service relating to metering is a supplier driven activity. At the same time, we do believe it important that if suppliers are to remit compensation to consumers for shortfalls in DCC service, that there is recourse to the DCC both for remuneration and explanation. This recourse should be clear and simple in the Service Level Agreements.

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

Yes

Please our comments in question 5 regarding recourse by suppliers to the DCC

7. Do you think that the DCC should be included in the standards of performance framework?

Yes

Do you have any general views on the regulation of DCC's relationship with consumers?

Yes

In general we believe that it is least confusing for consumers if the industry has one face – the supplier

Suppliers will reflect costs and risks in their tariffs, and it is therefore in consumers' interests that they do not have exposure to costs that they cannot control, such as compensation for DCC service shortfalls. This can be managed by recourse from suppliers to DCC. It should be recognised that compensation incurs an operational cost, and that this cost should not be significant in relation to the potential amount of compensation. This raises the threshold at which compensation is payable.

We believe that the model in which train operators can reclaim compensation from track delays from Railtrack, may provide useful lessons.

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

Yes

Please explain the reason for your answer.

We believe that the service providers to the DCC must be strongly bound to the requirements of the statutory undertaker.

We believe that the additional protection of Statutory Undertaker could be extended to the DCC. With DCC being responsible for "contracting to communicate with every smart meter in every domestic premise" then there are likely to be circumstances where in order to provide broad and robust communications infrastructure the DCC Communications Providers may need to install equipment where being a statutory undertaker may assist in the approvals process.