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30<sup>th</sup> May 2012

**Re: Smart Energy Code Consultation**

Dear Maxine,

Thank you for hosting the Smart Meter Engagement Event for independent suppliers on 27<sup>th</sup> April. I found the session very useful and informative and we are encouraged that DECC are keen to understand our concerns.

As you will appreciate, it is difficult for a small company such as ours to respond in detail to the specific questions raised in the Smart Energy Code consultation document issued on 5<sup>th</sup> April 2012. However, having been made aware of a handful of high level issues through your Smart Meter Engagement Event, and a recent Smart Metering workshop held at Elexon, I would like to take this opportunity to express a few concerns and discussion points.

As you may know, SmartestEnergy is currently a supplier in the Half Hourly electricity market only. As such we only supply large business, corporate and group customers. We therefore have a great deal of experience with HH/AMR meters but not with NHH or Smart. We are also the supplier which has raised P272 – a modification under the Balancing and Settlement Code designed to mandate half hourly settlement of PC 5-8 sites where a meter capable of recording half hourly data must be installed by 2014. This modification will ensure that business users are able to make the most of loadshifting. Our main concern now is to ensure that sites in PCs 3-4 have the same opportunities.

The Smart Energy Code was described at your event on 27<sup>th</sup> April as the key document that will "govern the relationship between the DCC and the users of its services." However, it was suggested that suppliers would be obliged to sign the SEC even if they were not using the DCC. We find it hard to square this view with the fact that there appear to be provisions for a party to be removed from the code if that party is inactive. For the avoidance of doubt, though, we would like to state that the notion of Half-Hourly suppliers needing to build systems to interface with the DCC just to declare that its services are not required is clearly inappropriate.

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It would appear to us that the DCC is being set up to enable interoperability within the smart world but interoperability between Smart world and AMR world remains unclear. In our view the solution is to ensure that it is possible to flip between DCC and the traditional HH world easily. This should be achievable by joint use of the MRA systems.

We were reassured by information provided in the Smart Metering workshop, that it appears to be only domestic supplies on PC's 1&2's, which are obliged to be covered by the SEC, and that anything from PC3 up would be exempt. However, this still leaves the question of whether all suppliers need to be signed up to the SEC. Additionally, according to Gemserv, although not specifically referenced in the Smart Energy Code Consultation document, there are dual services provisions which allow parties who do and don't use the DCC to operate in parallel. Information on these measures is required in order for us to fully understand and respond.

We also understand that the DCC licence will include conditions requiring the DCC to offer terms for the provision of core and elective services relating to compliant and certain non-compliant (e.g. AMR) metering systems. In the case of compliant smart metering systems, the provision of core services will be conditional only upon parties complying with the SEC; however, we would like to understand the scope of meters falling into the non-compliant category, and how the arrangements for elective DCC services will be managed.

We are also concerned about the risk to competition of the Big 6 installing AMR in PC's 3-4, as well as 5-8, and tying customers into long term contracts with non-standard metering protocols. Consideration should also be given to group customers with large numbers of PC 3-4 sites alongside PC 5-8 and Half Hourly. These are customers who understand the advantages of half hourly data and competition and should not be restricted for parts of their portfolios to arrangements which do not encourage loadshifting. This may well happen if they are encouraged to move into the DCC arena by the Big 6.

In relation to the enrolment and involvement of the meter services community, the SEC consultation document states that out of the three participation options, the Government prefers Option B – 'Supplier nominated agent' to give meter operators access to the meters. We would question this approach, as under current traditional arrangements which ensure a level playing field for smaller players, meter and data collection parties are linked to the BSC through Section J's processes and requirements, and so we would like to understand why Option C – 'Nominated meter party accedes to the SEC' has not been selected as the natural first choice. In the case of data collectors, the situation around access to the meters is unclear. We would support DCs having direct access to data on behalf of suppliers. In relation to data access overall, we are assuming that the nature of our product means that consent is given in our T's&C's to our agents for accessing meter data where required.

Regarding the assurance of obligations and liabilities, we are aware the government is considering using assurance techniques to qualify new entrants acceding to the SEC, and the testing and certification of SMS equipment. If it is just the suppliers, and not the agents





who are obliged to sign the SEC, this could lead to new entrants being overwhelmed by the amount of entry processes to complete and would represent a significant barrier to entry and departure from the BSC arrangements which work well.

Lastly, and on a different note, we understand that there could be a Programme of Centralised Consumer Engagement and this would be paid for by a "supplier-funded Central Delivery Body". DECC have said that they do not currently envisage small suppliers being subject to any regulatory obligation to set up or contract a delivery body unless so wished, and welcome views in this area. During the Smart Metering workshop, held on 24<sup>th</sup> May, it was suggested that the smart meter roll-out will be communicated to the public in a similar vein to the Digital TV national switch over, and we would like to take this opportunity to say that any activity of this nature should not be funded by non-domestic suppliers, or suppliers who do not use the DCC. We are also in agreement with the view that marketing messages should not be aimed at micro-business or small businesses as it would not be relevant and/or would cause confusion.

Should you wish to discuss any aspect of this matter, please do not hesitate to contact me.

Yours sincerely,

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