



SP ENERGY NETWORKS

Roll-out Team
Smart Metering Implementation
Programme
Department of Energy and Climate
Change
Room 101, 55 Whitehall
London
SW1A 2AW

Your ref

Our Ref

Date

27 July 2012

Dear Colleague

Smart Metering Implementation Programme: Strategy and consultation on information requirements for monitoring and evaluation (Reference 12D/232)

I am writing on behalf of SP Energy Networks (SPEN) in response to the above consultation issued on 31 May 2012. We welcome the opportunity to comment on the issues raised.

SPEN is the business unit of Scottish Power that is responsible for the management and operation of electricity transmission and distribution networks in Southern and Central Scotland and a distribution network in North Wales and Merseyside serving around 3.5 million customers in total.

The attachment sets out our responses to questions 1 to 3, which are of particular relevance to electricity distributors. We believe that it will be difficult for electricity distributors to identify the benefits which are attributable to smart meters alone. All DNOs are undertaking significant investment in their networks using traditional network technology as well as smarter solutions. Trying to differentiate the benefits which are solely attributable to smart metering alone will be extremely challenging. We are not clear that a new licence condition for reporting by distributors is necessary or appropriate given the leading role played by suppliers in the roll-out, and also the existing information gathering powers of the Secretary of State and Ofgem. On the other hand, we will need adequate visibility of Suppliers' plans to allow us to prepare for any remedial work required in parallel with smart meter installation. This is needed for resource planning purposes, while visibility of where installation is taking place is needed for operational coordination purposes as well. Reporting should where possible be aligned to the existing detailed cost and other reporting arrangement applicable to distributors.

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Smart Metering Implementation will involve significant resources on the part of electricity distributors and we will fully engage with Ofgem as part of the forthcoming "RIIO ED1" price control review to ensure that we are able to recover the reasonable costs incurred.

Attachment – SP Energy Networks response to Smart Meters Programme Strategy and Consultation on Information Requirements for Monitoring and Evaluation (Reference 12D/232)

Question 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? 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?*

SP Energy Networks does not see that the proposed licence condition is necessary or appropriate for electricity distributors. The Secretary of State and Ofgem already possess wide ranging powers set out in the Electricity Act and/or in licence conditions to seek information from distributors in the carrying out of their respective functions.

The particular draft condition for electricity distributors in annex B refers to monitoring of energy savings and costs savings and service improvements made to energy industry activities and procedures. Given the responsibility on suppliers for meter installation, meter reading and data provision for the purposes of settlements and use of system billing, it is not clear to us that distributors are likely to be in a position to provide independently sourced data in the areas covered by the proposed licence condition. It will be difficult for distributors to evaluate benefits attributable to smart metering alone given the significant investment in their networks using traditional network technology as well as smarter solutions. There will be cost implications for distributors during the roll out process that they will monitor and report on to Ofgem as part of the normal cost reporting process.

We also note that the licence condition does not qualify the requirement to comply with an information request by reference to information that the licensee has or reasonably should have. The definition of “information” is general in scope and includes “data of any kind... specified by the Secretary of State”.

Given the wide ranging and detailed cost and other information that distributors currently submit to Ofgem as part of an annual reporting pack, we think that reporting requirements should be aligned with existing arrangements.

Question 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?*

We see a need to review existing codes and possibly licence conditions to ensure coordination of activity between suppliers and distributors, in particular to facilitate management of resource planning and exchange of information on installation of smart metering so that any necessary remedial work on the network or connection assets can be undertaken in parallel.

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

As set out in our response to question 1, we believe that information requests should be aligned with the existing detailed cost and other regulatory reporting arrangements.