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Mr Geoff Hatherick,
Smart Meters Programme,
Lower Ground Floor,
1 Victoria Street,
London SW1H 0ET

22nd August 2013

Dear Geoff,

Non Domestic Market: Proposed Amendments to Roll-out Licence Conditions

Further to your consultation letter of June 2013 regarding the above, we are pleased to respond to your questions and proposals as outlined below:

Energy Assets are the largest independent Meter Asset Manager, operating in the Industrial and Commercial (I&C) sector of the gas market, and as such, heavily engaged with gas suppliers as they work with their customers to achieve the advanced metering obligations applicable for larger non-domestic sites by April 2014. We are also active directly with end users, nationally, who strive to automate their meter reading, not due to legislation but to realise energy and carbon savings.

We have endeavoured to cover the points raised in your document by commenting on the sections highlighted in bold in your original document.

1. Should the period for installing advanced meters be extended?

There should be no change to the April 2014 deadline for larger gas meters. This obligation has been clearly understood for several years and already substantially implemented by the I&C gas supplier community. However we would support an extension of the deadline for all sites with consumption lower than 732 MWh.

2. What will the impact be on the non-domestic metering market if the exemption period were not extended?

The delayed availability of SMET2 meters makes it essential that the non-domestic implementation date is moved in a similar manner to that of the domestic smart programme. Continuing with the original timetable would potentially slow down the excellent progress in the non-domestic market by raising the fear of installing stranded assets due to uncertainty over specifications.



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3. What effect would the extension have on the supply market?

Extending the deadline will make it easier for suppliers to continue to work with their I&C customer base, especially multi-site organisations, to fully roll-out AMR across the sector. This would be much more difficult if suppliers and end users were obliged to install a domestic smart meter that is either not yet fully specified or not yet commercially available – we believe that by not extending would lead to a loss of momentum for advanced metering, with the resultant lost opportunities for energy and carbon savings.

4. Should the arrangements apply to electricity and gas meters?

Our activities are currently limited to the gas sector; however, we see no reason why the arrangements should not continue to be linked for both electricity and gas.

5. Should the extension be to April 2015, April 2016 or a date yet to be designated?

We believe that April 2016 would be the best solution given the continued uncertainty over both SMETS2 and the DCC. This would enable gas suppliers and AMR service providers to continue to implement advance metering at the current pace.

6. How should “contractual arrangements” be interpreted when considering exceptions for advanced installations beyond April 2014 (or a new date to be set)?

The Energy Assets interpretation of the original “contractual arrangements” wording was that it applied to an agreement between a gas supplier and its chosen AMR service provider (e.g. between any I&C gas supplier and Energy Assets). This contract would then have been taken as evidence that the gas supplier had a comprehensive plan to fulfil its advance metering obligations by April 2014 (in the case of larger gas meters) or in the years beyond April 2014 (in the case of smaller meters). Given that other interpretations existed that the “contractual arrangements” should be between supplier and end customer, it becomes even more important to extend the advanced metering deadline to April 2016, given the multiplicity of customer contracts which now must be agreed.

We still believe that the arrangement should be between the supplier and the AMR service provider **provided** that each customer has involvement and visibility of how and when the work will be carried out on their site(s). Care must also be taken to ensure that arrangements are transferable and that customers who churn to a new supplier are not penalised and therefore discouraged from exercising their right to switch suppliers.

For example, a programme of work which is 80% complete could still be finished by the same AMR service provider but working with the new supplier, thereby ensuring that the customer does not end up with a mix-and-match of different AMR solutions.

7. Definition of non-domestic electricity sites

We are not active in the electricity market, therefore make no comment.



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8. Provision of information to customers

We anticipate that the same level of customer access to detailed information will apply whether their meters are opted out of DCC or opted in.

9. Advanced meters remaining "to the end of their lives"

Although this is not a response to a specific DECC question, we would wish to comment on the words in point 1 of your Introduction: *"Where advanced meters are installed under these exceptions, they remain in place beyond the end-date for the smart metering roll-out but, thereafter, must be replaced with smart meters **once they reach the end of their lives**, unless they are required to be advanced for technical reasons."* It is crucial for the continued success of advanced metering that the words highlighted in bold above are clearly communicated in any future DECC documents to give confidence to suppliers, AMR service providers and funders that meters installed under the advanced exceptions will continue in service for their specified lives and not be required to be replaced at the end-date for smart metering roll-out.

Finally, we thank you for the opportunity to respond and confirm that we are happy for this letter to be in the public domain as part of any summary of responses.

Yours sincerely,

Director of Strategic Development



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