

Smart Metering Implementation Programme
Department of Energy & Climate Change
Lower Ground Floor
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23 August 2013

Smart Metering Programme
Non-Domestic Market: Proposed amendments to roll-out licence conditions

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

In general, EDF Energy welcomes your proposals to amend the licence conditions regarding the roll-out of advanced and smart meters to smaller non domestic customers. Currently, EDF Energy is on target to complete the installation of advanced meters in line with our existing April 2014 licence requirement. However, it is worth recognising that the AMR qualifying sites remaining within our portfolio without an AMR meter tend to fall into the complex installations category. Any extension to the roll-out period for smaller AMR meters would not noticeably change the approach to the roll-out of AMR meters as these meters are expected to receive a smart meter as part of the planned roll-out. It would however, allow all suppliers to continue to install advanced meters at smaller sites for customer groups that specifically request them up until the Data and Communications Company (DCC) is fully operational and when smart meters are widely available.

This would also provide customers with smaller sites the opportunity to benefit from advanced metering before the roll-out of SMETs compliant smart meters, and allow suppliers to reduce the burden of deploying smart meters to some small businesses during the early period of mass roll-out. Our preference for the new proposed date would be to align this with the availability of DCC services, assuming that smart metering assets are available in sufficient volumes at that time.

EDF Energy has reviewed its' processes for AMR installation and does not believe that it has mis-interpreted the licence conditions surrounding the need for a customer contract, rather than a metering services contract. Customers requiring advanced metering are being engaged with the view that the meters will be installed prior to April 2014. However, additional clarity should ensure that a consistent approach is adopted by all suppliers. It should also be recognised that in some instances the customer contracts

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directly for metering services and so EDF Energy is not a party to these contracts. Further clarity on how these arrangements are to be addressed is needed, especially if the supplier is reliant on a third party with whom it has no direct contractual relationship with which to discharge its obligations.

The proposal to clarify the smart metering licence condition definition of designated sites will not have any affect on the roll-out of smart meters by EDF Energy. We have not excluded any Profile Class 1 and 2 sites from our roll-out plans, whether they be defined as true domestic sites or combined as part of a multi-site non-domestic contract. It is expected that all Profile Class 1 to 4 meters within the EDF Energy portfolio will have a smart metering system, or advanced metering at the customer request, by the end of the roll-out period. However, it is recognised that the licence conditions are currently silent on how these customers should be addressed and so although the proposed change will not affect the roll-out plans for EDF Energy, the additional certainty provided by the proposed change is welcomed.

EDF Energy does have concerns regarding the proposal to amend the roll-out licence conditions to ensure that customers whose meters are opted out of the services of the DCC will have access to a minimum level of detailed information, including via the Home Area Network.

EDF Energy remains opposed to the process and mechanism for customers, suppliers or Metering Services Providers (MSP) being able to opt out of DCC services. We believe that this policy could:

- seriously risk the security of the customer's metering system and data,
- restrict the customer and other providers from offering better services to that customer, and
- incur additional costs on other parties at change of supplier when a site visit could be required to exchange communications equipment.

The supplier will also be restricted in performing their regulated duties to detect theft and manage any system alerts generated by the smart metering system, and even potentially fail in their responsibilities under the EU Third Package to provide accurate bills.

EDF Energy does not understand how obliging a supplier to offer access to data via the HAN could be enforceable in instances where the customer and MSP have contracted bilaterally to opt out of the DCC and the supplier may not even have remote access to the metering system or consumption data. Finally, it is important to draw DECC's attention to the issues that are currently being addressed via the BSC Issues 46 Group. The industry is already identifying interoperability issues for AMR meters, even though the electricity industry flows are standardised. These issues would not exist if all smart meters were required to use the DCC.

Robust regulation would be welcomed in this area, but not as a roll-out licence condition on the supplier unless the option to opt out of the DCC by a MSP is removed.

Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the issues raised in our response or have any queries, please contact [redacted], or myself.

I confirm that this letter and its attachment may be published on DECC's website.

Yours sincerely,

Head of Downstream Policy and Regulation

Attachment

Smart Metering Programme

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EDF Energy's response to your questions

Government would welcome views on:

- **whether the period during which advanced meters can be installed should be extended**

EDF Energy does not believe that an extension to the period to which AMR meters can be installed to smaller non-domestic customers (PC 1-4 and gas equivalent) will have a noticeable impact on our roll-out plans. EDF Energy is committed to the delivery and use of the DCC and recognises the advantages that the interoperability and additional services of smart meters will bring to the market.

We believe that including the relevant sites into our standard smart metering roll-out plans will be the best and most economic way to ensure that customers receive the best solution prior to the end of the roll-out period.

However, an extension to the obligation may encourage smaller business customers to request AMR metering prior to the availability smart meters. EDF Energy would support these requests and hence support the extension to the licence conditions that DECC propose.

- **the impact on the non-domestic metering market if the exception period were not extended**

Currently, the installation of advanced meters to customers in the PC3-4 (and gas equivalent) range is entirely customer driven. An extension to the AMR mandate would enable the installation of advanced meters to be continued, and maybe even increased, prior to the availability of compliant SMETs metering systems, the start of smart metering mass roll-out and the provision of DCC services. This would have two clear benefits:

1. The ability for customers to achieve the benefits of advance metering sooner.
2. The ability for suppliers to continue installing advanced meters ahead of interoperable, compliant smart meters being available and thus reducing the burden on mass roll-out.

- **what effects any extension would have on the operation of the supply market**

As advanced meters are not interoperable, some benefits of smart metering will be lost. Namely, the ability for suppliers to offer new innovative remote services to customers and

more importantly, there will most likely need to be a site visit at change of supplier to ensure the continuation of communications. This would add more costs on to the customer than necessary, especially as customers in the non-domestic market tend to contract for fixed terms and are more likely to churn; it is possible that each change of supplier event could require the supplier to visit the site to change the communications mechanism. These costs, which would be passed on to the customer as part of their contract, could be avoided if an interoperable DCC were available.

- **whether any arrangements should apply in the same way to both electricity and gas meters**

We believe a consistent approach for both electricity and gas customers is appropriate.

- **if it should be extended, whether it should be extended to:**
 - **April 2015;**
 - **April 2016; or**
 - **a date that would be designated in due course with an appropriate notice period (for example, six or twelve months)**

EDF Energy believes that the obligation should be extended to align with DCC go live and not a specific date or period. This would ensure that any further delay in the availability of SMETs compliant meters, the DCC or any other key enabler to the programme would not require a further licence condition amendment. On that basis, a six month notice period from the delivery of the key enablers would be deemed to be sufficient.

The Government would welcome views on exceptions to advanced installations after April 2014

Currently, the installation of advanced meters to customers in the PC3-4 (and gas equivalent) range is entirely customer driven and EDF Energy has interpreted the term "contractual arrangements" in the licence as meaning a contractual arrangement between a customer and a supplier, not a contractual arrangement between a supplier and a third party that does not involve the customer. Furthermore, we do not currently expect to be entering into any agreement with customers for the installation of advanced meters beyond the April 2014 date.

We do however, welcome the clarification to the licence conditions that DECC proposes.

The Government would welcome views on the appropriateness of amending the definition of non-domestic premises to mean all non-domestic sites in Profile Classes 1-4.

EDF Energy recognises that there are many Profile Class 1 and 2 premises covered by commercial non-domestic agreements. We therefore believe that the proposal to clarify the smart metering licence condition definition of designated sites will not have any affect

on the roll-out of smart meters for EDF Energy. We have not excluded any Profile Class 1 and 2 sites from our roll-out plans whether they be defined as true domestic sites or combined as part of a large non-domestic group. We expect that all Profile Class 1 to 4 meters within the EDF Energy portfolios will have a smart metering system, or advanced metering at the customer request, by the end of the roll-out period. (recognising the known exception of CT and large gas meters where there are currently no technical alternatives).

Provision of information to customers

The Government would welcome views on incorporating this minimum requirement for information provision in the definition of a Smart Metering System at designated premises in the roll-out licence conditions

EDF Energy has always been concerned about the process and mechanism for customers, suppliers or MSP being able to opt out of the DCC. We believe that this policy could seriously risk the security of the customer's metering system and data, restrict the customer and other providers from offering better services to that customer and incur additional costs on other parties at change of supplier.

The supplier of such sites where an MSP provides all metering services, will also be unable to provide their regulated duty to detect theft and manage any system alerts generated from the smart metering system. We do not understand how obliging a supplier to offer access to data via the HAN could be enforceable if the customer and MSP have contracted bilaterally to opt out of the DCC and the supplier may not even have remote access to their own metering system or consumption data.

We would welcome robust regulation in this area, but not as a roll-out licence condition on the supplier unless the option to opt out of the DCC by a MSP is removed.

**EDF Energy
August 2013**