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Dear Geoff,

NON-DOMESTIC MARKET: PROPOSED AMENDMENTS TO ROLL-OUT LICENCE CONDITIONS

SmartestEnergy welcomes the opportunity to respond to the above consultation document. We note that the Government is seeking views on whether the period within which advanced metering may be installed at smaller non-domestic sites as a contribution to the overall smart metering roll-out obligation should be extended beyond 5 April 2014

As you know SmartestEnergy is a supplier in the half hourly Electricity market and is also a licensed gas shipper and supplier. We are about to enter the NHH market. We do not have any domestic customers and our target markets are embedded generation and corporate and group electricity consumers.

Please note that our response is not confidential.

Overview

In short, we believe that the period in which advanced meters can be installed needs to be extended until at least the end of 2015 as a minimum.

We also believe that for PC3-4 it should be optional for a supplier to choose which market model they should be settled in (Domestic or Business) as this will effectively allow suppliers with no interest in the domestic market to deploy AMR meters to a NHH portfolio under an existing arrangement i.e. require no further investment to be compliant with the DCC.

Answers to specific questions

In reaching a final decision, we note the Government would welcome views on the following issues and we give our view beneath each one:

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

SmartestEnergy are of the view that the period should be extended

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

The impact on us is that we would have to deploy SMETS1 compliant meters before the DCC model is fully mobilised. This would require significant investment in the foundation phase and for many small suppliers this would be cost prohibitive (possibly in the millions of pounds) because an entire new supply chain would be required; a contract would be required with an interim DCC provider, meter manufacturer, and there would need to be investment in an internal system to talk to DCC. As far as we are aware only BG and EoN have done this successfully. It is not a realistic proposition for small suppliers.

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

We can see no unintended consequences.

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

This would appear appropriate

if it should be extended, whether it should be extended to:

- April 2015;
- April 2016; or

- o a date that would be designated in due course with an appropriate notice period (for example, six or twelve months)

The period needs to be extended to align with the mobilisation of the domestic market (end of 2015). Realistically this means April 2016. Although we expect a mandate date to be set non domestic suppliers should have a perpetual option of which market model they wish to settle PCs 3 and 4 in.

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.

We would agree with this. We see certain PC1-2 sites as non-domestic and a new definition would help clarify this.

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

We have no comment with regards to the existing definition.

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

Yours sincerely,

Head of Regulatory Affairs
SmartestEnergy Limited.

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