

Smart Metering Implementation Programme Regulation
Department of Energy & Climate Change
Orchard 3, Lower Ground Floor
1 Victoria Street
London, SW1H 0ET

17 December 2013

Dear Sirs

Consultation on the Smart Energy Code stage 2

Thank you for the invitation to respond to the above consultation. As you are aware, Good Energy is a unique small electricity and gas supplier, as we only supply customers with 100% renewable electricity predominantly purchased from decentralised generators, and gas which supports renewable heat. It is our mission to provide a blueprint for the UK to transform itself to a low carbon, 100% renewable economy through the work that we do and the actions of our customers and renewable generators.

Executive Summary

Due to resource constraints, our responses to the Smart Energy Code consultation largely relate to:

- Concerns regarding the costs of implementing smart operations with the DCC and our perception that these are disproportionately high for small energy suppliers.
- Concerns that the commercial arrangements under DCC operations expose the industry to cost risks that may have the unintended consequence of increasing costs-to-serve.

For your ease, we reference the specific questions within the consultation to which we have responded.

Q1: Do you agree with our proposed text for the SEC with respect to Technical Governance and Change Control?

Good Energy considers it essential that small energy suppliers are appropriately involved in agreeing changes to the DCC's technical architecture to ensure that costs for small suppliers are not disproportionately high.

Q3: The DCC currently uses profile class data as a proxy to estimate the number of non-domestic meter points registered to users. Should this be replaced with a new data item which accurately reflects non-domestic meter registration, or should the DCC continue to use profile calls as a proxy? If you think it should be replaced, should the DCC rely on Suppliers providing this information separately, or should a change be sought to electricity registration systems to collect this data? Please provide a rationale for your views.

The addition of a new data item for distinguishing between domestic and non-domestic customers appears unnecessary, with the current use of profile classes being sufficient. If this information is deemed unreliable within the industry, we believe this should be addressed by its cleansing. Industry processes already exist to

enable energy suppliers to change the profile class of any given meter point to be more reflective of its market sector.

Q5: Do you agree with our proposed text for the SEC with respect to the DCC User Gateway? Please provide a rationale for your views.

Good Energy is of the opinion that, irrespective of the technical options, the cost of connecting to the DCC should be directly proportional to the number of meter points supplied and that implementation costs for small suppliers should not be disproportionately greater than for large suppliers.

Q6: Do you agree with our proposed text for the SEC with respect to the DCC User Gateway Services and Service Request Processing? Please provide a rationale for your views.

Error handling and reporting is a critical element of the DCC's services and presents cost implications for implementing both technical and business processes to handle exceptions, especially if the burden of error processing is placed on suppliers. Options that minimise the risk of introducing disproportionate costs into small suppliers should be avoided; this may mean that the DCC and its service providers need to have a "fatter" approach to error handling that removes complexity and levels the playing field for small suppliers.

Q7: Do you agree with our proposed text for the SEC with respect to Parsing and Correlation? Please provide a rationale for your views.

Good Energy favours central control of the *parse and correlate* software and fully supports the principle of updates/patches being distributed through secure means. However, this should be done without necessitating additional infrastructure as this would introduce additional costs to DCC Service Users which are likely to be disproportionately high for small suppliers.

We expect the licencing costs for the *parse and correlate* software to be applied proportionately, i.e. by registered sites or some other mechanism that ensures that costs to small suppliers are not disproportionately high. Furthermore, support arrangement for *parse and correlate* software may need to consider the potentially disproportionate impact on small suppliers.

To effectively manage IT and related support costs, Good Energy operates a single server platform (Windows Server) and would expect the *parse and correlate* software to operate on that platform. If Good Energy needs to support an additional platform costs will be disproportionately greater than for a large supplier.

Good Energy is not convinced that providing source code to suppliers obviates the necessity for an ESCROW agreement. Intellectual Property rights and continued support arrangements need to be considered and addressed.

Q10: Do you agree with our proposed text for the SEC with respect to DCC Service Management? Please provide a rationale for your views.

We are concerned by the blanket statement (paragraph 214) allowing the DCC to make changes to its 'internal' systems without consulting its service users. We would expect the DCC to notify all service users

of its planned changes and their nature. Understanding change is fundamental aspect of problem management.

This concern might be addressed if 'internal' were defined.

Q11: Do you agree with our proposed text for the SEC with respect to Incident Management? Please provide a rationale for your views.

While accepting that the electricity supplier is nominated the 'lead' for communications hub maintenance, related costs should be apportioned across the gas and electricity suppliers. Recovery of costs from gas suppliers for Communications Hub maintenance visits will incur administrative overheads; these should also be recoverable from the gas supplier.

Full commercial consideration needs to be given to the operation, including recovery of unnecessary site visit costs. Furthermore, to minimise the number of unnecessary site visits, excellent, remote diagnostics need to be provided by the DCC and its service providers.

Q18: Do you have any comments on the appropriateness and / or the proportionality of the security obligations in relation to particular types of DCC Service Users and their role?

There seems to be a serious risk that security obligations on DCC Service Users attract significant costs, which could be disproportionate for small energy suppliers. For example, if the provision of specialist security experts, staff vetting or specific site access controls are necessitated by smart metering, this is likely to have a disproportionate cost impact on small suppliers.

Q20: Views are invited on the proposals in relation to Communications Hub asset charges and maintenance charges. This includes:

- **Monthly Communications Hub Charge**
- **HAN Variant Pricing**
- **Monthly Maintenance Charge**

Good Energy believes that charges for the communications hub should be shared equally between electricity and gas suppliers where both fuels are being supported. This seems to be the only way that communications hubs charges can be fairly apportioned.

Alternatively, given the additional functionality of the Gas Proxy Device, we believe there's a case for gas suppliers contributing a higher proportion of the asset rental and monthly maintenance charges than the electricity supplier.

We believe that energy suppliers with higher proportions of customers in multiple dwelling units will be disadvantaged by the proposals regarding HAN variant communications hubs charging; this should be avoided.

Good Energy has a general concern regarding the potential for communications hub asset and maintenance costs escalating due to the highly complex arrangements and serious risks around premature removal. Such risks must be mitigated by excellent, remote diagnostics. Furthermore, the arrangements seem to remove

most of the risk on the DCC and its service providers. Given the focus on energy bills, additional cost risks, that could be incurred by the industry in general, should be avoided.

I hope you find this response useful. If you have any questions, please do not hesitate to contact me.

Kind regards,

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