

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

22 May 2014

Dear Sir or Madam,

**Consultation on Changes to Equipment Installation Requirements and the Governance Arrangements for Technical Specifications.**

Thank you for the opportunity to respond to the above consultation.

Our views on the specific issues raised are set out in the annex to this letter, but the key areas that we would highlight are:

- While we recognise that a retroactive application of changes to the Technical Specifications may be necessary in very specific and limited circumstances, we do not think the proposed legal drafting offers sufficient protection for investors; and
- We agree with the proposed approach and legal drafting concerning the incorporation of the SMETS into the SEC.

Yours faithfully

## Annex 1

**Q1 Do you agree with our proposed approach and legal drafting for meeting our policy intention of requiring energy suppliers to install DCC provided communications hubs with SMETS 2 meters at domestic premises, and requiring the DCC to provide energy suppliers with CHTS-compliant communications hubs? Please provide a rationale for your views.**

We are generally satisfied that the approach and legal drafting meet with the policy requirements. However, we remain unclear as to the Government's intent regarding communications devices for adopted SMETS 1 installations and, in particular, the risk of obsolescence, arising from non-interoperability/non-interchangeability, where a communications hub goes faulty following a change of supplier.

**Q2 Do you agree with the proposed approach and legal drafting in relation to requirements to comply with the technical specifications for PPMIDs and HCALCS where such devices are installed? Please provide a rationale for your views.**

While we support the principle of mandatory compliance with these Technical Specifications, we are less persuaded that a specific licence condition is needed for the purpose. We note that Technical Specifications are already listed in the Smart Energy Code (SEC), and would expect their definitions and the requirements to satisfy them to be comprehensively set out there, with any necessary reference in the licence pointing to the definition in the SEC.

We are also concerned about the potential for retroactive application of revisions to these Technical Specifications. Although we understand where there may be a compelling reason for making such a change (e.g. an exogenous factor realises a latent security threat) we are not offered the comfort of a clearly defined process for introducing such a measure - other than that which might apply to any other licence change (i.e. a 28 day notice period). We recognise some potential for retroactive application already exists within the SEC Modifications process, but we believe that offers a more collaborative and transparent mechanism for making such a change. Given the potential value of the assets involved, we are concerned about the scale and nature of the liabilities to which the proposed legal drafting would leave us open and we would, therefore, suggest that any such proposed Modification be subject to a pre-defined, rigorous, test before it is even considered.

**Q3 Do you agree with the proposed approach and legal drafting to allow that more than one version of SMETS can be extant in the future? Please provide a rationale for your views.**

Yes; it is essential that provisions allow for more than one version of SMETS to be extant if we are to protect the value of installed assets.

**Q4 Do you agree with our proposed approach and legal drafting concerning the incorporation of the SMETS into the SEC? Please provide a rationale for your views.**

We agree with the proposed approach.