

22 May 2014

Consultation on changes to equipment installation requirements and the governance arrangements for technical specifications

Dear DECC

British Gas is pleased to support DECC's policy proposals for the enduring governance of smart metering equipment specifications. Overall we see this as a positive step in clarifying the future arrangements, which in turn will encourage continued activity in foundation.

Our concerns are limited. We are not convinced of the effectiveness of the current policy for non-domestic premises that are opted out of the DCC; and we would like some assurance around DCC incentives to bring new communications hubs to market and support their specification. We hope that these can be addressed.

Please find our responses to your consultation questions below. If you have any questions please contact me or

Yours faithfully

Question 1

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 support the intent of the policy and the way this is reflected in the licence drafting. The policy ensures standardised communication hubs of consistent quality. Assuming a robust testing regime, suppliers can be confident in the equipment they inherit on churn, and the installer's job is made simpler.

The effectiveness of the policy for non-domestic premises is questionable

We have discussed this with DECC on a number of occasions, but it is still not clear to us how a SMETS2 meter can operate without a CSP communications hub. In this scenario, the opted-out supplier would need to procure a communications hub identical to that procured by the CSP. The only realistic way to do this at acceptable cost would be to contract with the CSP's communications hub manufacturers. On top of this, the supplier would have to build a system to mirror the complex security characteristics of the DCC's. Simply put, we do not think there is any chance of a SMETS2 meter operating outside of DCC.

Given that DECC's policy intent for non-domestic premises is that the customer is granted timely access to half-hourly readings (hourly for gas), we don't understand why a SMETS2 meter is an absolute requirement. Such a requirement severely limits the options available to a non-domestic supplier wanting to operate outside of DCC. At the same time, the requirement does nothing to minimise costs for future suppliers wanting to opt-in to the DCC, since it is almost certain that in order to do so, the incoming supplier will need to visit each site to install new equipment.

As mentioned in our response to DECC's recent consultation on DCC enrolment, we would welcome further discussion with you on this subject.

How can suppliers ensure new communications hub variants are brought to market quickly?

Suppliers' ability to begin SMETS2 installations has a critical dependency on the DCC's communications hub procurement. Equally, this risk translates to our ability to move quickly with the development of new HAN technologies. Whilst we can trigger the procurement of a new communications hub by raising a change to the CHTS, we are likely to need DCC (CSP) technical input at all stages, including drafting the change in the first place; and as it stands we will certainly have limited control over design and build timescales.

In short, suppliers and DCC may have opposing commercial incentives. For example, there may be tension between the DCC's desire to run down stocks of procured communications hubs and supplier incentives to transition swiftly to a universally deployed dual band hub. We are concerned that a requirement for DCC to offer CHTS compliant communications hubs may not be sufficient without guidelines or an SLA to support the potential urgency that suppliers may assign to developments in alternative HAN. These concerns are compounded by recent experience in seeking clarity on matters relating to communication

hub design and procurement. Therefore, we would welcome further discussion with DECC and DCC on anticipated development and procurement timescales following changes to CHTS.

The requirement to install an additional aerial may be too general

We understand and accept that it will be part of the installer's job to assess the need to install an aerial, as required in DCC's Communications Hub Support Materials. We have made it clear that we do not expect our installers to drill through walls to run an aerial to the communications hub.

However, a broad requirement for suppliers to install an aerial "as requested to do so by DCC" also leaves open the potential for the DCC to raise service calls to our engineers some time after initial install. In such cases, we may end up travelling to site for the sole purpose of installing an aerial. We are concerned about the implications of this where signal strength at the premises has deteriorated since installation, but the DCC disputes whether the installer carried out an adequate assessment at the time. We will request further discussion with DCC on this.

Question 2

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.

We see no alternative to the proposal and support the accompanying legal drafting.

Question 3

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.

British Gas fully supports the proposed amendments to the supply licence conditions. This policy will allow us to optimise our transition between SMETS1 and SMETS2 equipment and eliminate the potential cost of unused SMETS1 devices.

We welcome clarity on the ability to maintain older assets for life

Until now it has not been clear whether we can continue to maintain SMETS1 assets indefinitely, by replacing like-for-like components within a smart metering system. In our view, the drafting provided gives us the clarity that where an element of a SMETS1 smart metering system needs replacing after the SMETS1 validity period, we may replace it with another SMETS1 device. It would make no sense to have to replace both meters and the communications hub with SMETS2 equipment: this would be costly, and inconvenient to the customer, especially where more than one supplier needs to be involved.

The amount of overlap between versions will need careful consideration

Our current view is that DECC's indication of 6-12 months may be too short an overlap, but it depends on when the clock starts: this could be SMETS2 designation, Initial Live Operations, full capacity rollout, or some other start point. Our ambition was to switch over from our Phase 2b meters to the SMETS-capable Phase 3 model as rapidly as possible, for obvious and well-documented commercial reasons. In practice the training and supply chain logistics

have meant that it will have taken around 18 months. The transition to SMETS2 could very easily require a similar period.

We would be happy to provide further details of our experience of moving from pre-SMETS to SMETS1 meters if required. We would urge DECC to keep an open mind for the time being on the length of transition period, noting that given the clear cost advantages in procurement and ongoing operation of SMETS2 meters, the market should itself drive a swift transition to SMETS2. We remain unconvinced that there is actually any disadvantage in setting a longer overlap period.

It is not easy to grasp the implications of combining versions of the technical documents

Working with multiple incremental versions of SMETS and CHTS may turn out to be straightforward, but on the surface it looks complex. The proposed policy seems sensible, but we suggest that it would be worthwhile constructing an example of version changes over time, to illustrate the impact on different assets already installed. This could perhaps be shared with the SMIP industry governance group, and may allay concerns that the policy has the potential to result in legacy assets which require replacing before end of life.

In addition, for the purpose of clarity, we note that since CHTS will also be subject to incremental versions, the same system of applying overlapping start and end dates will be necessary to minimise wastage in the supply chain.

Question 4

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.

Yes. We have been involved in discussion with DECC on this for some time and agree this is a sensible approach.