

Smart Metering Implementation Programme - Regulation
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Smart Metering Implementation Programme: Consultation on changes to equipment installation requirements and governance arrangements for technical specifications

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.

EDF Energy remains committed to the roll-out of smart meters and the benefits to consumers that they will bring. At the same time the Industry and the Government must recognise that the appetite from GB consumers to fund these policies through their energy bills is limited and so, it is essential that decisions being taken today are affordable for consumers and do not further increase the pressure on tariffs from the smart metering programme.

We continue to believe that SMETS 2 assets are the optimal choice for consumers. These assets will deliver the full range of network and consumer benefits, can be supported by the DCC without incurring significant additional costs and will be cheaper than SMETS 1 meters due to the volumes that suppliers will procure. As such we believe suppliers should be incentivised to roll-out SMETS 2 meters when they become available to ensure the costs to consumers is minimised. When there is a competitive supply of SMETS 2 meters and sufficiently trained workforce to install these to meet supplier requirements, we believe the ability to install SMETS 1 meters should be removed.

We note that the current proposal is to provide suppliers with 6-12 months notice of the withdrawal of a SMETS version. Although this seems reasonable, we would note that key to this notice period are the criteria that the Secretary of State will use when deciding to withdraw a version of SMETS. Our initial view is that if this decision is based on the competitive supply of the latest version of SMETS meters and a fully trained workforce, then 9 months notice should be sufficient.

We support the requirement to provide SMETS compliant meters in conjunction with DCC provided communication hubs for domestic installations. Furthermore, we would recommend that the same policy is also applied to non domestic premises. We believe that this will provide a better customer experience on change of supply, reduce costs to non-domestic customers and ensure that there are no barriers to switching due to the need to attend site and replace a communications hub. We look forward to the SEC4

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consultation to see how DECC propose to govern these arrangements. It is essential for the SEC panel to maintain a list of each version of the CHTS, SMETS and IHDTS, PPMID and HCALCS technical specifications which are intended to be compatible.

EDF Energy supports the new Licence Condition that requires suppliers to continue to provide an HCALCS in support of a legacy requirement (e.g. off peak storage/water heating). In such circumstances, we consider that this requirement should also apply to the provision of ALCS. However, there also needs to be recognition of emerging new requirements relating to the use of HCALCS and in this respect we believe that the proposed licence conditions should be relaxed.

We agree that suppliers should have an enduring requirement to maintain a PPMID device that is SMETS compliant if there has been a previous decision to provide one and the customer continues to have the need for such a provision. However, we believe that the licence condition needs to be amended to accommodate the possibility of certain devices being combined, such as the IHD and PPMID. If suppliers were able to economically combine the device functionality it is felt that the licence condition relating to the ongoing maintenance should be amended to relate only to situations wherein the meter is operating in pre-payment mode.

EDF Energy agrees with the proposed approach and legal drafting to allow for more than one version of SMETS to be in force at any one time. This will enable suppliers to manage their procurement process and stocks efficiently, and provide a transition period to train staff and build up experience and capabilities to install the latest version of SMETS. This will also support manufacturers in developing their products and complete the associated assurance regime to ensure that their meters are compliant and interoperable. We believe that there will need to be clear direction with regards to when specified versions of SMETS devices can be installed in order to ensure that suppliers and meter asset providers are given adequate notice relating to any intention to withdraw a previous version of SMETS.

Finally, we would note that as drafted the Licence Conditions only recognise that a meter is either SMETS compliant or not at the point of installation. As a smart metering system is defined as hardware and software, we do not believe that a firmware upgrade could be counted as a compliant installation. This means that a meter that is non-SMETS compliant at the point of installation and later upgraded to be SMETS compliant will not count towards a suppliers' roll-out target. We believe that the proposed inclusion of 'Installation Date' as a defined term reinforces our interpretation. In addition, the requirement to maintain an asset to the SMETS specifications in force at the time would also prevent assets being upgraded to meet the latest version of SMETS. We believe that this issue should be addressed.

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 Ashley Pocock on 01342 413838, or myself.

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

Yours sincerely,

Attachment

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EDF Energy's response to your questions

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.

EDF Energy agrees that DECC's proposed approach and legal drafting does meet the policy intention of requiring suppliers to install DCC provided communication hubs with SMETS2 meters at domestic premises. We also agree with the requirement for DCC to provide suppliers with CHTS compliant communication hubs. Such requirements will provide the means by which installed smart metering equipment and communication hubs provided by the DCC remain compatible.

It is essential for the SEC Panel to maintain a list of each version of the CHTS, SMETS and IHDTs, PPMID and HCALCS technical specifications which are intended to be compatible. We suggest that as various new versions of each document emerge the list should ideally take the form of a compatibility matrix and be maintained as such by the SEC Panel.

However, we remain concerned with the option for suppliers to opt out of using the DCC and we look forward to seeing the Government's proposals relating to the use of the DCC service for the non domestic market in SEC4.

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.

EDF Energy is in general agreement with the principle that if a supplier provides a HCALCS and or a PPMID then the device(s) in question should be fully compliant with the relevant technical specifications at the time of installation.

It is assumed that the enduring responsibility to maintain such devices will pass on to a new supplier upon churn.

EDF Energy fully intends to provide PPMID devices in situations where customers might experience operational difficulties due to meter location and or particular customer needs, such as vulnerability. However, we are concerned that the legal drafting obliges a supplier, having provided a PPMID, to maintain such devices in perpetuity. Currently, PPMID functionality doesn't exist and so suppliers may well be considering how such functionality will be presented. In the fullness of time, it may be considered economic to combine the IHD and PPMID functionality in a one box solution (i.e. an enhanced IHD). However, the wording of the licence conditions might serve to dissuade such a

development as it could be implied that the provision of an IHD which includes PPMID functionality amounts to the provision of a PPMID and hence oblige the supplier to maintain it on an enduring basis. It is therefore suggested that unless the customer has a prepayment tariff, the provision of PPMID functionality should not require an enduring obligation on the part of the supplier to maintain. Similarly, in situations where the customer no longer requires the use of PPMID functionality (such as a change in contractual arrangement from a prepayment to credit tariff) there should be no obligation on the part of supplier to maintain a PPMID beyond a 12 month period consistent with normal warranty requirements.

We suggest that the licence conditions are updated to relate only to the provision of PPMID functionality when the smart metering system is operated in prepayment mode. We believe that this would add the flexibility that we require to maintain a device for the customer yet allow for the combination the IHD and PPMID functionality into a single device.

We consider the proposed licence conditions are somewhat anomalous with respect to the treatment of HCALCS. It has to be recognised that there will be circumstances where customer requirements (e.g. off peak storage/water heating) can be served much more conveniently by means of an ALCS provided within a smart meter variant. However, the licence conditions appear to impose no specific conditions in respect of maintenance of an ALCS.

For the purposes of customer convenience, we intend to provide HCALCS/ALCS functionality in situations wherever it has previously been provided in legacy situations (e.g. in support of pre-existing off peak storage/water heating). In such circumstances, EDF Energy is in agreement that the continuation of ALCS/HCALCS provision should be the subject of a licence requirement with respect to ongoing maintenance. However, it should be recognised that any requirement to maintain an HCALCS/ALCS provision will be quite onerous. Hence, EDF Energy believes that suppliers should be under no obligation to continue to maintain such functionality if the customer ceases to have the need for such provision.

The introduction of HCALCS will in the longer term lead to market innovation and to the use of such devices to control customer's load throughout the home environment (e.g. electric vehicle charging, air conditioning etc.). It is further suggested that, in line with EU thinking, the provision of HCALCS functionality does not necessarily have to be solely provided by the supplier. Consequently, it is suggested that HCALCS provided to support future market innovations should not be subject to licence conditions but should instead be the subject of contractual obligations between the customer and whoever provides the functionality (i.e. supplier, ESCO or other third party provider etc.).

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.

EDF Energy agrees with the proposed approach and legal drafting to allow for more than one version of SMETS and IHDTS to be in force at any one time. We agree that such a

policy could, if transferred into the SEC governance, also be useful for whenever future versions of the SMETS are introduced.

However, there will need to be clear direction with regards to when specified versions of SMETS devices can be installed, to ensure that suppliers and meter asset providers are given adequate notice relating to any intention to withdraw a previous version of SMETS. We believe that for the transition from SMETS 1 to SMETS 2, a notice period of at least 9 months will be required.

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.

EDF Energy agrees that SMETS should be incorporated into the SEC. This will provide for robust governance and ensure that all market participants are subject to the same rules.

However, we are concerned about the potential for retrospective changes to be made under SEC governance. Whilst it is accepted that such changes may be necessary for reasons of national security/safety, there will clearly be a need to ensure that any retrospective changes are only introduced as a matter of absolute necessity. This will require firm governance and clear guidelines to be established.

EDF Energy
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