Association of Meter Operators

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8th November 2019

By e-mail
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Delivering a Smart System: Consultation for a Smart Meter Policy Framework post 2021

This response is made on behalf of the Association of Meter Operators, the trade organisation that represents gas and electricity meter operators across Great Britain. The AMO membership represents a variety of sectors of the electricity and gas metering markets including domestic, non-domestic, installers and operators as well as meter data management agents.

The AMO has engaged with suppliers, network operators, BEIS and Ofgem and has from the outset robustly supported the smart metering programme, actively contributing as a trade association and through our individual members to development of solutions to the many practical difficulties inherent with the roll-out. We remain committed to delivery of this vitally important infrastructure whilst ensuring standards of safety and customer care are upheld.

We wish to offer the following responses to the questions posed in the consultation document;

1. Do you agree that there is a need for an overarching obligation for energy suppliers to continue the rollout of smart meters, in addition to the New and Replacement Obligation (NRO)? Please give reasons for your answer.

A. We agree. The NRO taken alone would eventually see the roll-out of smart meters but would fail to drive the timely delivery of the many other benefits that depend upon or are linked to smart metering. For example, under NRO there are large numbers of traditional meters that would not be called for policy replacement until beyond 2030 and such late deployment of a high density of smart meters could significantly inhibit developments such as a smart grid. A further aspect to this issue is that meter operators and other asset and service providers have geared-up for this deployment and any weakening of the incentive could see a loss of that hard-won capacity to deliver the roll-out.

2. Do you agree with our conclusion that extending the existing "ARS" obligation would not deliver market-wide rollout in a timely manner consistent with wider Government objectives, in particular the long-term ambition of net zero greenhouse gas emissions by 2050? Please give reasons for your answer.

A. We agree. As many of the answers to the practical difficulties have now been found so it is right to move to a more clearly defined obligation to ensure that the roll-out is fully delivered. A sharpening of the obligation should incentivise the resolution of the remaining practical problems as they would no longer be excused as outside the scope of 'reasonable steps'. In making this point we recognise that the solution of the outstanding difficulties will continue to depend on collaboration across the sector and that there may be a role for Government and the Regulators to facilitate that work. Our other points in response to this question are made above.

3. The obligation proposes a monitoring framework with binding pre-set annual milestones for four years (from 2021 to 2024). Do you agree with this time period? If not, we would welcome your views on alternative time periods. Please provide evidence to support your answer.

A. We agree that the additional 4 years represents a reasonable framework period. We recognise the points made in paragraph 33 of the consultation document. In our own discussions on the rate of smart meter installations we come to similar conclusions; i.e. that the rate of meter exchanges should now increase significantly as the easier installations are tackled under the SMETS2 deployment. However, there is likely to be a 'tail' of work where the nature of the premises and any inherent practical difficulties mean that the productivity rate will reduce. Obligations on suppliers against binding targets should reduce the likelihood that these 'difficult' installations are put off indefinitely and thus drive innovation and co-operation across the sector to find practical solutions.

4. Do you agree with our assessment that an 85% minimum coverage at the end of the framework period is achievable? Please provide evidence to support your answer

A. We agree that 85% should be achievable providing that effort is maintained to ensure the implementation of the practical interventions necessary to support the roll-out. These interventions include the dual-band communication hubs, AltHAN and resolution of difficulties found with the service termination, i.e. those that need remedial work by the network operator. There is also a need to persist with initiatives that gain the engagement of harder-to-reach customers including tenants who may require the co-operation of their landlord to secure a smart meter. If experience shows that 85% coverage will be easily achieved then we would support a rachet upwards as part of the mid-term review.

5. Do you agree with the application of permitted tolerance in stages, growing in a straight line to the final year of the monitoring framework? We would welcome your views on alternative methods to apply tolerance around the annual milestones. Please support your answer with relevant information.

A. We do not have a response to this question.

6. Do you agree that pre-defined annual milestones will facilitate the progress towards rollout completion? Please give reasons for your answer.

A. We agree; this approach would set a clear target for all suppliers. Greater certainty will be helpful to secure the supply chain of materials and manpower. Certainty it is essential to support the necessary investments in the supply chain, including the training and retraining of installers.

7. Do you agree with the proposal that "customer churn" – arising from consumers switching energy suppliers- should be accounted in energy suppliers' pre-set annual milestones? Please give reasons for your answer.

A. We agree; this approach ensures that the overall incentive to deliver the roll-out is clear and unaffected by any market-churn affecting a particular supplier.

8. Do you agree with the proposal that any post 2020 obligation should be applied to all energy suppliers regardless of size and date of entry into the market? Please give reasons for your answer.

A. We agree, that all energy suppliers should be obliged, otherwise there is a perverse incentive for a small or new entrant supplier to market a 'not smart' offering.

9. Do you agree with the proposal of a mid-point review to revisit tolerance levels within the monitoring framework period in line with market conditions? a. If the answer is yes, when do you think will be the best time for this review? If the answer is no, please explain why not.

A. We agree, a mid point review appears to be a pragmatic suggestion that could take into account any new information coming from the experience of the roll-out. It would seem sensible to pitch this review at a point sufficiently far in that there is useful learning available and early enough to make changes if they are required, therefore we suggest mid 2022 so that any changes could be applied by December 2022.

We do wish to comment on questions 10-14

15. What types of co-ordinated consumer engagement activities are necessary in the period after 2020 to support delivery of a market-wide rollout? Please provide your rationale to support your suggestions.

A. We will be participating in the 'Pilot Area' trial of a more tightly co-ordinated roll-out and looking for any possible new interventions that would help to raise the efficiency of the roll-out. We believe that co-ordinated customer messages will be helpful to counter the dis-information that is being promulgated by some 'anti-smart' campaign groups. Without a consistent central message it will fall to individual suppliers and their delivery partners to overcome these barriers which will divert resource and potentially reduce the effectiveness of the supply chain.

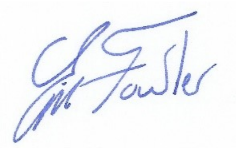
16. What policy amendments or new initiatives you consider will be required to ensure that the consumer benefits of smart metering are sustained? Please provide evidence to support your views.

A. We do not have a response to this question.

17. What other policy measures should the Government consider in order to complement the proposed market-wide rollout obligation? Please give a rationale and evidence to support your suggestions.

A. We believe that Ofgem's forthcoming review of the network price controls should signal that it will take into account the potential need to oblige networks to upgrade some network terminations to ensure that a smart meter can be fitted. This 'joining-up' across the energy sector is necessary because the costs and benefits of installing smart meters may not appear clearly enough to incentive any one party to take the necessary steps.

Yours sincerely,



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cc David Wright, Chair, Association of Meter Operators