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Rob Church
Ofgem
9 Millbank
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Dear Rob,

Re. Monitoring suppliers' smart meter roll-out activities' (April 2014)

ElectraLink Ltd is pleased to respond to Ofgem's consultation entitled 'Monitoring suppliers' smart meter roll-out activities' (April 2014). In accordance with our central role as service controller of the Data Transfer Service (DTS) to the GB electricity market we have focused our response on those areas most closely aligned with our experience, knowledge and core competencies. Please note that this response builds on our earlier response to Ofgem's consultation entitled 'Supplier reporting to Ofgem during the smart meter roll-out' (30 July 2013), ref. 135/13. Our earlier response was addressed to Dora Ianora and was submitted on 04 October 2013.

Ofgem's open letter consultation sets out additional proposed requirements on suppliers for providing regular reports on the roll-out of smart meters. The proposals in this consultation are in addition to those set out in Ofgem's July 2013 consultation. In particular, this open letter consultation describes specific data that it intends to collect from suppliers, how Ofgem proposes to manage the burden on suppliers in relation to reporting and seeks views on its proposals.

In general ElectraLink supports Ofgem's approach to developing reporting arrangements, particularly its desire to reduce the burden on suppliers who will have similar requirements to report to DECC and other organisations¹ on their progress as part of the smart meter roll-out. We believe that it is correct to consider ways to improve the efficiency of reporting as this will help to keep costs down, which are ultimately passed on to consumers.

¹ For example, the Smart Meter Central Delivery Body

ElectraLink believes that Ofgem and the industry can minimise the regulatory burden by reusing existing infrastructure where possible and collecting data on the smart meter roll-out using centralised reporting services.

About ElectraLink

ElectraLink was established in 1998 to procure and manage a regulated data transfer service that underpinned the newly formed competitive domestic electricity supply market. Since this date ElectraLink's Data Transfer Service (DTS) has effectively facilitated electricity retail market competition by supporting customer switching, settlement, agent management and meter administration business processes. Also, ElectraLink has expanded into the gas retail market and operates a commercial network service that supports the competitive gas metering market. ElectraLink is therefore unique amongst the central bodies in its offering of dual fuel services, recognising the dual fuel nature of the rollout of smart meters and the growing demand for dual fuel services in order to derive cost and operational efficiencies.

In addition to its core network services, ElectraLink has developed commercial data services over the last two years, which take advantage of the unique data set that is sent over the DTS. The capability to intercept and aggregate this market data was granted to ElectraLink by the users of the DTS in February 2012, who recognised the ability to leverage additional value to industry through the aggregation and analysis of this data by a central body.

ElectraLink's permission to develop data services is dependent on compliance with certain rules set out in the Data Transfer Service Agreement. These rules:

- Restrict data services from providing details of individual consumers or market participants identities and site specific data, unless the data services customer has a right to this information;
- Ensure services are designed that improve or enhance efficiency in energy markets or customer's operations, or enable benchmarking of individual parties activities against the rest of industry; and
- Exclude the use of vulnerable customer data (i.e. the D0225 data flow) in the development of data services.

ElectraLink is able to provide data services to DTS Users, Market Participants (i.e. parties involved in the supply of electricity or green deal arrangements) or energy services company. Where a service is intended to be provided to a party that is not a DTS User, ElectraLink must seek the permission of the DTS Users to do so, on an individual service basis.

The ability to access the data that flows across the DTS has enabled ElectraLink to analyse industry data and processes across the whole of GB. Thus ElectraLink is already providing centralised reporting services to Energy UK and other central bodies as well as specific reports for individual market participants.

The following are examples of two reports we provide that demonstrate our relevant experience:

- Centrally reported change of supply statistics – Energy UK requested that ElectraLink provide a data service that centrally reports on customer switching statistics. They required a cost efficient service that effectively reported on activity across the whole of GB by all retail market participants. This was so they could monitor and demonstrate the performance of the whole GB electricity retail market.
- Centrally reported smart meter roll-out statistics – we provide one of the largest electricity suppliers with regular details of the numbers of electricity smart meters installed by it and by the rest of the market across GB.

ElectraLink also provides comprehensive governance services to support the electricity and gas markets. For example, ElectraLink is the central body responsible for administering the Distribution Connection and Use of System Agreement (DCUSA) and Supply Point Administration Agreement (SPAA) as well as having been selected to support the Smart Metering Installation Code Of Practice (SMICoP).

Question 1: Do you consider that the above proposals place a fair and proportionate regulatory burden on suppliers?

In order for Ofgem’s proposals to place a fair and proportionate regulatory burden on suppliers, they will need to effectively balance the costs of producing reports against the benefits of the reported data. In this respect they should seek to avoid placing unnecessary and unreasonable costs on suppliers.

Whilst ElectraLink is not a licensed supplier we believe that our experience and corporate knowledge put us in a strong position to advise on the means and costs of reporting on activity in the GB retail market.

ElectraLink believes that the overall regulatory burden can be minimised by ensuring reporting requirements:

- Are clear and consistent – so suppliers know specifically what should be reported and can efficiently and effectively develop or procure processes or systems to produce the data;
- Ensure comparability and integrity of data – In order to fully and confidently monitor the progress of the whole market and of individual suppliers, data reported should be complete, accurate and easily comparable. Failure in this regard can result in incomplete analysis or the costly re-submission of reports;
- Ensure timely provision of data – One reason for monitoring supplier’s roll-out progress is to enable problems that may jeopardise the SMIPs success and suppliers’ compliance with licence obligations to be identified and remedial action be taken quickly. A failure to identify and act on issues quickly may result in more costly remedial action at a later stage;

- Avoid ‘variations on a theme’ – that is, organisations should avoid requesting, what is in effect, the same data using marginally different requirements. For example, on the one hand requesting numbers of meter installations by number of customer and on the other hand requesting numbers of meter installations by number of properties, or number of meters etc. This inconsistency can add unnecessary cost and complexity when producing reports. A coordinated set of requirements could enable the creation of a single overall dataset that would avoid the costs of producing and reproducing similar data sets for different recipients. This overall set of requirements and dataset could then be easily filtered, aggregated and sorted to suit the more specific requirements of different recipients.
- Reuse existing infrastructure and capabilities – overall costs to suppliers can be minimised by re-using existing industry systems and services. Ofgem’s plans that only the larger suppliers should report on roll-out plans and the data items specified in the most recent open letter consultation so as to reduce protect the smaller suppliers from the costs of reporting. However this approach will result in an incomplete record of the smart meter roll-out. In this respect Ofgem must consider that the costs of reporting outweighs the benefits of complete information. A centralised approach to reporting may provide a more cost effective alternative that provides a full view of installations without requiring smaller suppliers to report individually. We summarise how ElectraLink may be able to support this alternative approach below.

Ofgem’s most recent open letter consultation does not provide any details as to the specific rules for calculating data items, the format for reporting or how reports should be sent to Ofgem. These elements are important in determining the overall regulatory burden on suppliers and also on Ofgem. For example, should the definition for a requirement lack detail and be ambiguous, it could result in data being reported inaccurately and inconsistently, which affects the value and comparability of the data, or may result in costly resubmissions or amendments to requirements. ElectraLink recognises that Ofgem plans to publish a joint response to this most recent consultation and its earlier consultation and ElectraLink believes it will be essential to define the specific requirements at that time so efficient reporting systems can be developed.

Question 2: Can you propose alternative methods of monitoring suppliers’ activities in these areas which are as or more effective, while imposing less of a burden?

ElectraLink believes that reusing existing infrastructure and centralised reporting would impose less of a regulatory burden on suppliers and Ofgem by improving the efficiency, speed, coverage and consistency of reported data.

Further to our response to Ofgem’s original consultation on smart meter roll-out reporting, we consider that by co-ordinating reporting requirements, reusing existing infrastructure and delivering a central reporting service, the following advantages could be realised:

- A single, authoritative view - consolidated inputs from different sources would enable a single source of smart meter data that would better facilitate consistency and comparability, and provide a single, authoritative picture of GB activity. Such a central source would make the job of finding relevant, reliable data simpler and less costly for Ofgem, DECC, market participants and if considered appropriate, other interested parties, e.g. consumer advocates, the Smart Meter Central Delivery Body, trade associations, the press. It would also limit the burden on smaller suppliers.
- Avoids duplicated effort - A central service provider could help to avoid or reduce the need for individual suppliers to create variations of the same reports and for recipients to have to cleanse and consolidate multiple, potentially inconsistent, data sources. Furthermore, by reusing existing infrastructure the costs of building new systems or reporting tools can be avoided or minimised, thus reducing consumer costs.
- Flexible reporting – a central service provider would be able to quickly and efficiently aggregate or disaggregate a single data set to meet the reporting requirements of different users. These reports could be setup to automatically generate according to a schedule or on an ad-hoc request basis.
- More effectively take advantage of existing central data sources, e.g. the data sent over the Data Transfer Service (DTS), the data stored in DNOs’ Meter Point Administration Services (MPAS) or in the GTs’ Sites and Meters database. Existing central data sources may be a more efficient means of gathering relevant smart meter data. In addition, these existing central data sources carry with them other complimentary data sets that could be combined with smart meter data to provide a richer view of activity in the GB retail markets.
- Secure and auditable communication of data –use of ElectraLink’s DTN, which incorporates encryption, digital signatures and a virtual private network, would enable suppliers or a central service provider to securely report on roll-out activity to Ofgem knowing that sensitive customer information will not be compromised. In addition the reporting would be audited so as to record when and what was reported by market participants. ElectraLink’s DTN already underpins the communication of data essential for interoperability in the electricity and gas retail markets, as it carries messages for all retail market participants in the electricity market through support of the Data Transfer Service and a large number in the gas market through its RGMA and NOSI messaging services.

Based on the reporting requirements proposed by Ofgem, ElectraLink could centrally report on performance by all electricity suppliers in the following areas:

Proposed Reporting Requirement	Could ElectraLink provide a centralised service?
Req 1 - Number of customers who had a smart meter installed and the number of these who had an IHD installed	<p>Electricity Smart meters = Yes, ElectraLink has full coverage of all smart electricity meter installs since May 2012.</p> <p>IHDs (provided with an electricity meter) = Yes , but only for suppliers that use the DTN to update the central registration database (MPAS), i.e. all suppliers except SP and SSE who choose to use their own internal systems.</p> <p>Gas smart meters and IHDs = Yes – gas suppliers and their agents use ElectraLink’s DTN and Xoserve’s IXN to communicate details of meter installations. Therefore with appropriate permissions, ElectraLink and Xoserve could work in collaboration to provide a complete view of all smart meter installations in the gas market.</p>
Req 2 - Number of Priority Services Register customers who had a smart meter installed and the number of these who had an IHD installed	Yes, if ElectraLink were given a consolidated view of electricity suppliers’ PSR customers and the DTSA was updated to allow ElectraLink permission to monitor the PSR data flow (D0225).
Req 3 - Number of IHDs reported faulty within a year of smart meter install and number replaced at no cost	No. Suppliers and MOPs are not required to use regulated data flows to communicate IHD faults.
Req 4 - Number of IHDs reported faulty within one and two years of smart meter install, number replaced and number of months after install that IHD became faulty	No. Suppliers and MOPs are not required to use regulated data flows to communicate IHD faults.
Req 5 - Number of customers who gave notice that they don’t want a smart meter	No. Suppliers are not required to use regulated data flows to communicate details of customers who refuse a smart meter.
Req 6 - Number of customers with traditional PPM who have smart meter installed	<p>Yes - Electricity. Can report all smart meters that replace a traditional electricity PPM, where the smart meter was installed after May 2012 and PPM either installed after May 2012 or PPM property subject to change of supply since May 2012.</p> <p>Yes – Gas. As described above, with appropriate permissions, ElectraLink and Xoserve could work in collaboration to provide a complete view of all smart meter installations in the gas market.</p>
Req 7 - Number of instances of theft reported following smart meter installation, estimation of volume of energy stolen and recovered	Partially. ElectraLink has visibility of data flows used to report suspected theft but suppliers and agents probably do not use the data flows to report theft in detail, and the outcome and volumes are not within the message flows.
Req 8 - Number of customers that have smart meter installed by postcode	Yes. ElectraLink has visibility of electricity smart meter installs since May 2012 and can report these at different postcode levels (e.g. postcode area, postcode district, postcode, sector or full postcode).

General comments regarding Ofgem's reporting requirements

Focusing on the specific reporting requirements set out by Ofgem, we have the following general comments:

- Clear and common requirements – it is important that Ofgem, DECC and others provide clear reporting requirements that enable reports to be produced easily and in a format that is comparable. Clear requirements reduce costs and maximise value by providing certainty to those who provide the data and to those who use the data. In this respect, Ofgem should note that customers, meter points, IHDs and properties don't necessarily share a 1:1 relationship. That is, a single property or customer may have multiple meters and IHDs related to it. Therefore, Ofgem (DECC and other central bodies) should consider collaborating to ensure clear requirements that enable cost effective analysis.
- Risk of double counting – there is a risk that SMETS1 meters are replaced with other SMETS1 or SMETS2 meters, particularly as a result of a change of supply event. In this instance it is possible that both the original and new supplier will report the installation of a smart meter. Suppliers may also have access to incomplete records and meter history, a centralised reporting method would enable the true status of the roll-out to be more accurately monitored.
- Breakdown of different meters – there may be value in reporting on the numbers of different types of meters being installed. For example understanding the numbers of non-SMETS2 meters, may help to track issues regarding enrolment into DCC services or compatibility issues as a consequence of change of supply.

If you have any questions in relation to our response or would like to discuss the options for data reporting in more detail, please do not hesitate to contact me (0207 432 3004 or gavin.jones@electralink.co.uk) or my colleague Nicholas Rubin (020 7432 3026 or nicholas.rubin@electralink.co.uk).

Yours sincerely,



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