

Evidence gathering session on Non Domestic agenda

Agenda items circulated in advance of the Evidence gathering session on Non Domestic	From	Ofgem
	To	Stakeholders
	CC	
	Date	23 April 2010

1. Questions for non domestic stakeholders evidence gathering session

This note sets out a range of questions for the session with non domestic market stakeholders scheduled for the afternoon of 23 April 2010. The questions are designed to gather evidence on key issues in the non domestic sector to facilitate detailed analysis of these issues including:

- Is there a case for any further variations in smart functionality for the non domestic market beyond the IHD and gas valve exceptions already set out in DECC's December 2009 decision?; and
- The Central Communications Provider (DataCommsCo or DCC), will provide communications and data services to the domestic sector. What are the pros and cons of requiring suppliers in the non domestic sector to use DCC for communications with (a) smart meters and (b) AMR meters?

Some Background

An evidence gathering session was held with selected stakeholders on 14 April 2010 to discuss the scope of functions of DCC.

The following functions that could potentially be undertaken by DCC were discussed:

- Access Control
- Communications management (incl Head Ends)
- Meter / supply point registration
- Data Retrieval by DCC on behalf of suppliers
- Data Processing¹ (incl Data Storage)
- Data Aggregation
- Settlement (Supplier Volume Allocation)

The following options were identified with respect to the scope of DCC's functions:

¹ This refers to Data Collection as defined in the BSC excluding the data retrieval aspects.

OPTION A: *Comms (incl Head Ends and Gateway) and Access Control only: DCC's scope would be limited to Communications Management, Head Ends, Gateway and Access Control – i.e. the minimum to deliver a secure and reliable communications conduit model. DCC would also hold the "head end" for all meters to ensure inter-operability on change of supplier. Suppliers would use the central communications to access smart meters and retrieve data themselves. This option would include a universal gateway/interface for interactions with industry participants. DCC would be a user of the existing industry meter registration services (DNOs, xoserve, iGTs) and would have interfaces to each one to enable meter access to be controlled with respect to the comms addresses of each meter point.*

OPTION B: *Option A plus Data Retrieval, Data Processing, Data Aggregation and meter registration functions: In addition to Option A, DCC's scope would include scheduled Data Retrieval by DCC on behalf of Suppliers (but suppliers would retain access to meters for ad hoc data retrieval, configuration etc), and the Data Processing and Data Aggregation functions specified in the BSC. DCC would also provide a central service for meter registration for gas and electricity, either as an agent of the network companies or as a direct responsibility; and*

OPTION C: *Option B plus Supplier Volume Allocation: as for Option B but also including the supplier volume allocation elements of central settlement. This will involve moving the SVA processes from Elexon to DCC as well as moving the Annual Quantity (AQ) and Reconciliation By Difference (RBD) processes from xoserve to DCC.*

The stakeholder evidence gathering session held on 14th April discussed these options in some detail. The view was that Option A represented the essential functions which, as a minimum, would need to be in place on Day 1 and which could be established relatively soon. While the preliminary view was that Option A was likely to deliver most of the benefits identified in the DECC IA, there was some uncertainty about a proportion of the benefits associated with change of supplier. It was agreed, however, that the implications of this option will not be known until its impact is assessed thoroughly. It was therefore agreed that impact assessment should be undertaken and provided to the Programme by those present.

Options B and C were identified as having the potential to represent an enhanced or "optimum" scope for DCC (subject to impact assessment and without consideration of the timescales for establishing DCC). There was also general agreement that to go further

than Option A would need to be justified on the basis of an incremental cost benefit analysis/impact assessment. It was agreed that an "Optimum" solution, with a roadmap set out for change after Day 1, should be backed up with CBA/impact assessment including milestones for incremental change.

Stakeholders present at the evidence gathering session on 14 April, agreed to undertake an impact assessment, including cost benefit analysis, of Options A, B and C outlined above and to provide the results to the Programme. The impact assessment of Options B and C should also include, where applicable, incremental cost/benefit analysis and the timescales/milestones for any incremental change. Stakeholder feedback on this matter is expected to be provided to the Programme by mid May.

There are a number of options for the application of DCC in the SME sector, including:

1. DCC cannot be used for SME meters
2. It is up to the market whether to use DCC for Smart Meters or AMR
3. DCC must be used for Smart Meters but optional for AMR
4. DCC must be used for Smart Meters and AMR
 - ❖ Large non-domestic meters could be allowed to use DCC as a possible extension of options 2-4

Questions for the session scheduled for the afternoon of 23 April 2010

General

1. If full smart meter functionality and DCC are not used, how is inter-operability going to be secured:
 - a. in the non domestic electricity sector?
 - b. in the non domestic gas sector?
2. What are the implications of non-domestic consumers contracting for smart/AMR metering services directly with service providers?

Meter Functionality

3. In what respect, if any, does the functionality of advanced metering offer benefits to consumers that are not available from smart meters (based on DECC's high level functional requirement) for (a) typical advanced electricity meters and (b) typical advanced gas meters? Could such functions be provided to a smart meter platform?
4. Would AMR providers use domestic specification smart meters when these became available in volume? If not, why not?
5. To what extent can AMR functionality facilitate the development of Smart Grids and, are there any potential limitations?
6. What proportion of SME customers could be expected to benefit from pre-pay electricity supply contracts that would require a metering system that permitted remote interruption of supply?
7. What level of commercial interoperability exists in the (a) the electricity AMR market and (b) the gas AMR market today that ensures a new supplier can access the existing AMR system?

8. To what extent can experience with interoperability issues in the larger non-domestic sector usefully inform thinking in relation to the SME sector?

Central Communications Provider

9. Is there any evidence which suggests that competition would be impacted by the use of DCC in the SME sector?
10. What level of data granularity and frequency of data is required to facilitate the delivery of benefits for SME customers as envisaged in the DECC SME impact assessment? To what extent do AMR providers offer "real time" information on customers' energy usage?
11. With regard to the data referred to in the previous question, is it extracted from the meter locally and communicated to the consumer directly (e.g. through a display device) or downloaded from the meter via the Wide Area Network (WAN) and made available to the consumer via the internet or by other means of communication? Please differentiate between electricity and gas as necessary.
12. What would be the implications for Smart Grids if non-domestic customers with smart meters were treated differently with respect to the application of DCC??
13. Are security and data privacy requirements different for non-domestic meters and if so, in what way and what is the reason for this?