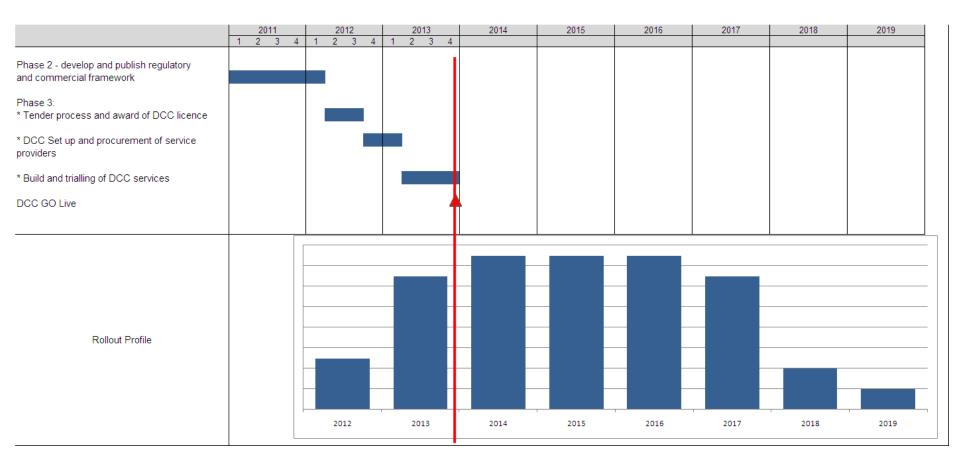


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STAGED IMPLEMENTATION - TIMETABLE

Overview of delivery timetable





Rationale for 'staged approach'

Consumer benefits will be realised as soon as meters and IHDs are installed – benefit delivery is determined by supplier rollout

Option 2:

Total costs	10,051	Total Benefits	15,040	
Capital	3,770	Consumer benefits	6,800	Significant areas of benefit
Installation	1,607	Energy saving	4,468	can be realised without
O&M	671	Load shifting	736	
Comms upfront	822	TOU tariffs	390	central comms
Comms O&M	1,318	EU ETS	354	
Energy	709	Global CO2 reduction	640	
Disposal	40	Reduced losses	213	
Pavement reading inefficiency	311	Supplier benefits	6,762	
Legal, setup, IT and organisational costs	665	Avoided meter reading	2,872	
Integrate early meters into DCC	137	Inbound enquiries	1,032	Figure 2 – Roll out profiles
		Customer service overheads	179	
		Debt handling	1,053	
		Avoided PPM COS premium	974	Option 1. Full Establishment
		Remote (dis)connection	239	
		Avoided site visit	413	Option 2. Staged Implementation
NPV	4,989	Other benefits	1,478	0.2
Average annual impact per meter (£)	3.6	Reduced losses	213	0.18
		Reduced theft	113	0.16
(Stranding costs	820)	Microgeneration	36	0.14
(Stranding from switching	000)	Customer switching	1,117	0.12
				0.08

0.04 0.02

Critical requirement is having regulatory framework which gives suppliers confidence to invest 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026

Components of the regulatory framework

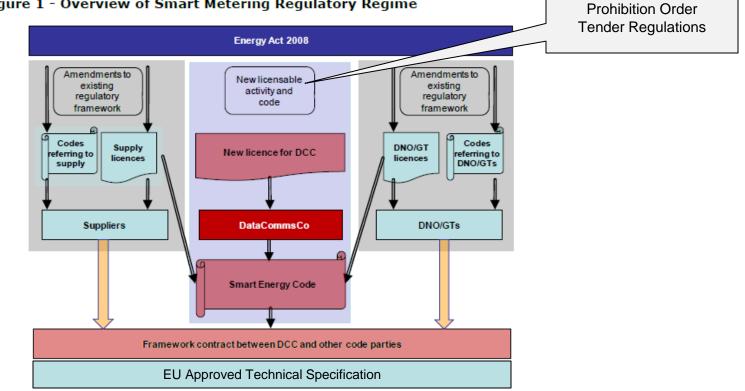


Figure 1 - Overview of Smart Metering Regulatory Regime

Assumptions underpinning Phase 2 timetable (to April 2012)

	Activity	Assumption	Time assumed	Cum.
1	Drafting DCC licence, prohibition order, Smart Energy Code	Run in parallel – recognises inter- dependencies	10 wks	10
2	Formal consultation on instruments	Two consultations needed	6 wks each	22
3	Analysis of first consultation responses and re-drafting	Run in parallel across all instruments	8 wks	30
4	Analysis of second consultation responses and finalise legal text	Run in parallel across all instruments	2 wks	32
5	Parliamentary drafting process	Runs one month behind drafting and consultation	4 wks	36
6	EU notification and approval	All instruments count as 'technical specs' which are subject to EU approval	12 wks	48
7	GEMA and DECC Ministerial approval	Proceed in parallel	4 weeks	52
8	Lay instruments before Parliament	Licence and Prohibition Order proceed in parallel	40 days	60
9	Final Ministerial sign-off and publication by SoS	Licence and Prohibition Order proceed in parallel	2	62

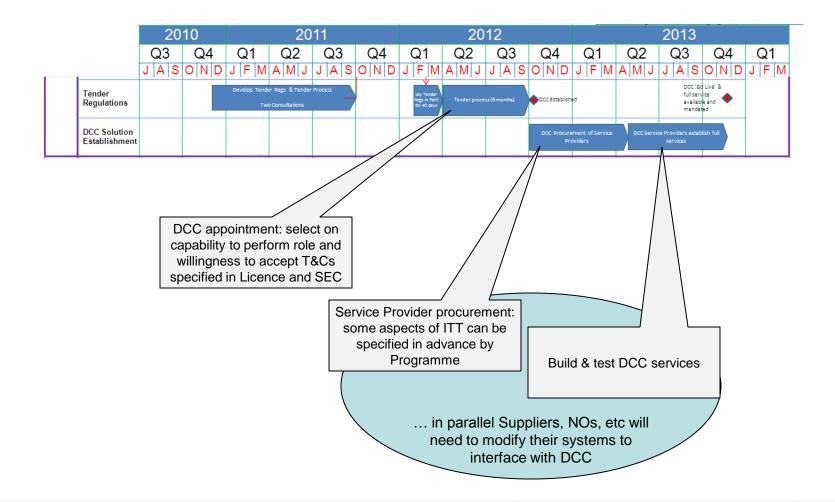
Key planning assumption set by DECC/Ministers is for 'full package' approach to sign-off



Timetable for Phase 2

	2011												2012			
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
													Ofgem		SoS 1 Ch	Publish anges 🔶
Prohibition Order	Order Development (Process run by DECC)			Consultation Amend Order (6 weeks) (8 weeks)			Second Consultati (6 weeks	on Legal	e Parllamentary Drafting Review	Formally Notify EU of any Technical Regulations		Approval Process Ministerial Sign-off	Lay before Parilament (40 days)		Final Minister Approval	
																Publish
													Ofgem			anges 🔶
Draft Licence	Draft DCC Standard Licence Conditions		e	Consultation Amend Licent (6 weeks) (8 weeks)			Second Consultati (6 weeks	on Legal	e				Approval Process Ministerial	Lay before Parilament (40 days)		Final Minister Approval
				1			(0 // 25/3	,					Sign-off			
	SEC Working Group (monthly, meetings)			•							Ofgem / DECC Internal					
Smart Energy Code	Draft Smart Energy Code			Consultation Amend SSEC (6 weeks) (6 weeks)			Second consultation	Finalise Legal Text for					Ministerial Smart Energy			
							(6 weeks)	Proposal					Sign-off (whole package)			
	Consequential Licence Changes – Gas & Electricity						consult (6 weeks)						Ofgem / DECC Internal			
onsequential Licence	Consequential Code Changes – All Code Owners					0	onsult (6 weeks)	Amend				Approval Consequential Code and Lice				
and Code Changes	Placeholder for Consequential Changes to Agreements					0	Consult (6 weeks)						Ministerial Sign-off (whole	Changes Available	able	
									T I				package)			
Development of Tender Regulations	internal Prep Work		Amend		Final Draftin Tender Regulation	endors of Te	/ DECC sement ender egs					Ministerial Sign-off (whole package)				

Award of DCC licence and procurement / build of services





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