

Briefing Memo for expert group - Premise roles and responsibilities

This memo summarises the discussion of SMG Sub-Group 3 regarding the roles and responsibilities at the consumer premises on 21 September 2010.

From	Smart metering Programme
To	Expert Group Members
cc	
Date	22 September 2010

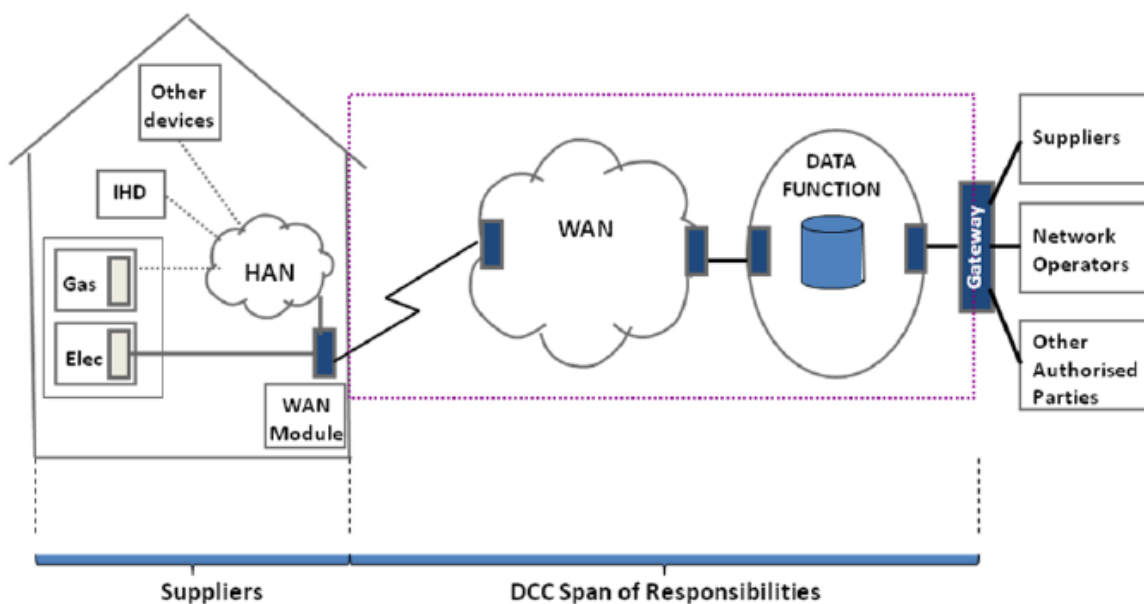
Introduction

1.1. This memo summarises the discussion of DCG Sub-Group 3 regarding the consumer premise roles and responsibilities for shared equipment held on 21 September 2010. The discussion covered two topics: firstly who is responsible for the installation / maintenance of the Wide Area Network (WAN) module and secondly who should have enduring responsibility for the shared infrastructure.

Responsibilities and obligations in relation to smart meters and associated equipment

1.2. The proposed responsibilities for different elements as set out in the Smart Metering Prospectus are set out in Figure 1 below.

Figure 1: Proposed smart metering responsibilities



1.3. Under the proposed arrangement the DataCommsCo (DCC) will act as a data and communications procurement and contract management entity primarily responsible for providing a wide area network (WAN) that reaches all domestic customer premises.

1.4. Under the 'supplier hub' principal, suppliers will have responsibility for the installation and maintenance of the smart metering system. This means the supplier will be responsible for provision of metering and metering services, although it might discharge these responsibilities through an agent.

1.5. The proposal, as set out in the Smart Metering Regulatory and Commercial Framework supporting document, is that suppliers will also be responsible for the WAN communications module at the customer premises, the home area network (HAN) that enables communications with other smart meters within the premises, an in-home display (IHD) and other shared devices and equipment.

1.6. The proposed allocation of responsibilities aligns with suppliers' existing presence at the premises and relationships with customers. Under the proposals, only a single party (suppliers) will require access to customer premises, with the DCC purely a procurement and contracting entity responsible for procuring and contract management of WAN services.

1.7. The allocation of responsibilities also means that installation and maintenance risk of both smart meters and associated shared equipment within the customer premises are all with the same party.

Discussion of DCG Subgroup 3WS3: Roles and responsibilities at the consumer premises

1.8. The group considered two issues:

Issue 1: Who is responsible for installation / maintenance of the WAN module; the DCC or Suppliers?

Issue 2: Who should have enduring responsibility for shared infrastructure at the consumer premises?

In the subsequent sections we outline the discussions, views and arguments put forward and highlight issues identified where further thought is required.

Issue 1: Who is responsible for installation / maintenance of the WAN module; the DCC or Suppliers?

1.9. The group considered physical ownership, installation and ongoing maintenance of the WAN module to be separate aspects of the question. Views were held that:

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- **Ownership:** the WAN module was considered the end point of the WAN infrastructure and should be owned by the DCC. The group considered that there were three particular benefits arising from this approach:
 - it was argued that the DCC would be able to procure WAN modules more effectively. As multiple types of modules would be required it would be more difficult for a supplier to procure effectively. The DCC as a mandatory party would therefore be better placed to procure WAN modules effectively.
 - DCC ownership of the WAN module would simplify processes during changes of supplier.
 - The group argued that the DCC would be the only party who in practice would be able to maintain and co-ordinate a technology strategy.

The suppliers installing meters in an area would therefore be able to collect the appropriate modules from the DCC service providers prior to installation.

- **Physical installation:** the energy suppliers should be responsible for installation of the WAN module alongside the installation of the meter. This was also considered to include the "end to end" testing of the module in order to ensure that it functioned properly

- **Ongoing maintenance:** it was argued that suppliers should be responsible for maintaining any equipment in the consumer premise. Similarly if equipment was inappropriately installed or damaged during installation, then it would be for the supplier to remedy.

1.10. Overall throughout the discussion strong views were held that there should be a single interface for the consumer and that irrespective of whether or not the suppliers or DCC owned the WAN module, the consumer facing contacts would all be undertaken by the suppliers or their agents. Suppliers may choose to appoint DCC's service providers as agents for the purpose of the management of the WAN module

Issue 2: Who should have enduring responsibility for shared infrastructure at the consumer premises?

1.11. The Regulatory and Commercial framework supporting document which formed part of the smart metering prospectus identified three options for the enduring responsibility for the shared infrastructure at the consumer premises:

- **Option 1:** Separate smart metering systems are installed for each fuel. This would mean that the opportunity for shared infrastructure could not be taken.
- **Option 2:** Arrangements are put in place that facilitates the sharing of assets installed by one supplier with the customer's other supplier. Under this option the first supplier to install a meter would install the shared assets and retain responsibility for the ongoing maintenance of the asset.
 - A possible variant of Option 2 outlined in the prospectus is to have an arrangement where if the gas supplier is the first to install, the common equipment is transferred to the electricity supplier later when the electricity smart meter is installed. This would need to happen on standard terms.
- **Option 3:** The electricity supplier will be required to install its smart meter and supporting systems in the customer premises ahead of the gas supplier. Under this approach, the electricity supplier would always be responsible for provision and ongoing maintenance of the shared assets.

1.12. The view was held that the obvious disadvantages of Option 1 meant that it was unlikely to present a compelling option. It was however noted by members of the group that in practice there would be circumstances where two WAN modules would be necessary for an installation. In particular this would be a case where connection may not be achieved between the meters over the HAN due to factors such as distance between meters or building fabric.

1.13. The group considered that in principle option 2 would provide a suitable starting point. It was however highlighted that this option still raised a number of practical issues and that a number of procedures and processes would need to be developed to address these. In the subsequent section we highlight these issues.

1.14. Option 3 was considered to be unlikely to be practical and the view was held that a variant of option 2 was more likely to be preferable.

Issues regarding Option 2:

1.15. The group considered several aspects of how Option 2 would work in practice. In particular it identified that under this option a number of practical challenges occur:

- a) how is the lead supplier, responsible for the shared infrastructure tracked?

- b) who does the consumer contact if he has a problem with the shared infrastructure?
- c) if the DCC detects a fault to the shared infrastructure (through for example an interruption to his data feed) which one of the suppliers does it contact to undertake the work?
- d) if the consumer contacts the distribution company regarding the fault, who does the distribution company pass the call to?
- e) How are costs shared or recovered equitably between the two suppliers?

1.16. A further question that was but not identified but not discussed, was the question of who would become the lead supplier in the instance where a dual fuel consumer switched one of its fuel suppliers to a different party.

1.17. The group considered that the arrangements for the shared infrastructure should be governed by a number of higher level principles. These are summarised in box 1.

Box 1: Higher level principles for how consumer facing arrangements and charges should work for shared infrastructure

- The consumer must be able to call only one party i.e. they should not be referenced to anybody else,
 - There should be a one-stop shop on issues
 - There should be equitable charging arrangements for all installation/ maintenance costs,
 - The arrangements should support open competition in the provision of services to suppliers (and the DCC),
 - Risks should be allocated appropriately to parties who can manage them.
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1.18. From these principles higher level processes for the five issues where discussed by the group.

a. Tracking the lead supplier

1.19. In order for arrangements for shared infrastructure in a premise to operate in practice it would be necessary for a body to track who the lead supplier is. The group considered that this role could be filled by the DCC.

b. Contact point for consumer if its has problem with the shared infrastructure

1.20. The group considered that when responding to a consumer call it should be the responsibility of the supplier receiving the call to arrange for the problem to be remedied. The supplier would then recover part of the cost of responding to the call from the other supplier. Since a supplier would not know who the supplier of the other fuel is the recovery arrangements would need to be handled through the DCC. It was further noted that since the In Home Display would be likely to be branded, the tendency would probably be for consumers to contact the lead supplier who provided the IHD.

c. Contact point for the DCC if it detects a problem with the shared infrastructure

1.21. The group considered that a likely scenario would be that the DCC would be the first to detect a problem with shared infrastructure. This could materialise through an

interruption to the data received from the electricity or gas meters (or both). This raised the question of which party the DCC would contact if a fault was discovered to the shared infrastructure. A number of considerations were raised:

- There may be a case for the DCC to contact the lead supplier.
- There may be a case for developing a procedure whereby the DCC would contact the supplier best placed to respond to the issue (due to for example geography)
- If the DCC detected that the fault was with for example the gas feed it may be appropriate for the DCC to contact the gas supplier who would be responsible for the gas meter.

1.22. A further issue identified by the group could occur if the DCC detected a fault that is also reported by the consumer. In order to avoid confusion for the consumer it would be useful for reported issues to be tracked. One option would be for issues to be reported and logged centrally by the DCC.

1.23. Overall the group was not able to establish a view on this subject and considered that it would need to be discussed further.

d. Contact point for Distribution companies if they get contacted by consumers regarding the shared infrastructure

1.24. The group considered the case where distribution companies the first point of contact by consumers who discovered an issue with the shared metering infrastructure equipment. The group considered that a procedure would be needed for the distributor to raise issues with the suppliers. It was considered that this would be likely to be through the DCC, however it was also recognised that this would present a challenge similar to the one faced when the DCC detected a fault.

e. Cost recovery for work undertaken by one supplier on the shared infrastructure

1.25. The group considered that in order for a shared infrastructure arrangement to work, and not unduly discriminate against the supplier it would be desirable for that supplier to undertake the work to fix a problem at the consumer premise to be able to recover at least part of his costs for this work from the other supplier.

1.26. The point was however raised that the cost recovery arrangements could become important to ensure the supplier did not have perverse incentives. It was considered that this may be a case for charges to be published to avoid perverse incentives on the supplier responding to a call to inaccurately report the cost of responding to the call.

Further work

It was considered that further work may be needed by the group. In particular the processes for how maintenance/repair activities were logged and allocated would need some further discussion and thought.