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Promoting choice and value
for all gas and electricity customers

Smart Metering Implementation Programme

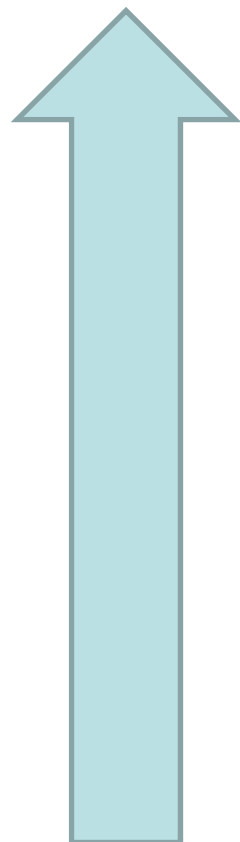
DCC Expert Group

1 September 2010

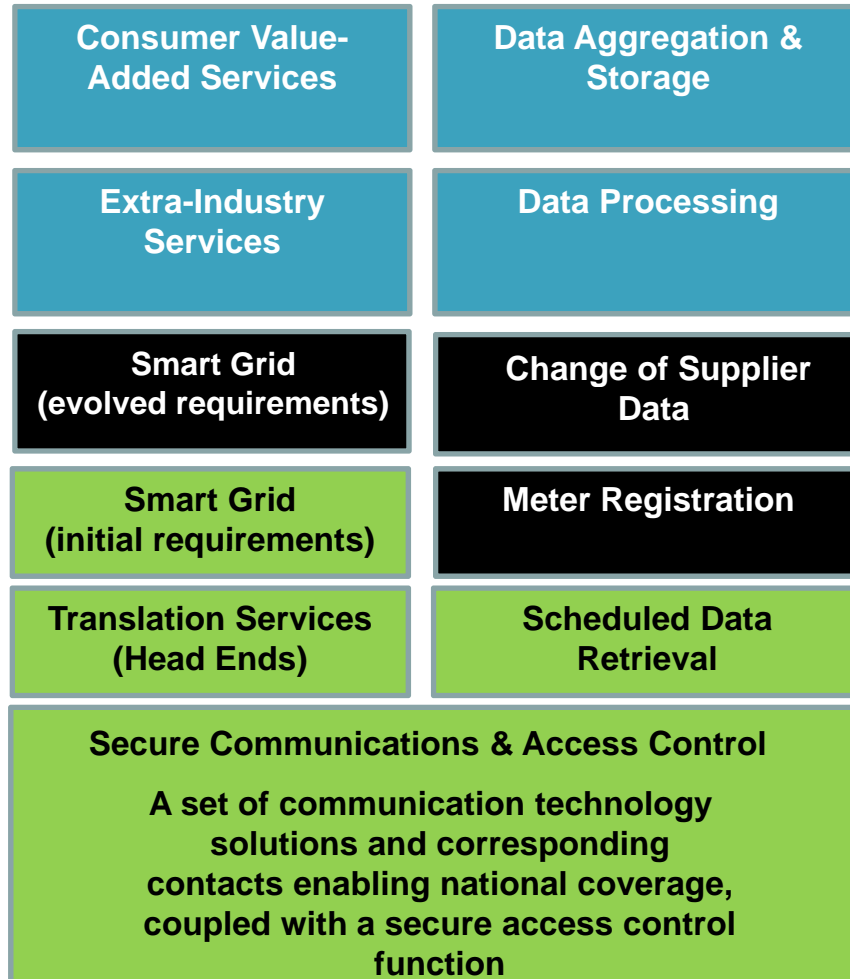
Data and Communications: Key proposals

- **Scope**
 - New single entity covering gas and electricity on a GB-wide basis – DCC
 - Initial scope - secure two-way communications and access control, translation services (head ends) and scheduled data retrieval
 - Timing of inclusion of master registration – subject to cost/benefit analysis
- **Establishment**
 - DCC - a licensed entity responsible for procurement and contract management, which will be independent from providers of data and communications services
 - DCC's licence granted by GEMA following a competitive licence application process
 - DCC to procure data and communications services to meet user requirements as these evolve over time
- **Governance**
 - DCC regulated through its licence, with details of interfaces with industry and user requirements set out in a new Smart Energy Code

DCC: Scope

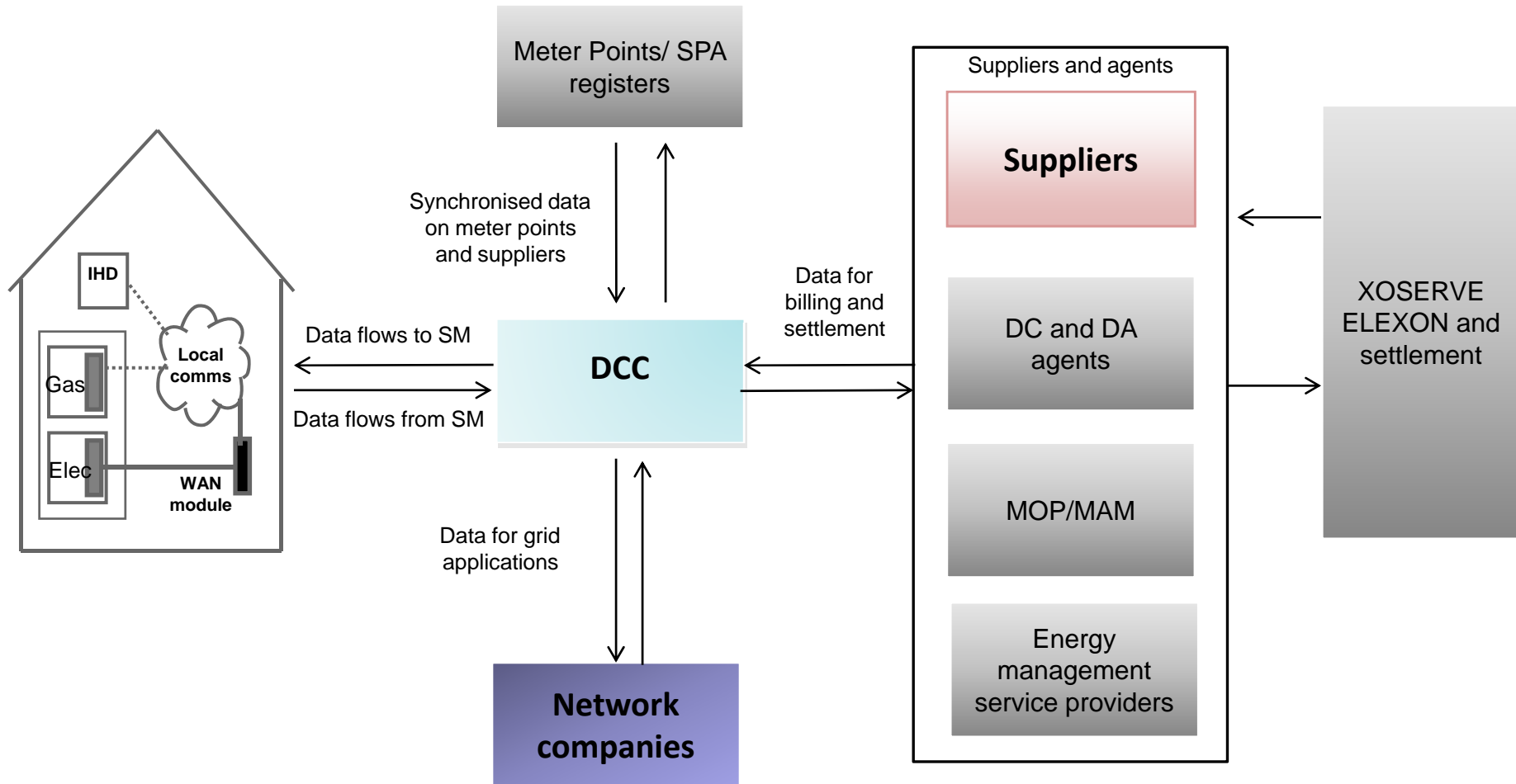


Evolution and flexibility

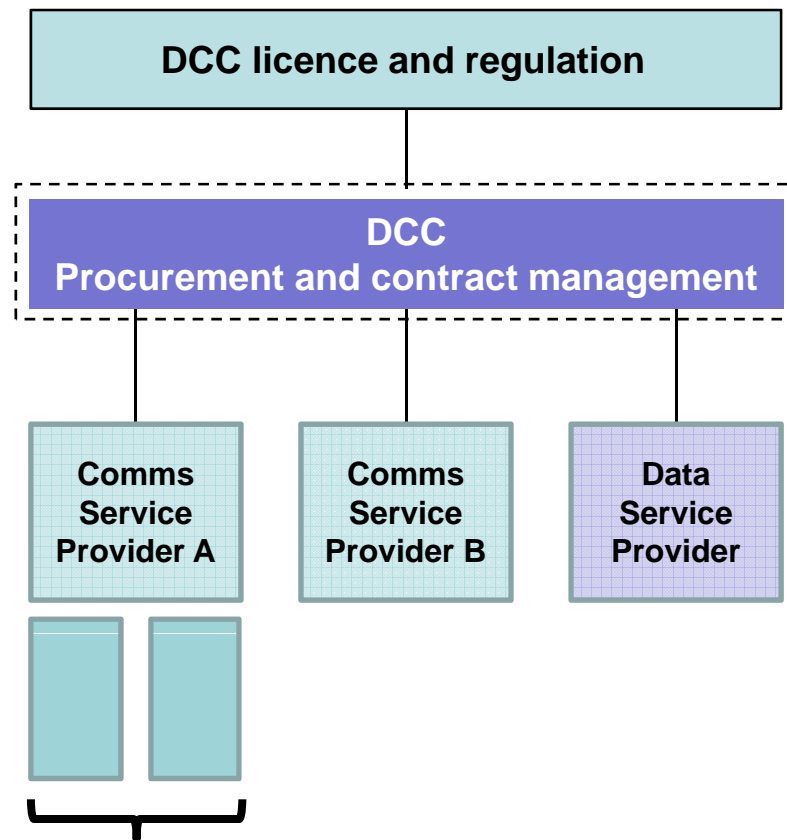


- Require further analysis
- Should be enabled over time
- Proposed Initial Scope

Initial Scope of DCC if registration not included



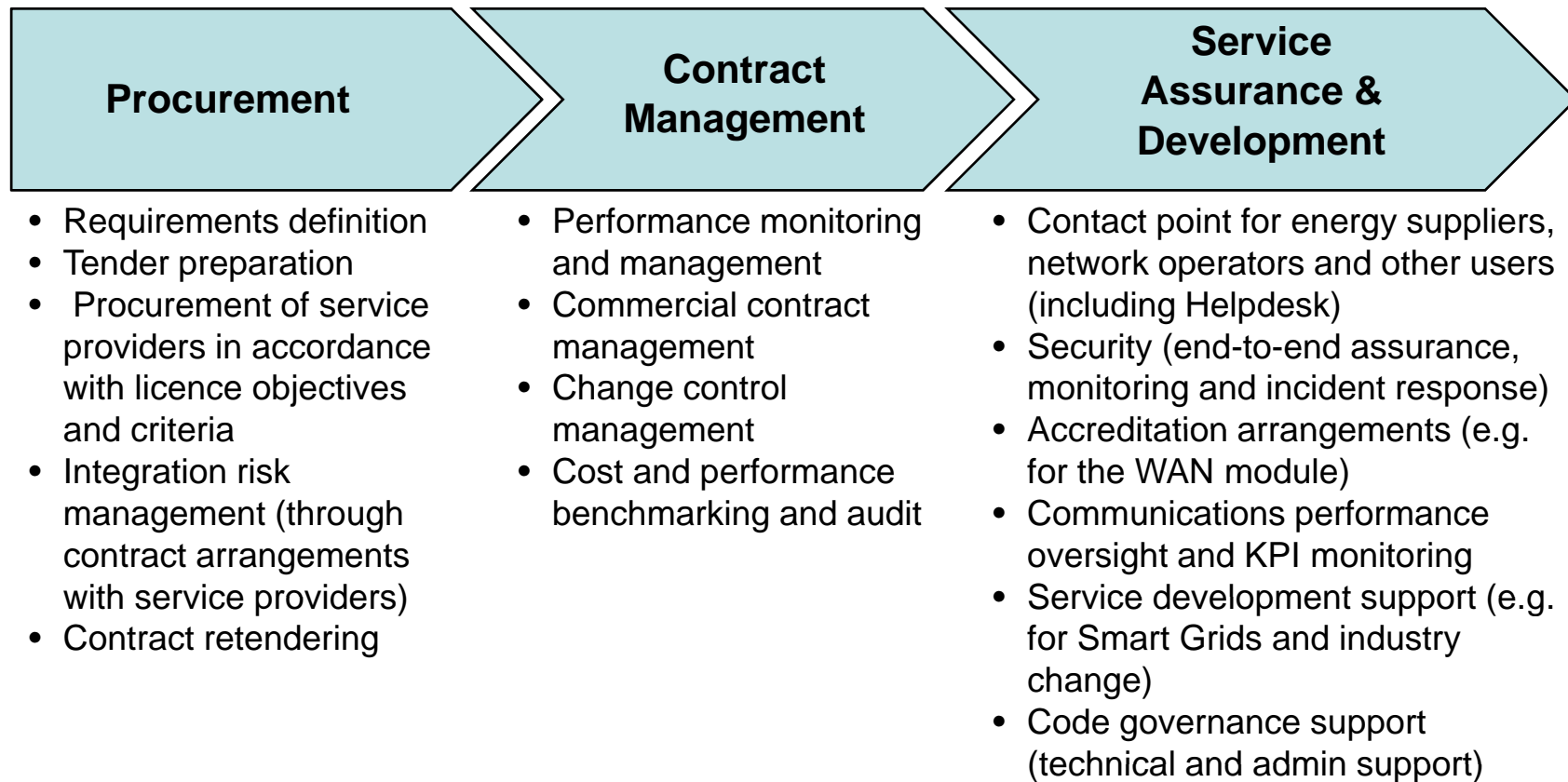
DCC: Establishment and governance



Sub-contracted comms

- **DCC regulated under a new licence**
- **DCC will act as procurement and contract management entity**
- **DCC to procure data and communications service providers**
- **Providers may sub-contract for services**

Ongoing activities of DCC



DCC: Benefits of proposed approach

- **Scope**
 - Initial scope - timely set-up while delivering majority of benefits
- **Establishment**
 - Flexibility for evolution
 - Builds on existing industry models
- **Independence of procurement and contract management function from service providers**
 - Scope for effective competition
- **Governance**
 - Licensed entity - certainty to all stakeholders

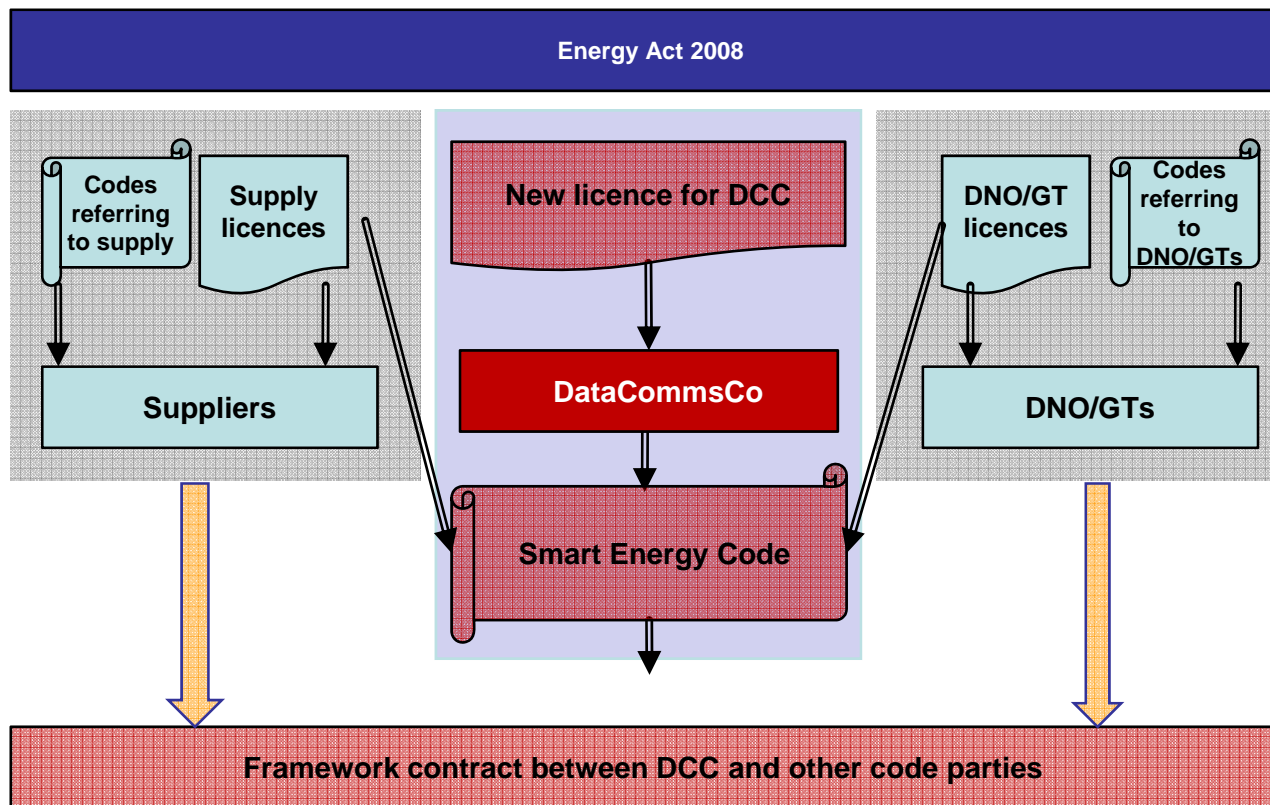
Data Privacy and Security: Key proposals

- **Data privacy:**
 - Consumers are at the heart of the decision-making process
 - The consumer shall choose in which way consumption data shall be used and by whom, with the exception of data required to fulfil regulatory duties
- **Security:**
 - End-to-end security is being built-in from the start
 - A full Impact Assessment will be developed
 - The DCG actively identifying any security and data privacy issues related to each of the aspects covered in the DCG's scope of work

Smaller Non-Domestic Sector: Key proposals

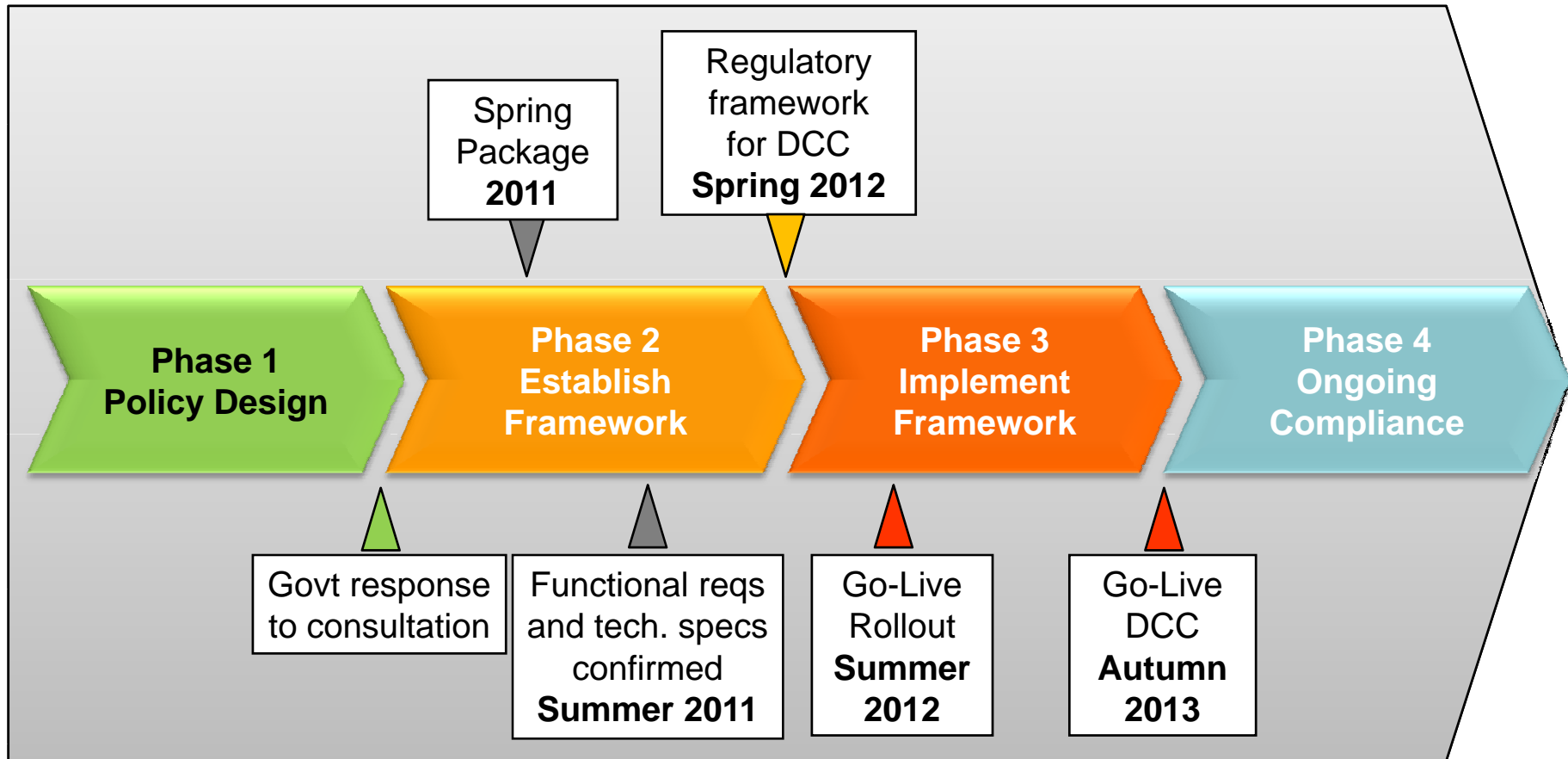
- **Use of DCC (smart and advanced)**
 - Suppliers or agents not required, but have the flexibility, to use DCC
- **DCG**
 - Impacts of optional use?
 - Service offers and limits on services?
 - Broader use of DCC by larger sites?
 - Provision of data for smart grids - appropriateness of DCUSA rules, need for new rules/licence conditions?
 - Interim interoperability work – lessons for non-domestic sector?

Regulatory and Commercial Framework



- Amendments to existing regulatory framework
- Proposed new regulatory instruments
- New contract to give force to provisions of the Smart Energy Code

Implementation timetable



Implementation Strategy: Key proposals and features

- **Set timetable**
 - Certainty to individual participants
- **Staged approach to implementation**
 - Early benefits to consumers and managed risk for DCC establishment
- **Maintain competitive energy markets and consumer protection**
- **Establishment of two expert groups, an Implementation Coordination Group and wider engagement activities**

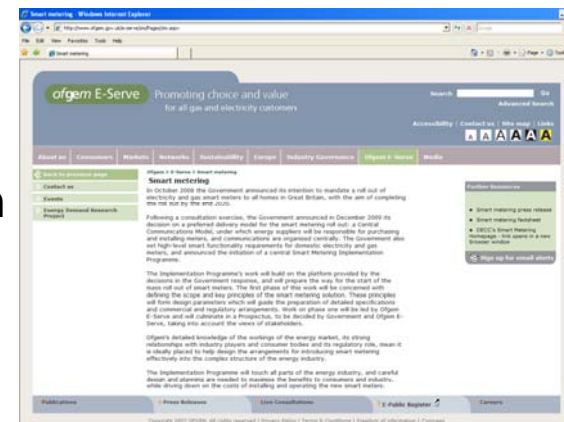
Consultation and transparency

- **Two response dates:**

- **28 September:** Priority questions *asterisked* in Appendix 1 of Prospectus:
 - Statement of Design Requirements
 - Implementation Strategy
 - Rollout Strategy
- **28 October:** All other questions

- **Transparency**

- Expert group material will be published on the website



Stakeholder Engagement: Existing and new

Existing engagement (maintain and develop):

- Consumer Advisory Group (CAG)
- PSAG, SMUG, Disability Advisory Forum
- Workshops
- Bilateral meetings

New engagement:

- Smart Metering Design Group (SMDG)
- Data and Communications Group (DCG) } Including Communities
- Implementation Coordination Group (ICG)
- Consumer and rollout workshops

This Phase

- Continue and extend our engagement with stakeholders, including through the establishment of two expert groups
- Analysis and evaluation of Prospectus proposals
- Input into the Government Response
 - Along with responses to prospectus
- Next level of detail
 - Preparatory activity that feeds into the next phase of the Smart Metering Programme

Workstreams

Smart Metering Design	Data and Communications	Smart Metering Rollout
<ul style="list-style-type: none"> • Critique the Smart Metering System Services, • Critique the Functional Requirements Catalogue, • Evaluate and analyse existing smart metering (or other relevant) standards and specifications, • Consider options and existing technological solutions for assuring security, • Identify technical issues related to smart meter installation and propose solution options, • Identify any priority areas for pilot trials, • Consider the proposed governance arrangements for the Functional Requirements Catalogue and Technical Specifications, 	<ul style="list-style-type: none"> • Assessment of the user requirements related to DCC's proposed communication and data services, • Assessment of the impact of the proposed DCC scope options on existing regulatory and commercial frameworks, and industry processes, • Cost-benefit analysis of DCC scope proposals, • Assessment of options arrangements to facilitate the proposed staged implementation approach of the programme, • Assessment of proposed implementation timeframes for establishment of DCC and its services; • Assessment of options with respect to key aspects of the establishment and operation of DCC, • Assessment of options with respect to roles and responsibilities for smart metering equipment at the customer premises. • Critique of proposals for a Smart Energy Code, including proposed contents and governance arrangements 	<ul style="list-style-type: none"> • Assessment of an appropriate rollout profile for the completion of the smart meter rollout, • Consideration of the nature of supplier licence obligations, • Consideration of the review process to be used to assess progress with the rollout, • Facilitate development of codes of practice around the installation visit, • Investigate initiatives to promote consumer engagement

DCG membership (=23)

Stakeholder	Category
Consumer Focus	Consumer Organisations
First Utility	Suppliers - Small
Utilita	Suppliers - Small
ICOSS	Suppliers - I&C Mkt
British Gas	Suppliers - Big 6
EDF Energy	Suppliers - Big 6
EON UK	Suppliers - Big 6
RWE Npower	Suppliers - Big 6
Scottish and Southern Energy	Suppliers - Big 6
ScottishPower	Suppliers - Big 6
Energy Retail Association (ERA)	Suppliers - Big 6

Stakeholder	Category
Energy Networks Association (ENA)	Network Operators
Energy Networks Association (ENA)	Network Operators
Association of Independent Gas Transporter (AIGT)	Independent Network Operators - Gas
Energy Services and Technology Association (ESTA)	Energy Services/ Management Companies
Association of Meter Operators (AMO)	Meter Operators/ Owners/Finance Companies
Intellect UK	Comms
SBGI	Metering / Data and comms
Electralink	Central Body
Elexon	Central Body
Gemserv	Central Body
xoserve	Central Body
Ofcom	Regulators

DCC Expert Group (DCG) - Subgroups

- Subgroup 1
 - Assessment of the user requirements related to DCC's proposed communication services
 - Assessment of the impact of the proposed DCC scope options on existing regulatory and commercial frameworks, and industry processes
 - Cost-benefit analysis of DCC scope proposals
- Subgroup 2
 - Assessment of options arrangements to facilitate the proposed staged implementation approach of the programme
- Subgroup 3
 - Assessment of options with respect to roles and responsibilities for smart metering equipment at the customer premises
 - Assessment of options with respect to key aspects of the establishment and operation of DCC
 - Critique of proposals for a Smart Energy Code, including governance arrangements

DCG – Community of Technical Experts

- Companies invited to express an interest in having the opportunity to respond to DCG's information requests
- Expected information requests
 - Subgroup 1
 - Costs/benefits and timeframes of a number of scenarios for the user requirements related to DCC's communication services – Early October
 - Cost/benefits and timeframes of scenarios for DCC scope of data activities – Mid October
 - Subgroup 2
 - Analysis of options to facilitate interim interoperability