

Mr. Tabish Khan
Smarter Markets
Ofgem
9 Millbank
London
SW1P 3GE

February 3rd, 2012

Dear Mr. Khan,

Supporting effective switching for domestic customers with smart meters

Please find First Utility's response to the above statutory consultation below.

First Utility, as the first UK energy supplier to install smart meters free of charge to our customer base, recognises the importance of further advanced technology in the energy sector that will help customers engage more effectively, and the need for the interoperability of such technology to be monitored. The focus on the interoperability of ADMs with regard to customers changing supplier is obviously to the advantage of the consumer as any loss in functionality of said meter, such as access to consumption data, would be to their detriment. Therefore, the final proposals facilitating the retention of the advanced capability of ADMs after supplier transfer and the responsibility of both the installing supplier and the incoming supplier to advise the consumer of any potential loss in functionality due to that transfer are welcomed.

However, while we support the obligation for suppliers to advise consumers of potential loss of functionality of their ADM upon change of supplier, we are still concerned as to how the details of the customer's ADM are gathered, the accuracy of this information, and how this is provided to the consumer. There are current measures in place to ascertain a meter type during the sales process, for example economy 7 meters and prepayment meters, however, due to the many variations of AMDs in use at present and those that will be installed during the foundation stage, we are of the view that a central database (ECOES/SCOGES) should be incorporated into this process allowing a potential supplier the necessary information required to correctly identify the meter type and functionality in order to inform the customer of any services that may be lost if they were to switch supplier. If such a mechanism were to be used, this must be acted upon quickly to ensure sufficient testing is carried out prior to its implementation.

Regarding compliant smart meters that have been or will be rolled out, First Utility is concerned that some incoming suppliers may not be able to utilise the compliant smart functionality of said meter and as such, may only pay a dumb rental for that meter. For those suppliers who do not own their compliant smart meters, this will result in the withdrawal of funding or higher rental costs in order for the owner of the asset to be fully compensated for the meter should it be used as a dumb meter after change of supplier. Our own rental costs for the assets are predicted to rise by 80% due to uncertainty that the full smart meter rental may not be maintained after transfer of supply. This uplift in rental cost is not sustainable for a supplier trying to offer a competitive service to the



consumer and as such we request some assurance that the installing supplier will not be penalised for recognising the importance of smart meters and rolling these out in line with the national programme.

Regarding suppliers' obligation to offer services to maintain relevant functionality of an Advanced Domestic Meter after exceeding the threshold, First Utility is interested to know what costs would be incurred throughout this process and who is liable to incur those costs. Also, we would appreciate clarification as to whether the request for the relevant services from the incoming supplier needs to be made during the transfer process or whether the request for these services can be requested at a later date, for example one year after the customer has switched to the new supplier (in the case of a customer switching without the incoming supplier being aware that an ADM has been installed).

However, despite these minor concerns we regard the steps taken by Ofgem in relation to these issues as a definite step forward which will assist both competition and consumer engagement as regards the national smart meter rollout programme.

Please do not hesitate to contact me should you have any questions or require any further information.

Yours sincerely,

Jamie Linton

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Regulation and Compliance Analyst

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