

Implementing the Energy Efficiency Directive provision for easy access to 24 months of daily/weekly/monthly/annual consumption data for consumers with smart meters – Consultation Document

Executive Summary

Energy UK is the new trade association for the gas and electricity sector, representing a wide range of interests and driving forward the debates on the UK's strategy for achieving a low carbon, secure and affordable energy future. It includes small, medium and large companies working in electricity generation, energy networks and gas and electricity supply, as well as a number of businesses that provide equipment and services to the industry. Energy UK welcomes the opportunity to respond to this consultation on behalf of the members of its Supplier Requirements for Smart Metering project group.

Energy UK welcomes the opportunity to respond to the consultation, which comes at a critical time in the progress of Government's Smart Metering Implementation Programme. The GB smart metering technical specifications, and requirements and obligations on suppliers will already deliver a significant increase in the level of energy consumption information available to consumers where a smart meter is installed – specifically, the availability of 13 months' worth of half-hourly energy consumption information via the HAN. This level of information is widely accepted as being of real value to consumers for a wide-range of uses including being a key enabler for helping consumers understand where they might be able to reduce their overall energy consumption. The additional requirements included within the Energy Efficiency Directive might therefore appear unnecessary, adding very little additional benefit over and above that of the availability of the GB's agreed specifications and requirements.

That said, Energy UK recognises that Government must put in place measures for delivery of the requirements of the Directive, and Energy UK supports the changes to SMETS2 and the Comms Hub Technical Specification (CHTS) to support the collection and storage of 24 months' worth of daily consumption information provided that there is no material increase in costs to smart metering equipment. However trivial the costs might appear to be, Energy UK supports the need for Government to carry out, and publish Cost Benefit Analysis in order to provide confidence in device manufacturer's assumptions that there is no impact on smart metering equipment costs.

When transposing the requirements of the Directive into GB specific legislation, it is essential that Government focuses clearly on delivering obligations on suppliers that are fit for purpose, and that can be delivered by the capabilities of smart metering equipment installed at customers' premises. There will be instances where failure of smart metering equipment will mean that historic information is irretrievable, and instances where equipment installed does not have the technical capability to record and store the required information (such as SMETS1 meters). In such circumstances, any new licence obligations on suppliers will need to clearly state that information can only be provided where it is available. .

Response to Consultation Questions

Question 1: Do you agree with the preferred option for delivering the Directive provision and the analysis of options? Are there any additional benefits or risks that need to be considered?

Energy UK response:

Energy UK and its members believe that the requirements under the Directive are clear, in that energy suppliers, upon request from a final customer, shall provide access to 24 months' worth of historical, daily energy consumption history where a smart meter has been installed. Access to this data shall be provided either via the internet or via the meter interface.

In terms of delivery options, there is no consensus position between Energy UK's members on whether Option's C or D would best reflect the Directive's requirements. However, all of Energy UK's members agree that careful consideration will be required in terms of drafting of a new licence condition to ensure that the requirements as laid out in the Directive meet the expected intention. Energy UK has a number of concerns in relation to potential technical constraints that may impact suppliers' ability to meet the requirements of the Directive, and these are discussed in more detail below, and throughout this response.

There are some risks and issues that need further consideration:

SMETS1 meters: The most obvious risk being that Government's interpretation of the Directive is that the requirements apply to all compliant smart meters. Energy UK believes that the intention of the Directive and its references to the 3rd Energy Package (which includes the requirement to carry out a Cost Benefit Analysis for rolling out smart meters, and to do so where there is an economic case) is for the provision of such information where the technical capability of smart meters exists.

For GB, SMETS1 meters will not have the technical capability to store 24 months' worth of historical daily consumption information, and based on what Energy UK believes is the intended nature of the Directive, there should not therefore be any requirement on suppliers to comply with the Directive's requirements where a SMETS1 meter has been installed. If Government interprets the Directive to be applicable to SMETS1 meters, this is likely to require suppliers to collect and store a level of consumption information that many of the Privacy Groups have been lobbying against as part of Government's Data Access and Privacy framework development over the last 2-3 years.

Exchanging devices: Government is silent on its expectation on energy suppliers' ability to meet the requirements of the Directive where there is a need to change either the electricity smart meter or the Comms Hub already installed. The 24 months' worth of daily history will be stored in the memory of those devices, and there is no allowance for the transfer of data from one device to another in any of the technical/security requirements or operational documentation for smart meters. In a straight forward device exchange scenario, a supplier would need to identify that the customer is receiving services under the Directive, and then take appropriate steps to make sure data is downloaded either by the supplier (where data is being accessed via the internet), or by the customer (where data is being accessed via the meter interface) prior to the device exchange taking place. This has the potential to introduce additional requirements on suppliers above and beyond those currently envisaged.

In some cases, where there has been a catastrophic failure of a device, historical information may be irretrievable. Further consideration will be required when writing any licence obligations on suppliers in this area. Energy UK would therefore recommend a simple recognition within the licence condition that 24 months' worth of historical daily consumption data will not always be available.

Impact on consumers and consumer engagement: Energy suppliers will only be able to provide historical consumption information to their customers for the period they have resided at the premises. Therefore the requirement to provide 24 months' worth of daily consumption information is only possible where their customer has been the tenant/owner/occupier for a continuous 24 month period.

There are already a significant number of regulatory and legislative requirements on suppliers to provide consumers with varying levels of information about their energy use. With an additional requirement under the Energy Efficiency Directive, Energy UK believes that a thorough review of the regulatory and legislative obligations should be carried out to remove unnecessary duplication that will ultimately lead to consumer confusion and an overall increase in costs.

Question 2: Do you agree that including the capability in SMETS 2 meters as standard is a sensible approach?

Energy UK Response:

It would appear sensible to include the capability to store 24 months' worth of daily consumption information in SMETS2 meters and Comms Hubs as part of the standard specification. Equipment manufacturers have indicated that the costs of additional memory and processing capability are very low, but this view is only valid against the current requirements. If there are further requirements that require additional incremental capacity, their view may well change. Their current view is also based on an assumption that a decision is made before more detailed design work takes place for SMETS2 meters and Comms Hubs. Therefore, it is essential that a decision is made to include the requirements at the earliest opportunity in order to provide the necessary certainty that costs won't increase to an unacceptable level.

Question 3: How important is it that there is a consistent approach for consumers accessing data across all suppliers, versus suppliers having the flexibility to decide how consumers can access data?

Energy UK Response:

Energy UK supports consistent approaches for consumers wherever possible to ensure that the consumer experience is consistent and positive regardless of their choice of energy supplier. That said, suppliers must be able to react to the needs of their customers, as well as being able to offer differing products and services in the competitive market. This applies equally to any element of energy suppliers' products and services associated with meeting their legislative and regulatory obligations. Therefore, Energy UK does not believe a consistent approach is either necessary, or required.

We believe the Government should remain focused on delivering the appropriate technical platform through inclusion of technical capabilities included in SMETS2 and the CHTS, and appropriate core service lines from the DCC Suppliers should focus on the delivery of information through the provision of innovative products and services to consumers that meet the intention and requirements of the Directive.

Question 4: Do you agree with the consideration of the costs of the different options? Are you able to provide any further assessment of the potential incremental costs of the options, particularly i) providing access to daily data over the internet or via email, ii) adding the capability to SMETS 2 meters?

Energy UK Response:

Energy UK's members have differing views on the cost considerations of the different options, and our members will respond on an individual basis accordingly.

Question 5: Do you agree with how we propose to make changes to licence conditions and SMETS 2?

Energy UK Response:

Energy UK agrees that it is important that the requirement to store 24 months of data is included as part of the forthcoming EU notification of SMETS2 and CHTS in order to satisfy device manufacturer's assumptions that there is no (or very little) additional cost implications on SMETS2 meters and Comms Hubs.

Whilst one option for implementing a licence obligation on suppliers would be to include the requirements in the general smart meter data access and privacy framework obligations, Energy UK and its members recognise that it is too late at this stage of the regulatory process, and the only option is for a new separate licence obligation.

Energy UK believes that the requirements under the Energy Efficiency Directive should be relatively straightforward to interpret, but it is not essential to finalise them until nearer the June 2014 implementation date. The inclusion of requirements in SMETS2 and the CHTS should give suppliers the appropriate certainty they need and sufficient 'lead-time' to develop and implement operational processes. This is particularly important considering the scope of changes that need to be implemented for smart meters.

Any new licence conditions will need to be clear that:

- There should be no retrospective application of the requirements if technology doesn't provide the technical platform to enable energy suppliers to comply (SMETS1 meters);
- The requirement to provide access to 24 months' worth of historical daily consumption data applies only to final customers upon request;
- 24 months' worth of information can only be provided where the customer has resided at the premise for a continuous 24 month period; and
- Energy suppliers should be exempt from complying with the requirements of the Directive in the event of an exchange of smart metering equipment that results in a loss of stored historical consumption data.

Question 6: Are there any other considerations that have any implications for the best option to implement the Energy Efficiency Directive provision?

Energy UK Response:

There is already a significant level of industry change being progressed as part of the smart metering implementation programme. Additional changes to suppliers' internal systems and processes for compliance with the Energy Efficiency Directive will need to be added to suppliers' internal change programmes for implementation. Whilst the obligations may not be considered onerous by some, they will still need an appropriate level of system and process development time. Energy UK's members will highlight their own views on the potential impact on their internal change programmes, and their ability to deliver the system and process capability as part of their individual responses to this consultation.

Government must ensure that the UK's transposition of the Directive is not overly onerous to implement and is based purely on the ability to deliver the requirements within the technical capabilities of smart meters available at the time the Directive comes into force and beyond. As the Directive has been developed with the capabilities of smart meters in mind, it should not be unreasonable for the UK's transposition of the requirements under the Directive to reflect the technical capabilities of the 2-stage specification definition adopted by Government, especially when considering the reality that SMETS1 was defined, and notified to the EU prior to the requirements under the Directive being finalised.

Finally, the roll-out of smart meters already presents a significant challenge both to Government and industry in terms of the volume, complexity and detail of information communicated to consumers at various points of supplier to consumer interaction going forward. Energy UK and its members believe now is the time for a full review of the regulatory obligations and requirements that suppliers must meet in terms of provision of information to consumers.

There is the potential for a significant amount of duplication that must be avoided at all costs in order to ensure that consumers receive the right level of valuable information, rather than simply bombarding them with various communications of a similar or competing nature. With an implementation deadline of June 2014 for the requirements under the Energy Efficiency Directive, there is ample time for DECC and Ofgem to carry out a review to ensure supplier obligations going forward are reflective of consumer (and current market) requirements.