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## Smarter Energy Insights Forum | 2019

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Further Questions and Answers from our speakers



Confidential

# Smarter Energy Insights Forum

## Q&A Introduction

Our third Smarter Energy Insights Forum was held in London and featured speakers from BEIS, Ofgem, Elexon and the DCC, focusing on issues like the smart meter roll-out, market regulations and the Retail Energy Code.



**On the 16th July we gathered industry representatives to discuss the future of the energy market at Glaziers Hall in London.**

The event was hugely successful - in fact our guests filled the room capacity within the first session. Our expert speakers were incredible at engaging the audience throughout the day, tackling key issues relevant to many of our customers.

We had so many questions asked through the on-line platform sli.do we felt it necessary to provide follow-up documentation to ask all the questions we ran out of time to. We hope you enjoy this content and all of our Smarter Insights Forums - and we look forward to seeing you at our next one!

**Mark Coyle,**  
**Chief Strategy & Marketing Officer, Utiligroup**

**[Join us at the next SEI London Forum in the new year by clicking here to join our mailing list.](#)**

**We're proud to provide a platform to discuss industry change affecting our energy customers; allowing us to engage with key players and industry representatives.**

**Download the presentation pack from our July event by [clicking here](#)**

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Department for  
Business, Energy  
& Industrial Strategy



# Duncan Stone [beis.gov.uk](https://beis.gov.uk)

The government department answers more questions on the smart meter roll-out, SEG tariffs, SMETS 1 E&A and the Retail Energy Code.



**Duncan Stone**  
Deputy Director - Smart  
Meter Delivery

Duncan entered the civil service as an EU policy expert before moving into the energy and climate space. Duncan spent four years delivering electricity transmission capacity for offshore wind farms and increased interconnector capacity. Since 2014 Duncan has worked on smart metering delivery, initially on the new Smart Energy Code and then as Head of Delivery.

**“We encourage stakeholders to participate and take advantage of this knowledge sharing to drive forward resolution of outstanding issues.”**



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**When does BEIS anticipate the smart meter roll out will be complete?**

**BEIS:** The replacement of traditional gas and electricity meters with smart meters is an essential national energy infrastructure upgrade for Great Britain that will help make our energy system cheaper, more efficient and reliable. The Government is committed to every home and small business being offered smart meters by the end of 2020. We have committed to clarifying the policy landscape for the period beyond 2020 this year.



**How realistic is it to expect suppliers to have SEG tariffs in place by end of 2019 when a lot of the infrastructure is not in place to manage - like data transfer?**

**BEIS:** In determining the start date for the SEG (Smart Export Guarantee) we carefully considered evidence from a range of stakeholders on the time needed for energy suppliers to put in place the necessary systems and processes. We note that several energy suppliers are already offering export tariffs to consumers with microgeneration. We are happy to discuss the specific issue in more detail to help support energy suppliers' transition in the run up to the SEG implementation date.



**Customers can refuse a smart meter at install but have no opt out right after it's been installed. This causes complaints. What are BEIS doing to address this?**

**BEIS:** Smart metering will bring significant benefits to consumers and the wider energy system. We expect energy suppliers to have processes in place to respond to concerns about smart metering, including providing information that may reassure consumers. Once installed, energy suppliers are required under their licence to take all reasonable steps to maintain the smart metering system, including the HAN and WAN. Ofgem is responsible for monitoring and enforcing compliance with these licence conditions.



**The multiple issues with SMETS2 meters operating in prepayment mode are concerning, what's BEIS doing to resolve issues?**

**BEIS:** Achieving SMETS2 prepayment at scale is an important part of the rollout and BEIS is actively monitoring industry activities to deliver this. Parties across industry are working hard to address the

remaining issues and progress is being made. A number of energy suppliers are engaged in live customer trials of SMETS2 operating in prepayment mode and we understand that a number of these are planning their wider deployment to start shortly.

Whilst responsibility for completing the work lies within the industry, BEIS for its part is promoting sharing of information across relevant groups both in existing smart metering forums, such as the Common Issues Forum and meter manufacturer user groups. We encourage stakeholders to participate and take advantage of this knowledge sharing to drive forward resolution of outstanding issues. In parallel, there is preparatory work that energy suppliers can do with their various service providers to develop their systems and processes to support SMETS2 in prepayment mode. We encourage suppliers to take all the necessary steps to ensure they are ready to operate SMETS2 in prepayment mode in a timely manner.



**What are you doing to support the roll out in the north?**

**BEIS:** We recognise that there have been challenges with the rollout of SMETS2 in the North CSP region, however installation volumes are now increasing. We are seeing good progress from energy suppliers and their meter manufacturers towards delivery into the supply chain of devices that meet enduring radio-frequency interference limit values.



**There still doesn't appear to be a clear solution for SMETS1 E&A even though the first cohort is due to start next month. What is BEIS view on this?**

**BEIS:** A solution for SMETS1 enrolment was established at a high level of design in June 2017 on the conclusion of the Initial Enrolment Project Feasibility Report (IEPFR). The low level design requirements were established in the SEC documentation that has been baselined at the Technical and Business Design Group (TBDG) since then and shown on the SECAS website. This is the basis on which testing of the solution has been undertaken. In June 2019 BEIS consulted on incorporating these detailed requirements into the Smart Energy Code.



**What are the realistic dates for MOC and FOC for us to work towards?**

**BEIS:** DCC has recently presented some initial planning options to BEIS on MOC and FOC which we are reviewing with them. We will set up a workshop later in the summer for DCC to present refined proposals to stakeholders for discussion (Ed - This has been set for the 5th September).



**Do you think DCC should fall away when the REC is fully established?**

**BEIS:** DCC should not 'fall away' once the Retail Energy Code (REC) is fully established, since the need for DCC to provide its services to those wishing to communicate with smart meters will continue after this time.

Among other things the REC will set out how the DCC provides the Central Switching Service, but other aspects of the DCC's functions will continue to be needed which are not covered by the REC. After the initial phase of operation of the Central Switching Service it is possible for the responsibility for the provision of the system to move to a different provider under REC governance.

# Anthony Pygram [ofgem.gov.uk](http://ofgem.gov.uk)

The government regulator for gas and electricity markets takes more questions from our forum.



**Anthony Pygram**  
Director of Conduct & Enforcement

Anthony Pygram became Director for Conduct and Enforcement at Ofgem in April 2018. He is responsible for Ofgem's oversight of what is happening in retail and wholesale markets, including taking action to prevent or address problems arising. He is also responsible for all of Ofgem's enforcement activity, ensuring strong signals are sent to the market about the standards that are expected.

**“Ofgem’s supply licence conditions put responsibility firmly on suppliers to deliver good consumer outcomes.”**



**ofgem** What do you think is the driver behind faster, specifically next working day, switching? It doesn't seem to be consumer demand driven.

**OFGEM:** We believe competition – combined with price protection for those who need it most – is the best way to drive down prices and drive up customer service for all consumers over time. In a properly competitive market, we would expect the threat of losing customers means suppliers offer all their customers – including those on standard variable tariffs – a good deal. For a market to be competitive, it is vital that consumers can be confident that they can change their energy supplier easily and quickly, or else they may choose not to do so. Consumer research does show that customers expect switching to be considerably faster than it currently is and that some would be more likely to switch if switching was faster. We are keen to ensure that the switching process should not get in the way of innovation in the energy market and we believe that faster and more reliable switching will unlock innovation, create more competitive pressure and improve outcomes for consumers, both in price and quality of service. We want those benefits to be enjoyed by all consumers. The new arrangements will be fit for the changing future.

*A full rationale and Impact Assessment for the Faster and More Reliable Switching Programme can be found in our Outline Business Case.*

**ofgem** Do you think the REC should do performance assurance around supplier customer service?

**OFGEM:** We are consulting on including schedules within the REC that cover direct interactions between market participants and consumers. For example, to resolve problems around erroneous switches, disputed meter reads and crossed meters. Our proposals set out obligations for how customers should be treated and the minimum standards that they should expect as part of problem resolution. These requirements will come under the scope of the REC Performance Assurance Schedule. The Performance Assurance Board will develop a risk register so that it can prioritise its monitoring activity. Further information on the consultation, including on the performance assurance arrangements, can [be found here](#).

**ofgem** Will consumer choice whether they have a smart meter or not ever be removed? Or do we wait for traditional becoming unavailable or cost prohibitive to serve?

**OFGEM:** BEIS are responsible for the smart metering policy and regulatory framework and, under

that framework, consumers can choose not to have a smart meter. However, choosing not to have a smart meter will mean that they don't have access to all the available tariffs on the market.

**ofgem** A lot of benefits being discussed are based on consumers agreeing to share their personal data (energy consumption). What happens if the majority opt out?

**OFGEM:** There are many benefits for consumers in entrusting their data is used appropriately, and it is up to market actors to ensure that consumers are incentivized to use their data.

**ofgem** Could Time of Use actually be detrimental to vulnerable customers who don't have alternative sources to switch to - who don't have EV or battery?

**OFGEM:** We expect that the reduction in system costs arising from a smart, flexible energy system will benefit all consumers, whether or not they are on a smart tariff. Without smart tariffs total system costs will be significantly higher, but consumers will continue to have a choice as to what type of tariff to choose. Ofgem's supply licence conditions put responsibility firmly on suppliers to deliver good consumer outcomes. The addition of a broad vulnerability principle compels suppliers to identify and support vulnerable consumers. They must ensure that their products – including smart time-of-use tariffs – are appropriate to the circumstances of vulnerable consumers.

**ofgem** Are you working to align regulations for domestic and I&C consumers. There are a lot of things that are elective or optional for I&C?

**OFGEM:** The joint Ofgem-BEIS Future Energy Retail Market Review is considering how the current market design may need to change to reduce barriers to innovation but also ensure the interests of both domestic and non-domestic consumers are protected. Larger non-domestic customers such as I&C typically have more expertise and resource available to engage with their supply arrangements than domestic and smaller non-domestic consumers, so it is likely that regulation will continue to differ for larger non-domestic consumers. However, we are keen to hear from stakeholders where they feel there is merit in aligning regulations.

We are also currently conducting a Strategic Review of the microbusiness retail market specifically, seeking to understand market challenges and consumer experiences, noting that microbusinesses can face similar challenges to those faced by domestic consumers. On completion of our evidence gathering activities, we intend publishing an action plan setting out our priority areas for intervention in winter 2019.

**ofgem** New & Replacement Obligation - How can you support suppliers and customers on PPM? If a supplier installs a 3 Phase AMR meter will this count toward all reasonable steps and volume target?

**OFGEM:** Please see our [open letter here](#).

# Angela Love [elexon.co.uk](http://elexon.co.uk)

Our BSC experts cover topics including energy innovations, BSC Modification P332, EV charging and the benefits of taking a more agile approach to industry releases.



**Angela Love**  
Director of Strategy & Communications

Angela Love is Director of Strategy and Communications at ELEXON, the Code Manager for the Balancing and Settlement Code and has over 25 years experience in the utilities sector, covering gas, electricity and water.

Angela has extensive experience and knowledge across the utilities value chain and is highly adept at bringing together and working with stakeholders to the benefit of the market and consumers.

**Q:** Will a more agile approach to industry releases mean suppliers will have less time to impact assess, build, test and implement the industry change?

**E:** The industry releases usually happen every three months but with a more agile approach we are aiming for less complex changes delivered more quickly. While we are trying to improve the time to implement, we will always work with market participants to signal changes and take on board any concerns that they have around implementation timescales.

**Q:** Won't encouraging consumers to shift their demand just shift the spikes to elsewhere in the day rather than flattening demand across the day?

**E:** With the right price signals from suppliers, consumers could receive an incentive to change their energy usage and shift their demand throughout the day.

**Q:** Is there a timeframe to get multiple settlements in place to enable local energy innovations?

**E:** Through a number of modifications to the BSC we are trying to enable multiple Suppliers participation and local energy innovations. For example, through BSC Modification P379 'Multiple Suppliers through meter splitting', consumers would be able to contract with more than one supplier at the same time. (Ed - The current solution includes the concept of a primary supplier, who is the registrant of the smart meter.) Likewise, BSC Modification P375 'Metering behind the Boundary Point' will provide more accurate metering for activities behind the boundary point at which total electricity is settled. Each of these proposals is subject to the BSC modification change and development process. Therefore ELEXON can assist, but is not in control of the timescale for the changes, but hope that their development will be swift.



**Q:** Some suppliers have started complex metering programs such as hydro energy. Do you have a BSCP that supports this?

**E:** BSC supports complex metering activities through BSCP502 and Section 4.9 as well as BSCP514 and Section 8.4. Within these sections you will be able to see what options are allowed to be considered as complex sites. For more information you can get in touch with our metering team at [metering@elexon.co.uk](mailto:metering@elexon.co.uk)

**Q:** Some DCs are happy to under-perform and pay service credits causing settlement issues. How can you support suppliers in this area?

**E:** BSC Modification P332 aims to make Supplier Agents (including Data Collectors) registered parties/signatories to the BSC in order to be accountable to the BSC rules and to any settlement issues. P332 is currently on hold until later in the year awaiting the outcome of Ofgem's Significant Code Review on market-wide Half Hourly Settlement and its policy decision on Supplier Agent functions. Therefore, without any arrangements to the BSC, the only other option is for suppliers to speak to their customers who have contracts with the Data Collectors.

**Q:** Small suppliers lack knowledge in settlements. Some don't understand EFR. What advice and support can you offer?

**E:** Our Customer Operations team has dedicated Operational Support Managers (OSMs) for every supplier and they are happy to provide advice and support to existing and prospective BSC Parties. We also provide training sessions to suppliers upon request. For more information about training and support please see the relevant page of the ELEXON website.

**Q:** How much control of demand will DSOs need as EV charging ramps up at scale?

**E:** Each DNO has different excess capacity and therefore, for some DNOs, penetration of EVs would be less of an issue. However, under the DSO, those networks that have capacity constraints may be able to use EVs as a back-up supply solution.

*Elexon can also provide information on modification proposal and p379 'Multiple suppliers through meter splitting' [by clicking here](#).*

**“We are trying to improve the time to implement, we will always work with market participants to signal changes and take on board any concerns”**

# Fabienne Dischamps [smartdcc.co.uk](http://smartdcc.co.uk)

DCC take more questions around SMETS2, meter functionality and prepayment customers during migration.



**Fabienne Dischamps**  
Chief Strategy & Product Management Officer

With over twenty five years experience in the EU/UK energy market, Fabienne has covered public/government affairs, finance, governance, regulation, legislation, communications and cost/pricing/risk management. Fabienne is highly adept at delivering results for industry and the consumer, with a focus on retail market arrangements, safety and vulnerable customers.



**When will SMETS2 meter services be widely available for prepayment customers?**

**DCC:** SMETS2 prepayment is already available to DCC customers. Though SMETS2 is not widely deployed for prepayment yet, it is growing and more suppliers are providing this for their customers. We're continuously looking at how we can improve SMETS2 for prepayment.

**What meter type is operating most effectively?**

**DCC:** This is a difficult question to provide a definitive answer, and we have a role to protect commercial sensitivity. There are many combinations of technology that are operating now that work very reliably together, and we're happy to speak with customers directly about this when they're making these decisions.

**When are we likely to see elec 3 phase and gas u16 smets2 meters in the market?**

**DCC:** 3 phase electricity meters only represent a small percentage of the domestic market, and because of prioritisation they are still in active development. If customers would like to get involved in the development, we may be able to help. We haven't received much interest in U16 gas meters as they are relatively rare in domestic properties. We would be happy to review this issue if a customer has a query.

**How can you obligate manufacturers to ensure the meter functions properly and doesn't just sit there in dumb mode or with issues like not giving a read?**

**DCC:** Meter Manufacturers need to meet the SMETS2 specification and then pass assurance to be added to the Deployed Products List. Past this point it's not the DCC's role to obligate these parties as there is no regulatory or commercial relationship with them. As the system currently stands, it is the role of the supplier to ensure the meter is operating correctly, and of course we're here to help if needed.

**How will you ensure prepayment customers do not lose supply during migration to DCC?**

**DCC:** A core objective of Smart Metering is to improve the experience of vulnerable customers on pre-payment. This applies too to the migration to the DCC platform of SMETS1 meters on Prepayment mode. We are working closely with energy suppliers to ensure a seamless transition for these live meters.

In addition to rigorous testing before migration and a staggered approach where small volumes are migrated first, we monitor every migration and we recommend energy suppliers have arrangements in place to manage any migration failure notified by DCC.

We also recommend that energy suppliers take steps to ensure that consumers with SMETS1 meters operating in prepayment mode do not go off supply if their prepayment credit is exhausted during migration. This could be configuring a non-disablement period or setting the Meter to credit mode.

**A lot of benefits being discussed are based on consumers agreeing to share their personal data (energy consumption). What happens if the majority opt out?**

**DCC:** At the core of Smart Metering is the consumers ability to maintain their privacy, and choose who they share their data with, which we go to great lengths to respect. This has been defined by both BEIS and the Smart Energy Code, but also GDPR regulations.

We expect in the future there will be applications that consumers will get a real noticeable benefit from, whether that is for insurance, environmental, social care or even health monitoring reasons – and that will be a key driver for consumers to opt-in to share their consumption data.

Even if some customers choose not to share their data, there is still a lot that can be gained from anonymised or aggregated data, which can help with managing the grid and deploying new renewables.

**“We expect in the future there will be applications that consumers will get a real noticeable benefit from...and that will be a key driver for consumers to opt-in to share their consumption data.”**