

## Supplementary written evidence submitted by Mr Derek A Lickorish MBE, Secure Meters Ltd (SMB06)

### Smart Meters Bill

During the evidence session several complex issues were discussed and further information was requested on the following topics:

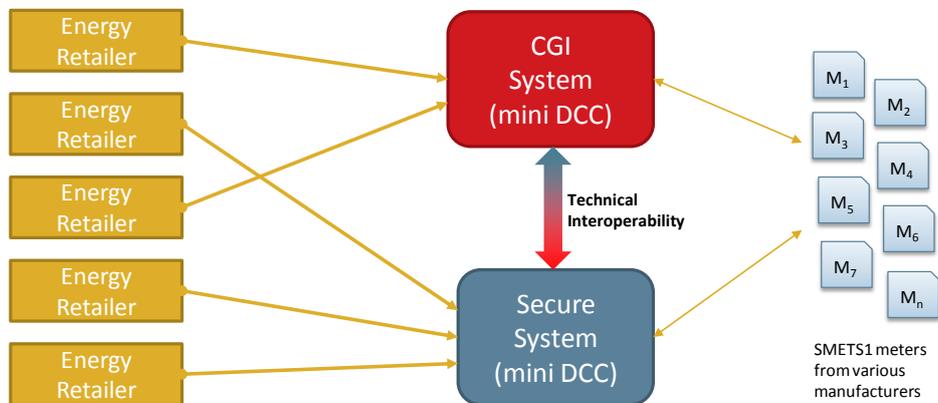
#### Interoperability

Technical interoperability is available **now** for c.95% of the c.7million installed SMETS1 meter estate. This will facilitate change of supplier and enable enduring smart functionality. This has been demonstrated to BEIS.

Mr Lickorish explained that in a SMETS1 world communications between the meter and the energy suppliers were facilitated effectively through 'mini DCCs'. Secure meters and CGI (a mini DCC provider) had made their systems interoperable at the systems data level. Some 36 energy suppliers use Secure's Mini DCC system:

#### Interoperable SMSO – “Mini DCC”

👉 A visual representation....



- Energy retailers can use either of the 2 systems to operate a vast majority of SMETS1 smart meters today

#### What does this mean for Energy Retailers?

- There is no change in their existing business processes
- Energy retailers continue to use their existing mini DCC system (Secure or CGI) to operate any SMETS1 smart meter.
- Energy retailers can gain customers with SMETS1 smart meters and do not need to operate these in dumb mode.

- What does this mean for Meter Asset funders (MAPs)? - No premature removal of assets on change of supplier - Lower rentals for SMETS1 assets across the industry

### What does this mean for the Consumer?

- Consumers can switch their energy retailer, retain smart functionality and have no site visit from the energy retailer.
- Consumers can continue to use smart prepayment or credit/smart functionality after change of supplier

Hence, the interoperable Secure/CGI 'mini DCC' systems enable change of supplier between all such energy retailers while retaining complete smart SMETS1 functionality - no dumb mode, no change of meter, no site visit - and as such energy retailers continue to offer smart functionality to their end consumer, regardless of meter manufacturer.

### Deemed rentals

As discussed at the evidence session, and also described above, SMETS1 **technical** interoperability is available now. However, **commercial** interoperability, in some instances, less so with some very high deemed rentals often creating the perverse swap out exchange of sometimes identical meters at change of supplier which causes significant customer complaint and damages smart meter credibility. This matter has already been raised directly with BEIS by some of the small suppliers. The very high deemed rentals problem, unless it is resolved, may also subsequently manifest in the SMETS2 world as well.

### So what happens in the real world, and how does a big or small supplier end up in this situation?

- Say supplier A, for example, with a Secure Meters DF kit loses a customer to supplier B, who also use Secure's DF kit; a problem arises because A and B have different asset owners (MAPs). If B asks for a deemed rental from the A MAP a big charge is levied as there is no PRP. Hence, Supplier B may go out and remove an identical meter(s) owned by A's MAP and B fits its own identical Secure DF kit MAPs meter to avoid the deemed rental.
- The same scenario would apply for other manufacturers meter etc. with two different MAPs.
- I recognise that MAPs do not want their kit having an uncertain future. This is also exacerbated by the SMETS1 meter end date of July 2018, but these costs need to be brought under control

Hence, there is **not** a 'level playing field' for commercial interoperability. Perhaps the easiest way for this to come about is for BEIS and Ofgem to reach an understanding with energy suppliers and MAPs so that these Change of Suppliers rentals can be subject to tendering in some way and drive these costs down? If this were possible, and also in a context where there needs to be a SMETS1/2 transition plan to say December 2019, this stability would have significant benefits all round:

- A better customer experience on SMETS1 CoS
- Give the programme credibility
- Lower costs to suppliers and consumers
- Allow for DCC to become reliable, scalable, resilient etc
- Allow proper SMETS2 testing and SMDA
- Have contingency and a Plan B
- Give time for Enrolment and Adoption
- etc

As mentioned at the evidence session, it is unlikely to be any different for SMETS2 and particularly so if **device** level interoperability has not been proven/achieved as DCC will not solve that issue as some suppliers perceive. Furthermore, a SMETS2 meter may have a higher risk premium if there is any MAP concern for some or all the DF kit being prematurely removed if another manufacturer's meter(s)/IHD cannot technically coalesce alongside other manufacturers' smart SMETS2 meter(s)/IHD.

## **Smart Meter Device Assurance**

The Smart Metering Device Assurance (SMDA) scheme, established to test the interoperability of equipment as part of the mandated roll out of smart metering, is at a critical stage of its development. Discussions between BEAMA and Energy UK highlighted the need for clarity of the relative positions of the manufacturers and energy suppliers and meter asset providers as the scheme and its future role in the SMETS2 market. The Scheme as proposed is challenging in terms of commercial costs and whether the testing criteria for SMETS 2 devices is fit for purpose as originally intended by stakeholders

## **SMETS1/2 transition plan**

The industry is facing a number of challenges with the proposed July 2018 end date for the installation of SMETS 1 and ramp up of SMETS 2;

- Lack of confidence that SMETS 2 can ramp up by July 2018 based on the very small 250 trial volumes installed today.
- Increased costs for energy suppliers and consumers as installation engineers may be left without SMETS1 or SMETS 2 products by April 2018

It seems sensible that until SMETS 2/DCC is proven to be fully functional, scalable and resilient,, energy suppliers should be allowed to install SMETS 1 and SMETS 2 products in parallel so they can continue to serve their customers with smart functionality and remain on course to achieve the 2020 timescales

## **SMETS1 functionality etc**

It was mentioned by others that SMETS1 functionality is inferior and did not contain 'last gasp'. Secure's SMETS1 meter has a very rich functionality and above that of SMETS2 until some modifications are made by DCC, post mass rollout, for prepayment. Furthermore all Secure's SMETS1 meters have 'last gasp'. This means that in the event of a power failure the meter has residual stored energy that enables it to send a message to 'their' supplier/DNO to advise that supply has been lost.

It was asserted by others that SMETS2 adds to the 'internet of things'. In Secure's opinion the technology being used for the programme is already 8/10 years old, plus the constraint of device level interoperability; these issues will stifle innovation such as this.

## **DCC license revocation**

DCC is a regulated licensed monopoly with the regulator tasked to keep it solvent. So why should it fail? There seems to be only one reason and it may not be a financial reason. The one reason could be that DCC is unable to provide an adequate service for some technical reason or another and is, therefore, considered 'unfit' to provide such a service. At this point Ofgem has the ability to transfer the DCC license to another suitable party. However, the SoS is seeking powers to veto this decision. It must therefore be for the committee to ask the SoS why he needs this power

*Derek Lickorish MBE  
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