

Smart Metering Implementation Programme: ELEXON Response

We believe that ELEXON has valuable expertise to share with the programme, given our history of working independently with the energy industry to manage and deliver wide-scale change through NETA and BETTA. As the scope of the DCC and its business model is discussed in more detail, we are keen to play an increasing role in supporting this programme and contributing our experience of delivering critical central market services through an outsourced partnership model.

Bringing forward the DCC appointment

Given the ambitious timescales to which the DCC licence application and award process is to run, a balance needs to be struck. Bringing forward the appointment of the DCC would bring significant benefits to the programme through shortening the rollout timetable, which would reduce costs and mitigate the risks of service provider contracts that are pre-defined without the direct involvement of the DCC. An appointment that is as close as possible to the establishment of the Smart Energy Code (SEC) would also minimise the impact of unclear accountabilities during an interim rollout period with limited governance.

DCC licence award criteria

While a competitive licence award process will bring benefits, it is essential that the licence award criteria consider key factors that will determine the long-term success of the DCC and aligning of its objectives with those of the programme. Factors to consider include:

- Independence from service providers and wider commercial interests
- Energy industry credibility and the ability to deliver commercial arrangements through major change and manage the subsequent development
- Track record in successfully delivering critical central systems through a regulated business model
- Ability to deliver leading industry governance and change management procedures and protocols
- Organisational values that align with the objectives of the programme.



For more information on ELEXON and smart metering, please visit www.elexon.co.uk/smart, or call [Chris Rowell](mailto:Chris.Rowell@elexon.co.uk) on 0207 380 4337 or [Hayley Dunlop](mailto:Hayley.Dunlop@elexon.co.uk) on 0207 380 4132.

Read the full [Smart Metering Implementation Programme – Response to October Questions](#).

Maximising the potential of the SEC

ELEXON supports the rationale for establishing a Smart Energy Code. We agree it is essential to support smart metering and deliver its benefits. The SEC's support for a dual fuel market is a key step in transforming the central market, and will allow the industry to introduce efficiencies across other codes and processes. Making the DCC responsible for administering the SEC code, as ELEXON administers the BSC, could add significant value. In our experience, code administration overlaps significantly with managing corresponding systems and processes. Having one organisation responsible for these key areas will increase accountability, reduce complexity and duplication of processes, and so improve the customer experience and promote competition by removing barriers to entry.

Meter registration and the DCC

From the outset of the DCC's operations, there will be a requirement to manage smart meter registration data; it therefore appears logical to bring full meter registration responsibility for all new smart meters installed under the DCC, from the day the meter is installed. If this is not done, there is a heightened risk of lost or duplicated data due to the deregistration of dumb meters and registration of smart meters taking place in different systems. We believe that a dual fuel registration system, managed by the DCC, will encourage a simpler change of supplier process – critical to improving consumer experience. We have already investigated how the change of supplier process could be simplified and have shared some of these learnings with Ofgem.

Approach of the DCC to procurement and contract management

We agree with the proposed scope of licensable activity for the DCC with regard to procurement and management of contracts. A centrally managed model is preferable not only because it is simpler and will result in lower costs with less complexity, but also because we believe that Ofgem will have a more robust regulatory framework from which to monitor the market. However, the DCC must be involved in any prequalification discussions with its service providers to avoid the risks of pre-defined contracts. Appointing the DCC earlier in the rollout timetable would enable this.

Managing the transition to smart

In terms of wider impacts of the smart meter rollout, ELEXON has concerns about the transition period, where both smart and dumb meters will operate. During the rollout, additional cost and complexity will be incurred by central processes and systems, such as within settlement and its associated assurance regime. For an extended period, dual standards and assurance processes will be required to service both meter types, and extra safeguards will be required to maintain data quality from the mix of sources. ELEXON also seeks clarification on the planned status of the SEC during the period before DCC go-live, as we expect a governance framework will be required for the already live rollout. This will help to minimise the issues involved in managing a mix of smart and dumb meters.