



CONSULTATION ON CER NATIONAL SMART METERING
PROGRAMME – EMPOWERING & PROTECTING CUSTOMERS

SSE AIRTRICITY RESPONSE TO
THE COMMISSION FOR ENERGY REGULATION

2015

INTRODUCTION

SSE Airtricity welcomes the opportunity to comment on the CER's paper "National Smart Metering Programme – Empowering & Protecting Customers".

SSE Airtricity is the largest independent supplier operating in Ireland with over 800,000 customers served across both electricity and natural gas markets. SSE Airtricity is committed to the development of competition in energy markets in Ireland and to presenting its customers with choice and quality customer services. We continue to be supportive of the NSMP and believe an effective roll out will provide opportunities to directly deliver benefit to our customers, both in terms of the customer experience and optimised energy usage. We see smart metering as a fundamental component in the continued success of the energy retail markets in Ireland.

GENERAL COMMENTS

SSE Airtricity welcomes the opportunity to put forward its views on the Empowering & Protecting Customers consultation paper published by the CER. Whilst we have provided comments to each question we believe that it is premature to comment on some of the proposals put forward at this point as appropriate discussions have yet to take place. We would also like to highlight the lack of emphasis on the obligations of other stakeholders. In addition we believe that the data protection framework has not been appropriately considered in the context of this paper.

SPECIFIC COMMENTS

Q1. Do you have comments or suggestions for how the information provided to customers in their Smart Bill and Energy Statement could be used to support the transition to Time-of-Use Tariffs?

SSE Airtricity agrees that information provision is critical for customers in ensuring understanding of the changes to metering, and tariffing albeit at a later stage. We expect that this will benefit customers and suppliers as well as the overall NSMP and it is vital that the right balance is broached on data provision. While it is important to educate customers on an on-going basis about the benefits of efficient energy use in order to change behaviours, there is a danger of causing confusion if suppliers bombard customers with non-bill related information.

Therefore SSE Airtricity would argue against making any premature and definitive decisions at this conjecture as more appropriate suggestions will develop as the programme progresses and suppliers begin to develop time of use offerings. We believe that these approaches will be informed by the quality of the Customer Engagement work stream's educational element. The main concern at this point is to establish the principle that customers should be encouraged to transition to ToU and that information is key.

Notwithstanding the above we would like to raise the following points.

- We are supportive of decision 3 in relation to providing hints and tips for customers on reducing/shifting their energy consumption. However we believe that this should not result in an unnecessary abundance of information on customers' bills. Therefore we would

argue that it should be sufficient for suppliers to provide links to access information of this nature.

- We would argue that any proposal for “shadow billing” needs to be considered in the context of data protection obligations on suppliers, specifically in relation to obtaining customers consent to receive marketing communications. Consideration also needs to be given to the immense cost on suppliers on maintaining two separate billing systems.
- As per above, the same data protection considerations would apply to “benchmarking”. However further discussions are required in relation to the definition of “similar” customers in this context as there are numerous forms that this could take such as same meter mode, payment method and billing method.

Q2. Do you have comments on the extent to which further policy definition of the format, processes and/or timeframe for the provision of the HDF is required in this phase of work?

SSE Airtricity would argue against an unnecessarily ambitious policy in this regard and believe that the principles adapted so far in relation to the HDF are clear and reasonable. We also believe that Data Protection and Information Security are essential principles that should be incorporated into the programmes overarching principles. Furthermore we are unsupportive of any decision that opens the door for third parties to become disruptive in the market.

As way of example, the decision sets a requirement for suppliers to provide data services which would involve the development and maintenance of systems that would allow them to appropriately process, store and retrieve data. Since third parties have the ability to gather data through the customers, they could in theory use suppliers as a proxy for their services. Careful regulation needs to be formulated that effectively deters and contains any potential impact of third parties acting inside and outside of Ireland in a way that could disrupt the Irish energy industry and in particular have negative impact on customers. We would suggest that this would take the form of an expansion to the CER accreditation framework to include guidance and approval of third parties.

Q3. Do you have comments on the availability of data in the home as an effective, enduring platform for providing relevant, timely and useful information to customers? And are there any particular aspects where you

consider the specification of minimum standards needs to be clarified, expanded or reduced?

SSE Airtricity would like to highlight the lack of emphasis on the obligations of the network providers in contrast to suppliers throughout this and various other consultations related to the NSMP. This not only provides for the possibility of an imbalance in services provisions within the future retail market but also gives the impression that networks should be treated separately. There is clear requirement for the CER to obligate networks to provide an effective and efficient 'pairing protocol' with detailed SLAs to facilitate suppliers who wish to provide alternative in home devices and/or need to access the HAN.

Q4 a & b. Do you have any comments on the most effective way to complement the enduring information channels by providing all residential customers with a display device or service (to build understand of energy usage and cost in an initial period and to empower customers to make good choices over tariffs and services)? Please provide your views and/or evidence relevant to assessing the options presented in Section 2.4?

SSE Airtricity believe that these options have been prematurely proposed as there has been insufficient debate given to the enduring solution and little credence given to evolution in this area.

Given the immense and unpredictable changes that have taken place in information and communications technology throughout the last decade, it would be imprudent and impracticable to consider and decide on what channels will best suit this area now when the full implementation is not expected for five years. Suppliers will develop interfaces and services for customers that are married to their offerings and customers evolving needs at that time. We believe that competition and the need to demonstrate 'service differentiators' will drive innovation in this area and it is too early to say what the best model might be

Nevertheless SSE Airtricity would be strongly unsupportive of option B for the following reasons.

- It would not necessarily offer a better customer experience than the network led option. It would also burden suppliers and especially new entrants with a large cost thereby impeding competition.

- It implies that restrictions will be put on suppliers to offering an in home device rather than an alternative service which may not be the optimal interface in five years' time.
- This proposal appears to deviate from the high level decision already agreed by programme stakeholders. It also implies an effective reassignment of responsibility to the supplier when it was already agreed that this would be in the remit of Networks and recovered through distribution charges.
- The CER argue that it would increase the opportunities for suppliers to engage with customers to promote awareness and understanding in a way which is more directly related to the services and tariffs suppliers will be delivering. From our perspective it is unclear how it would this differ to networks providing the same device and the MIHD should work in the same manner for all customers irrespective of the services and tariffs provided by suppliers. Therefore it is inappropriate to suggest that it would promote more awareness and understanding over the networks provided solution as this is an area that should be tackled by an effective customer engagement stream.
- SSE would question the appropriateness of the suggestion to post the device to the customer as there is an opportunity to install this under the original decision which would provide guidance to the customer at the point of installation.
- In relation to customers who have different suppliers for gas and electricity, this may ultimately entail two devices been installed for the same purpose which would add a further unnecessary cost and burden on suppliers.

Q5. Do you have any comments on how the change to retail market operation consequent to the NSMP may warrant changing the existing framework of customer protection, and how it is delivered – including any views on the materiality of the changes highlighted as potentially material in Section 3.6?

SSE Airtricity would argue strongly against making any decision in this area without appropriate discussions on the matter. This section of the paper covers multiple points of discussions many of which are intertwined and have not been fully debated within the context of the NSMP to date. It is not appropriate to try and give a point-by-point response at this stage.

Therefore SSE Airtricity proposes that a review forum or policy work stream lead is developed under the auspices of the NSMP that will address each of the points in appropriate detail.

With this in mind, we have highlighted various key areas and topics for debate that would merit in depth discussions.

- If there are new protections introduced around reconnection targets after top up, it needs to be determined who in the chain of stakeholders is responsible for what and who is at fault if the target is not met. It is futile creating protection ideals in this regard if there is no way to ultimately delineate responsibility.
- Under the current framework customers require the permission of the owner for the installation of the PAYG meter. Since this will no longer be required under smart metering, consideration should be given to suppliers having the ability to switch customers who are in debt to the PAYG model without their explicit consent.
- Since disconnection and reconnection will be undertaken remotely without a site visit by ESNB or GNI, certain issues such as vulnerable customers that have yet to register with their supplier and various safety concerns need to be addressed. Careful consideration will need to be made before a disconnection goes ahead and awareness made of the priority/special services register. Further industry discussions are also required on the process around automatic remote reconnections on the basis of safety concerns.
- The framework does not appropriately address unaccredited providers offering services to customers. In order to protect the interests of customers, a rigorous accreditation for third party providers of energy services should be considered with the introduction of smart services.
- It's likely that for a long period of time there will effectively be two supplier handbooks, one smart and one enduring non-smart. This fact will cause serious confusion for customers and suppliers alike with different rules and regulations applying to different customers. Appropriate consideration needs to be given when introducing the new guidelines which should be principle based and not differ greatly from current rules.

- We refer to our previous reservations in relation to data protection risks when it comes to providing customer data to third parties. As previously stated, suppliers are best placed to provide data to their customers in a timely fashion if they want to hold onto customers. Any proposal to regulate timelines for suppliers in providing this data would have to be discussed in depth.
- There are further data protection concerns in relation to the reference to the option of customers to nominate others to receive account and servicing information and further debate is required in this context. In this sense we would like to reiterate that a supplier's obligation is only to provide data to the customers and we have no contractual relationship with any third party.
- Any notion of creating more accurate and targeted redress in respect of existing standards of service needs to take into account areas that are out of the control of the supplier such as time taken to reconnect a meter following a top up from a Smart PAYG customer where the relevant top up information is not communicated within said timeframe.

Q6. Do you have any comments on the role of policy in shaping outcomes for customers who are not able or willing to participate in full in the new services and information made available through the NSMP - either as a result of technical constraints or through choices that are afforded to customers in respect of the frequency of remote data collection?

SSE Airtricity believe that customers who decline to partake in the NSMP by virtue of refusing to allow interval data to be gathered or by blocking the installation of the smart meter will, in effect, be the cause of the increased costs for networks and suppliers. It would seem unfair that the customers who comply with the NSMP should be burdened with the socialised costs caused by those who won't partake. In this respect, we support a customer engagement programme that will prepare as many customers as possible to be comfortable and acceptable of the technologies and services offered by smart metering

SSE Airtricity would also like to highlight the section that states that the customer's ability to access Smart PAYG would be effectively removed because a supplier would not have access to the data needed to calculate a daily balance. It is unclear whether this has been debated already as will be a major issue. For these customers it appears that the only PAYG option would be a lifestyle choice meter.

Careful consideration needs to be given to customers in financial difficulty that currently uses a non-smart PAYG meter for budgeting purposes. It is unclear how the CER propose to deal with to these customers if they do not give full participation agreement. This again is an argument for the thick meter solution for PAYG as there would be no requirement for daily messages.

CONCLUSION

SSE Airtricity welcomes many of the views put forward by the CER in relation to Empowering & Protecting Customers. Nevertheless SSE Airtricity would argue against making any premature and definitive decisions in relation to many of the issues presented such as the enduring solution for the MIHD and changes to the retail market operation without further debate. Changes of this nature will cover multiple points of discussions many of which are intertwined and have not been fully debated within the context of the NSMP to date. SSE Airtricity would also like to highlight the lack of emphasis on the obligations of the network providers in contrast to suppliers throughout this and various other consultations related to the NSMP. Furthermore SSE Airtricity does not support any decision that opens the door for third parties to become disruptive in the market to the extent.

Finally, SSE Airtricity would like to raise concerns in relation to the issue of data protection across all stakeholders involved in the NSMP. In particular we would like to highlight the minimal consideration given towards ownership and responsibility of data along with the absence of rules around informed and enduring consent. The data protection framework needs to needs to enduring, future proofed and appropriately consider all the stakeholders involved in the process.