

BEAMA response to DECC and Ofgem following DECC's Smart Metering announcements

As representatives of the electrotechnical manufacturing industry, BEAMA welcomes the Government's announcements on the phased approach to installing smart metering in all UK homes and SMEs, and the links to future developments for smart grids and smart housing. The attached diagram "BEAMA Technology Sectors" illustrates the breadth of technologies covered by BEAMA members and how they each interrelate to the delivery of the required smart systems of the future.

We had been eagerly awaiting the DECC Smart Metering announcements and were impressed with the content of the two documents '*Towards a Smarter Future*' and '*Smarter Grids: The Opportunity*'. We fully endorse the level of functionality presented for smart metering, and this should provide the maximum benefits for consumers and industry.

It is particularly refreshing to see the clarity of thinking presented in the '*Smarter Grids: The Opportunity*' document. This discussion paper provides a roadmap to 2050 with increased future interaction between the distribution network and energy users. The provision of real time data from smart meters will enable enhanced communication between energy providers and energy consumers. This in turn should facilitate improved management of the electricity transmission grid and the distribution network. UK will build a more reliable and effective supply system with lower operating and maintenance costs.

BEAMA and associated manufacturers are ready, willing and very able to support DECC and OFGEM through the important development and implementation phase. Whilst we are disappointed that the original concept of a formal Strategic Development Authority has not been initiated, we look forward to engaging with DECC and OFGEM throughout the proposed Phase 1 – Prospectus, Detailed Design and Implementation stages. BEAMA also notes DECC's concerns regarding the inclusion of valves within smart gas meters. We find it difficult to comprehend a UK smart solution that includes a contactor in an electricity meter but provides no valve in the gas equivalent. Although BEAMA is not the technical authority regarding valves in gas meters we will work closely with SBGI and DECC to ensure that the most appropriate decisions are made for the future.

BEAMA is particularly well placed to support DECC and OFGEM throughout the proposed Phases using its high level contacts with:

- Over 150 manufacturers with >£13billion UK turnover delivering the full range of products for smart grids, smart meters and smart homes
- European engagement through the:

- Chairmanship of the European Smart Metering Industry Group (ESMIG)
- Presidency of the European Committee for Electrotechnical Standardisation (CENELEC)
- Technical support to the European Smart Meter Alliance (ESMA)

BEAMA and its members look forward to working with DECC and OFGEM to develop the necessary protocols, processes and procedures to ensure the effective delivery of government's aspirations for smart metering. We believe strongly that we bring something to the table on all fronts and at the initial Prospectus stage would wish to be actively engaged in any and all sub-groups working on:

- Functionality and interoperability
- Communications
- Logistics of the roll-out
- Early pilot schemes
- Cross-Industry arrangements
- Security of and Access to Customer data
- Technical solutions
- Consumer advisory group
- Planned education process

BEAMA has already increased its internal resourcing to facilitate the above and we look forward to engaging with DECC and OFGEM as soon as possible in the development process.

The UK requirement for near zero-carbon supply grid will increase take-up of electrical technologies, particularly for space and water heating. The UK electrotechnical industry players are already providing 'smart' products for installation within homes. Already we are seeing the installation of BEAMA members' 'smart' technologies within homes. The planned UK smart meters will now follow to become the in-home communication hub for energy management. This will facilitate better coordinated installation programmes and improved energy management between the demand side and the supply side. The final piece of the jigsaw will be the associated development of smart grid and distribution networks.

The scale and impact of the smart metering rollout should not be underestimated. BEAMA is particularly keen to work with DECC and OFGEM to address the volume challenge posed by the rollout for manufacturers, installers, financiers and suppliers. The near doubling of current meter installation rates required by even the most pessimistic rollout will require significant investment and preparation for all parties. In undertaking that preparation the metering industry will also be

looking to DECC and OFGEM to provide assurances that in gearing up for the smart meter roll-out there will be no hiatus in demand for traditional metering products. Under current policy exchange and recertification programmes (gas and electricity) there are around 50,000 meters installed every week. If this was curtailed in any way it would be extremely damaging for UK metering manufacturers and would limit their ability to continue to develop their businesses to meet the enormous demand for smart products in the near future.

BEAMA would welcome the opportunity to discuss the possibility of encouraging the metering and supply industries to embark on substantial and protected early pilots, with information sharing, in preparation for mass roll out.

BEAMA believes that a simple, qualified extension of the differential provided by DECC for non-domestic meters during the run-in to smart metering, to cover pre-rollout Smart pilots might provide the means to encourage such pilots. In turn, this would provide 3 major benefits:

- Create an early smart meter knowledge base for 2nd generation Smarts,
- Establish a solid base of experienced learning both industry and consumers
- Cash/carbon savings by early energy reduction and the reduction of wasted metering assets.

If the UK were able to take full advantage of the run-in to smart metering – e.g. via a similar extension of the non-domestic differential - then circa 50,000 homes currently visited under policy exchange and recertification each week could be migrated to Smart ahead of the main rollout. Excluding any asset optimisation benefits, visit savings and so on, this minimal change activity would save the UK's home owners almost £300m between 2010 and the end of 2012 based on an average of 3% saving per home – a very significant benefit in difficult economic conditions.

The UK's smart metering and smart grid programme presents a once in a lifetime opportunity and if we do get thwm right it will genuinely be the case that 'everybody wins' - so the manufacturing industry will work through BEAMA with government, regulators, energy suppliers and other stakeholders to make sure UK plc makes the most of this opportunity.