

	Briefing Paper	July 2009
<b>Smart Metering – Next steps for UK roll out</b>		

The following briefing points have been prepared by the BEAMA metering and communications group. They reflect the opinions of members on the next steps for smart metering in the UK.

1. Government's recommendation for a central communications model is not universally supported by the industry. However, most companies recognise that this has been recommended as the most appropriate model to progress the roll out with the least complication. **If adopted, any central communications infrastructure needs to allow for a number of current and future scenarios:**
  - The scope of the central communications model should be limited to communications and data carriage-only.
  - The choice of communications infrastructures should be the responsibility of a single Central Design Authority, with cross-industry representation, clear governance and robust terms of reference.
  - Selection of the infrastructures must be an open and transparent process and subject to appropriate public procurement rules.
  - The implementation of a Central Communications model must provide for and encourage future development and innovation in meters, energy services and networks. The design of the smart metering system should allow the Central Communications provider to enhance the system and offer their users increased levels of service, such as greater data bandwidth, to support new Supplier Obligations and network operator offerings to customers.
  - Energy suppliers maintain responsibility for the supply and maintenance of metering and related assets, including any smart boxes and energy displays. They will be subject to the Supplier Licence Obligation and CERT requirements for which a combination of displays and other related technologies will be very important in the future.
  
2. **A strategic delivery authority needs to be established** as soon as possible and be given sufficient powers to make the many decisions required to deliver the roll out in a cost effective and acceptable manner for consumers and utilities. BEAMA must have a role in this body to represent the suppliers of the majority of the equipment that will be supplied into the market.
  
3. Once the suggestions in 1 & 2 are in place the industry will have sufficient information and confidence to develop the correct equipment for the UK market, and to test and approve products. This period between decision and roll out of the first smart metering systems is planned for 2-3 years, which is likely to be required. However suppliers should be encouraged to implement technology in advance of a major roll out, but only if the technology is proven and the overall roll out is not compromised.

4. The timescale for the whole roll out to be complete by 2020 is consistent with the requirements of the 3<sup>rd</sup> Energy package recently passed by the European council. This requires 80% of households to be served by smart metering by 2020. **At this stage in the development of the market the 2020 date looks to be appropriate**, but as the market develops and the logistics of the roll out become fully operational, there should be an option to bring forward this final timescale.
  
5. **The market for metering between now and the roll out needs to be maintained** to ensure that consumers energy bills remain accurate, meter installations remain safe and that there is a viable market for the industry to allow the investments required for the future of the industry. This can occur in two ways: Ofgem needs to ensure that meters are replaced according to standard terms and lifetimes according to the current market conditions; energy companies should be encouraged to carry out trials of technologies prior to the major roll out. However in order that any investments made for these trials do not become 'stranded' the trial sites need to be excluded from the major roll out for a period of 5 years, on the assumption that the equipment is functional. It should also be possible to widen them to reflect the functional requirements for DNO's, as well as those of energy retailers.

#### **About BEAMA**

BEAMA, the "British Electrotechnical and Allied Manufacturers' Association", was founded in 1905. It consists of Associations representing some 350 manufacturers in the UK electrotechnical sector.

BEAMA represents an industry with a combined turnover of £ 13 billion a year, and which employs over 137,000 people. BEAMA still retains its prime purpose – serving members and the national industrial base as the recognised electrotechnical industry association.

BEAMA members are active in many market sectors including commercial and residential buildings and energy networks. BEAMA is a proactive trade association advising its members on relevant technology and market developments, particularly relating to the areas of product safety and sustainability.

For further information visit [www.beama.org.uk](http://www.beama.org.uk)