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Stage 03: Final Modification Report

What stage is this document in the process?

01	Initial Assessment
02	Refinement Process
03	Modification Report
► 04	Decision

SECMP0048:

Extension of SMETS gas Valve exemption to include U16 Large Gas Meters installed at Domestic Premises

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Summary

This Modification seeks to extend the current Smart Metering Equipment Technical Specifications (SMETS) gas Valve exemption to also cover any U16 Large Gas Meter installed at domestic premises.

Impacts

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- Large Supplier Parties, Small Supplier Parties and Other SEC Parties.
- There are no impacts on DCC Central Systems or Party interfacing systems.

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About this Document

This document is the Final Modification Report (FMR) for SECMP0048. This document provides detailed information on the issue, solution, impacts, costs, industry consultation as well as and Panel discussions and conclusions on the modification.

The Change Board will consider this modification at its meeting on 25th July 2018, where it will determine whether SECMP0048 should be approved or rejected.

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1. Summary

What is the issue?

The Smart Metering Equipment Technical Specifications (SMETS) requires Large Gas Meters[1], commonly referred to as U16 Large Gas Meters, that are installed at domestic premises to include a Valve. However, this requirement does not extend to U16 Large Gas Meters installed at non-domestic premises. The number of non-domestic consumers that have, or require, a U16 Large Gas Meter is thought to be approximately 150,000, compared to the domestic sector where the number of U16 Large Gas Meters is estimated to be approximately 50,000. With most U16 Large Gas Meters being installed at non-domestic premises, and there being no requirement for those meters to contain a Valve, it is unlikely that a U16 Large Gas Meter will be developed that could be installed at domestic premises. Suppliers will instead have to rely on advanced meters as a domestic solution where a U16 Large Gas Meter is required.

What is the Proposed Solution?

This modification aims to extend the current SMETS gas Valve exemption to also cover any U16 Large Gas Meter installed at domestic premises.

Impacts – Proposed Solution

Party

Large Supplier Parties	X	Small Supplier Parties	X
Electricity Network Parties		Gas Network Parties	
Other SEC Parties	X		

System

There are no central system or user system changes required to implement this modification.

Implementation Costs

The total estimated implementation cost to delivery SECMP0048 is approximately £**1,200** in SECAS time and effort.

[1] A U16 Large Gas Meter is defined within the Gas Supply Standard Licence Conditions as a Gas Meter designed to operate with a maximum flow rate of greater than 11 cubic metres per hour.

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Implementation Date

SECAS recommends an implementation date of:

- **1st November 2018**, if a decision to approve is made on or before 18th October 2018.

The November 2018 SEC Release is the earliest release that this modification can be targeted for.

Panel conclusions

The Panel unanimously agree that due process has been followed and that SECMP0048 should progresses to MRC.

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2. What is the issue?

What is a Large Gas Meter?

The U16 Large Gas Meter is a type of GSME (Gas Smart Meter) that is defined within the Gas Supply Standard Licence Conditions as a Gas Meter designed to operate with a maximum flow rate of greater than 11 cubic metres per hour. These are designed for use in larger homes and small commercial units and is a cost-effective method of metering. This contrasts with the U6 Prepayment Gas Meter, which has only ever been developed for the smaller domestic market. The U6 Meter has a Valve incorporated into it that can shut off the flow of gas via the meter. The Valve is simply a function in the meter that is activated when credit thresholds are breached.

In the early days of the Smart Metering Implementation Programme (SMIP), Suppliers successfully argued that U16 Large Gas Meters installed at domestic premises should have a Valve to allow them to function in prepayment/credit mode in the same way that Electricity Smart Meters (ESME) do. It was believed that this would improve the customer experience, especially where both a U16 Large Gas Meter and an ESME were installed at a single premise. This is because the servicing of these devices will be largely the same, introducing efficiencies which are detailed in the Department of Business and Industrial Strategy (BEIS)[2] Impact Assessment for the Smart Metering mandate. They include:

- Early energy savings being achieved; and
- Carbon savings being achieved.

What is the issue?

The number of non-domestic consumers that have, or require, a U16 Large Gas Meter is thought to be approximately 150,000. This number is considerably higher compared to the domestic sector, where it is estimated that the number of U16 Large Gas Meters is approximately 50,000. With most U16 Large Gas Meters being installed at non-domestic premises, and there being no requirement for those meters to contain a Valve, it is unlikely that a U16 Large Gas Meter will be developed that could be installed at domestic premises. Suppliers will instead have to rely on advanced meters as a domestic solution where a U16 Large Gas Meter is required.

The Proposer considers that the most pragmatic solution to this issue is to extend the SMETS gas Valve exemption currently applying to non-domestic meters to include Large Gas Meters installed at domestic premises. Without this, they believe it is likely that Suppliers' only feasible option will be to install an advanced meter at domestic premises where a U16 Large Gas Meter is required. Advanced meters do not offer the same benefits as SMETS meters. For example, they will not interact with the domestic customer's Smart

[2] At the time the document was published, BEIS was known as the Department for Energy and Climate Change (DECC)

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Metering System. The impact of this will be a sub-optimal consumer experience, for example:

- the In-Home Display (IHD) will not display any gas information;
- the customer may not benefit from bespoke smart tariffs;
- prepayment functionality will not be available on the gas supply account;
- there will be no ability to connect a standard Consumer Access Device (CAD); and
- the customer may experience issues on Change of Supplier (CoS) (e.g. the gaining Supplier is unable to access remote information).

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3. Proposed Solution

Solution

The proposed solution seeks to amend the SMETS2 versions 2.0, 3.0 and 4.0 so that U16 Large Gas Meters installed at domestic premises do not require a Valve.

Extending the gas Valve exemption will enable U16 Large Gas Meters to be compliant for both domestic and non-domestic installations and allow more domestic customers to benefit from SMETS technology and services. It will also increase the overall requirement (and case) for U16 SMETS meters meaning that the overall cost of SMETS U16 Large Gas Meters is likely to decrease (e.g. higher production resulting in lower unit cost).

Views against the General SEC Objectives

The Proposer believes that this Modification Proposal better facilitates General SEC Objectives (a)[3], (c)[4] and (d)[5] for the following reasons:

- **Objective (a)**: The modification will increase the likelihood of domestic customers that require a U16 Large Gas Meter to benefit from SMETS/DCC.
- **Objective (c):** Domestic customers will be better placed to manage their energy usage through SMETS metering and connected devices.
- **Objective (d):** The modification will increase the potential usability of a single meter variant to cover both domestic and non-domestic premises, reducing the risk of issues at change of supply with interoperability and allowing rationalisation of solutions (SMETS and advanced metering) used is single premises.

For the avoidance of doubt, the Proposer believes that this modification is neutral against the remaining Objectives.

Draft legal text

The proposed legal text changes to SEC Schedule 9 'SMETS2' (versions 2.0, 3,0 and 4.0) are provided in Attachment B.

[3] to facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain

[4] to facilitate Energy Consumers' management of their use of electricity and gas through the provision to them of appropriate information by means of Smart Metering Systems

[5] to facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy

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4. Impacts

The following section sets out the impacts associated with the implementation of SECMP0048.

SEC Party impacts

Large Supplier Parties	X	Small Supplier Parties	X
Electricity Network Parties		Gas Network Parties	
Other SEC Parties	X		

Suppliers that choose to or have already procured U16 Large Gas Meters will be impacted by the implementation of the modification in a positive way as the SMETS change will mean they can install these at domestic premises. It also means they will already be SMETS compliant, so won't need to encounter further costs from procuring U16 Large Gas Meters in the future.

Manufacturers are impacted as this modification proposal would provide them with the ability to develop a further SMETS variant. They may also be impacted as the modification will relax the minimum specifications for U16 Large Gas Meters.

Central System impacts

There are no central system or user system changes required to implement this modification.

Testing

There will be no testing required to implement this modification.

SEC and Subsidiary Document impacts

SEC Schedule 9 'SMETS2' versions 2.0, 3.0 and 4.0 will be impacted and will require updating.

Impacts on other industry codes

There will be no impact on other industry codes.

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Greenhouse Gas Emission impacts

This proposal will enable both domestic and non-domestic customers to have U16 Large Gas Meters that are compliant with SMETS. These provide benefits such as consumers being better informed on their energy usage, potentially leading to a reduction in energy consumption and subsequently reducing Greenhouse Gas Emissions.

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5. Costs

Estimated Implementation costs

The total estimated implementation cost to deliver SECMP0048 is approximately **£1,200** in SECAS time and effort.

SEC costs

The estimated SEC implementation cost is detailed in the table below:

SECAS implementation costs		
Implementation Activity	**Effort (man days)**	**Cost**
Application of approved changes to the SEC. Publication of new version of the SEC on the SEC Website and issuing this to SEC Parties. Review and update any impacted SEC guidance materials.	Two	£1,200[6]

6. Implementation

Recommended implementation date

SECAS is recommending an implementation date for SECMP0048 of:

- **1st November 2018**, if a decision to approve is made by 18th October 2018.

The November 2018 SEC Release is the earliest release that this modification can be targeted for.

[6] SEC man day effort based on a blended rate of £600 per day.

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7. Panel discussions & conclusions

Panel discussions

SECMP0048 was initially discussed at May's Panel meeting. There was little interest from Industry when a Working Group was attempted to be put together as it was a worthwhile change with a simple solution. The Panel agreed that the modification could go straight through to Report Phase and this has meant that there has been no Working Group involvement.

Panel conclusions

The Panel **unanimously** agree that due process has been followed and that SECMP0048 should progress to Modification Report Consultation.

The Panel also agreed that SECMP0048 is a Path 3: Self Governance Modification Proposal and that the draft legal text changes to the SEC deliver the intention of the modification.

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Appendix 2: Glossary

The table below provides definitions of the terms used in this document.

Acronym	Defined Term
BEIS	The Department for Business, Energy and Industrial Strategy
CAD	Consumer Access Device
CoS	Change of Supplier
DCC	Data Communications Company
DECC	The Department of Energy and Climate Change
ESME	Electricity Smart Meter
GSME	Gas Smart Meter
IHD	In Home Display
IMR	Initial Modification Report
MRC	Modification Report Consultation
SEC	Smart Energy Code
SMETS	Smart Metering Equipment Technical Specifications
SMIP	Smart Metering Implementation Programme

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