

Smart Metering Implementation Programme Prospectus

Summary and Project Nexus Impacts

Project Nexus UNC Workstream

3rd September 2010

Presentation Context

- Primarily PNAG presentation from 23rd August 2010
- PNAG question posed:
 - What Project Nexus activities could be effectively pursued during the SMIP Prospectus consultation period?
 - i.e. from now until end of 2010/early 2011

Summary

- SMIP Prospectus published 27 July
- Prospectus sets out latest DECC/Ofgem views on roll-out, governance, Data Comms Co etc
- Further consultation now open before concluding Phase 1 by end 2010

Overview

- Primary focus is Domestic properties
 - Roll-out to every “home”
 - In-Home Display (IHD) must be available to every Domestic property
 - Use of DCC mandatory for every Domestic property with a smart meter
- iGT homes are in scope
- DCC to cover gas and electricity meters
- Early roll-out favoured – pre go-live of DCC
- Ambition to bring forward 2020 roll-out deadline

Scope

- Smart not mandatory for smaller non-Domestic where ...
 - Advanced meters installed pre-April 2014
 - Advanced meters installed post April 2014 under pre-April 2014 contracts
- DCC not mandatory for non-Domestic sites – whether Smart or AMR – whether smaller or larger
- “Domestic” not defined in Prospectus – usage patterns/ contract/ meter capacity?
- Prospectus is a consultation – Data Comms Group to be establish to work through issues

Data Communications Company – DCC

- DCC will be a separate licensed entity – licence granted Autumn 2012
- DCC initial role
 - Communications
 - Translating of data
 - Scheduled data retrieval
- Possible future expansion
 - “Meter Registration” not presently in initial scope, may be later
 - Definition of “Meter Registration”? – SPA data or just Meter Assets?
 - Access to reads for Change of Supplier
 - Supply Point Switching
 - Allocation and settlement
- Subject to a charging methodology – charges will be based on volume of data retrieved
- DCC processes and systems target go-live Autumn 2013

Possible Impacts on Project Nexus Requirements Definition Phase

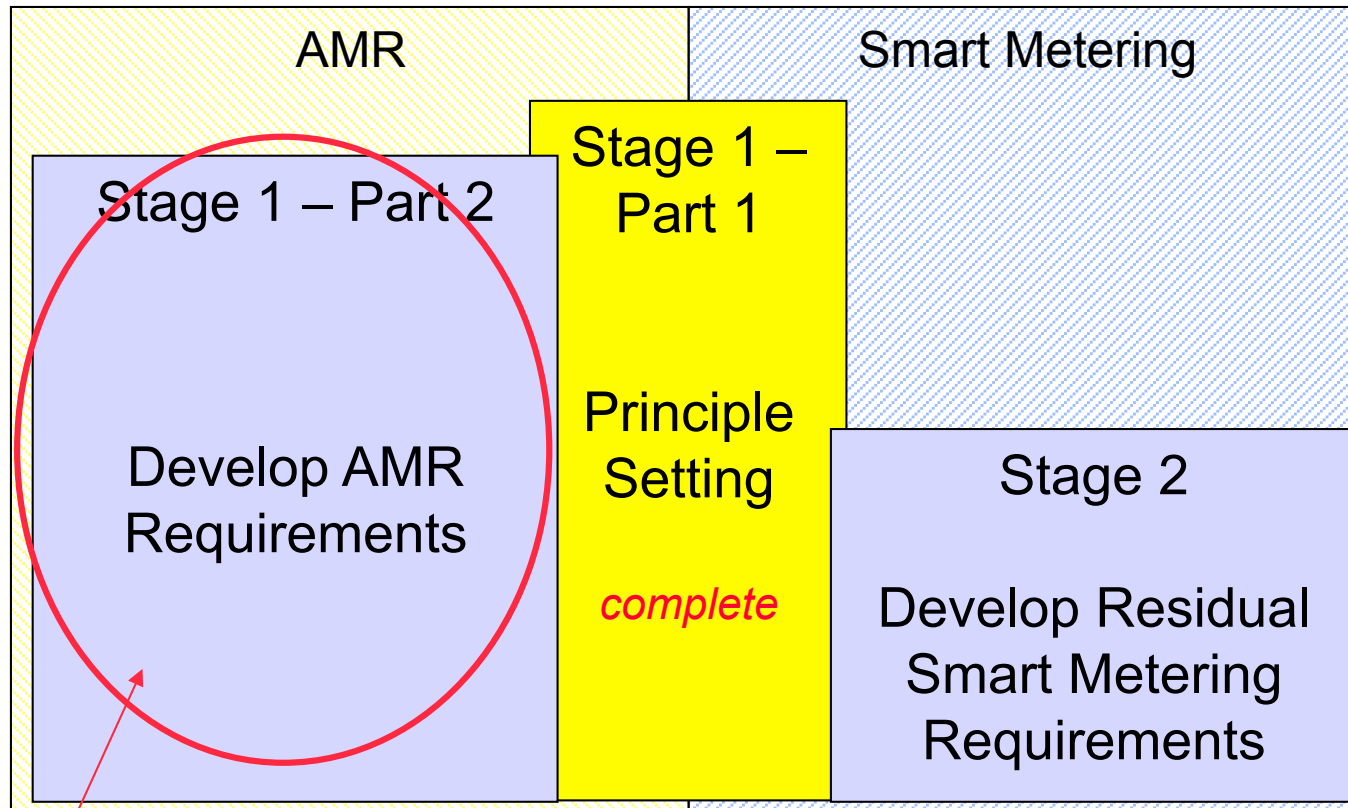
- Initial thin DCC with possible later increase
 - Ongoing requirements uncertainty
 - Potential phased Project Nexus solution
 - Subject to short term requirements and systems capability
- SMIP Phase 1 not concluded until end of 2010
- Three new SMIP forums to be established – xoserve is member of Data & Comms Group
- DCC not mandatory for non-Domestics – scope for continuing xoserve AMR processes
- DCC charging based on volume of data retrieved – may inform Cost/Benefit case for Allocations Principles
- Will have parallel processes for Smart and non-Smart gas meters for several years – may be enduring position

Project Nexus – Way Forward

- Appropriate to review current approach in light of SMIP Prospectus
- Range of Options identified for the way forward for Project Nexus UNC discussions – at least until completion of SMIP Phase 1
 - Option 1 – continue with AMR Requirements only in UNC Workgroups
 - Option 2 – AMR Requirements plus Settlement for whole gas market in UNC Workgroups
 - Option 3 – AMR Requirements, Settlement for whole market and SPA for Domestic sites in UNC Workgroups
- Options shown diagrammatically on following slides

Project Nexus UNC Workshops Way Forward – Option 1

Hybrid approach to UNC Requirements Definition

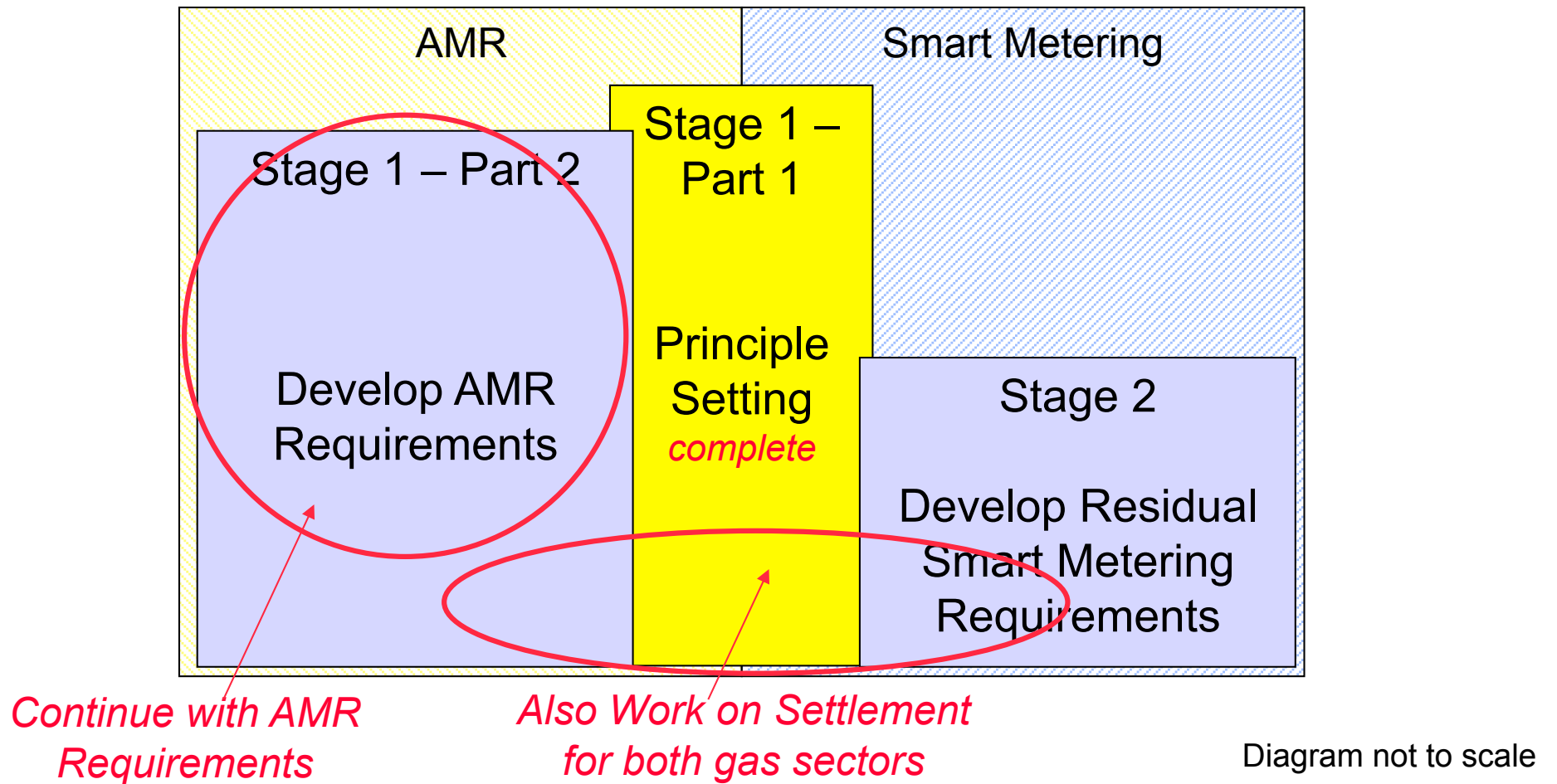


*Continue with AMR
Requirements only*

Diagram not to scale

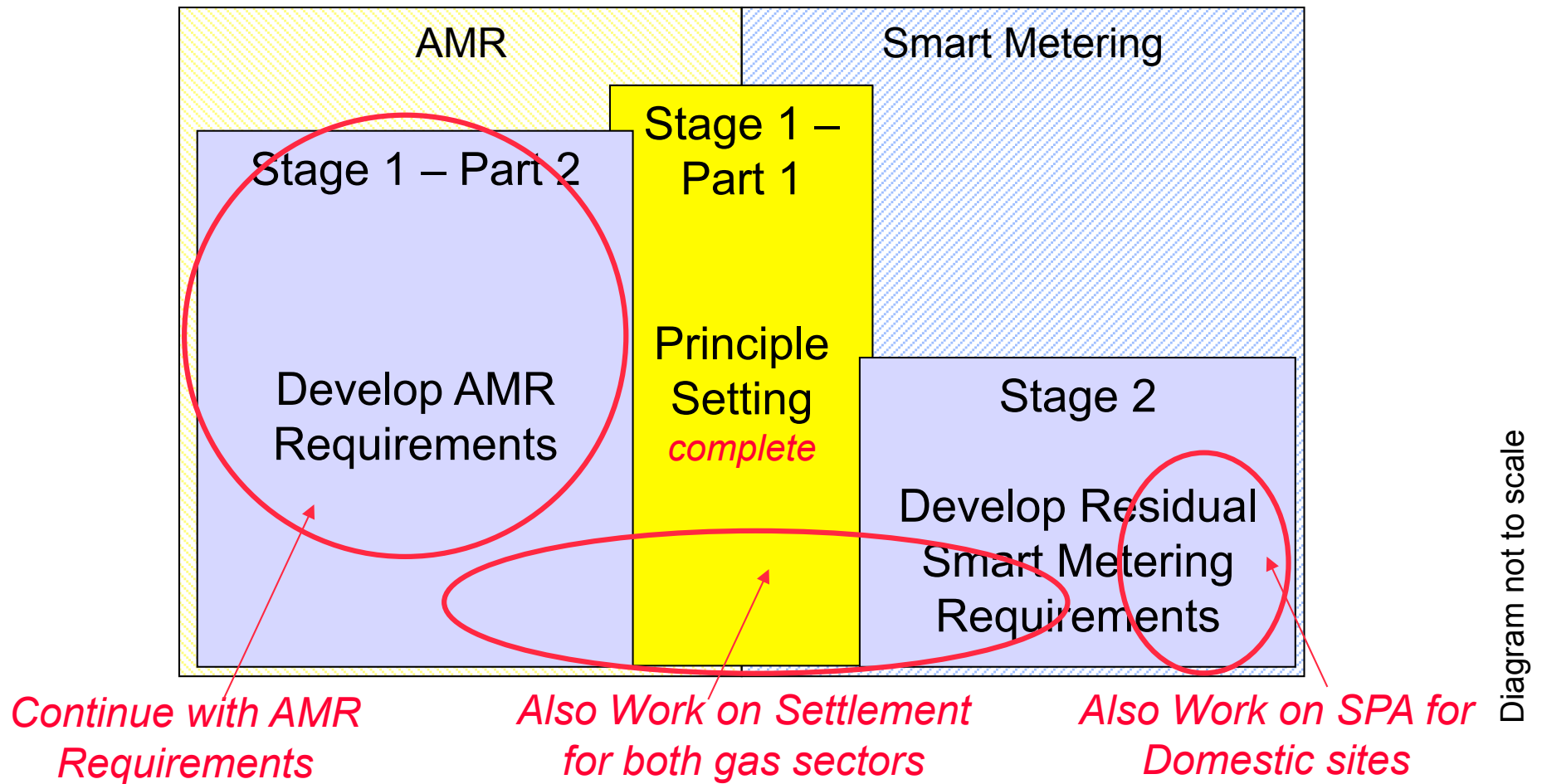
Project Nexus UNC Workshops Way Forward – Option 2

Hybrid approach to UNC Requirements Definition



Project Nexus UNC Workshops Way Forward – Option 3

Hybrid approach to UNC Requirements Definition



Recommended Way Forward

- Options discussed & ratified at PNAG on 23rd August 2010
- Option 1 recommended by xoserve & endorsed by PNAG members
 - Option 1: continue to develop AMR requirements under UNC
- xoserve also contributing to SMIP workgroups
- Further alignment against DCC scope at end of Phase 1
- Reserve further work on settlement until the scope and nature of xoserve services is clearer

Project Nexus Suggested Next Steps

- Communicate preferred approach to Project Nexus UNC Workstream (this presentation)
- Identify any other actions or communication messages required
- Set a review date or review criteria for the chosen approach, e.g. on completion of Phase 1
 - Next PNAG date 2nd November 2010, subsequent date in January 2011 after conclusion of SMIP Prospectus consultation
- Continue to monitor xoserve systems and short/mid-term business requirements to assess impact of ongoing uncertainty