Accenture Utilities Podcast Series
Insights on Smart Metering Deployments

An interview with Rick Hanks, Accenture smart metering lead for Europe, Africa and Latin America, discussing the insights on smart metering deployments from Accenture’s Digitally Enabled Grid program.
Interviewer:
Welcome to the latest installment of the Utilities Podcast Series. Rick Hanks, Europe, Africa and Latin America smart metering lead, will discuss insights on smart metering deployment from Accenture's Digitally Enabled Grid program.

Rick, where do you believe utilities should be focusing their efforts to extract maximum value from their smart metering roll outs?

Rick Hanks:
Smart metering deployments mark a common first step into smart grid solutions for many utilities, but they raise multiple challenges. Often the business models are undefined. In fact, 27 percent of our executives in our research study stated, for their companies, that the business model for smart metering is still to be defined. The uncertainty is higher in Europe at 69 percent versus 50 percent in the United States (US).

There is also the challenge of inadequate regulatory support. According to our research, for smart grid deployments in general, more than half of our respondents noted that lack of regulatory or policy support was a barrier to smart solution deployments. And this is not just limited to deployment of smart meters. Among European respondents, it was a No. 2 barrier to implementation.

It is hard to anticipate all the practical deployment considerations, such as deployment planning, customer acceptance, all the instruction of new products and services.

As a result, we know many utilities are uncertain about how best to realize value from their smart metering investments.

Against this backdrop, and through our Digitally Enabled Grid research, we recommend focusing on five key success factors from design through deployment to operation. And these are:

• Putting the consumer and the community at the heart of a design
• Managing the complexities of the deployment
• Focusing on the people and process change
• Future proofing the technology
• Releasing further value from analytics.

Interviewer:
Can you share an overview of each of the five factors?

Rick Hanks:
The first important element to focus on is putting the consumer and the community at the heart of any design. In the US, the No. 2 challenge with smart metering deployments is tied with lack of customer acceptance. In Europe, we also recognize this as a key issue.

Rollouts succeed where they are based on a firm understanding of what customers want from a smart meter; where they address concerns over issues like privacy, health and cyber security; and where consumers have realistic expectations about what smart metering will deliver them.

Next, utilities need to plan for, and manage, the complexities involved in many deployment projects. The deployment for smart meters is a transformational event so it is essential to get the leadership and delivery team aligned from the outset. The leadership team needs to communicate a clear vision for smart metering and assure that it is consistently embedded across the organization. By that, I mean across roles, responsibilities and metrics. Internal communications about the benefits of smart meters have a vital part to play to ensure that employees are engaged throughout the duration of the project. Additionally, rigorous supply chain planning and close monitoring of the installation success rate will be needed to manage inevitable installation issues and technical challenges. Thorough end-to-end testing of the solution should go hand in hand with frequent monitoring of supply chain, capacity management and customer feedback.

The third success factor is to keep focus on the people and process change involved. Smart meter rollouts are as much about transformation as they are about asset replacement and IT. Change management programs need to emphasize the new capability requirements and ways of working that are needed to drive benefit realization. Throughout any transition to smart metering operations, effective change management is required to deliver an effective change over, both within the business and with consumers.

Smart metering technologies and their applications are evolving all the time. Future proofing the solution is high priority and the fourth success factor we have identified. Utilities should define flexible architectures so that products can integrate via open standards, and implement advanced metering infrastructures that can be upgraded remotely. Utilities also need to be clear about whether it suits them to buy, build or borrow their solution. Outside of Asia Pacific, where there is a strong interest in custom-built solutions, we are seeing most utilities opt for packaged solutions. Some smaller utilities are starting to investigate the alternative approach of using a managed service to deliver their smart metering solutions.

Finally, extracting all the benefits available from smart metering is a challenge. Leveraging the power of analytics is required to realize the full breadth of smart metering benefits, whether they lie in consumer service, distribution optimization or in capital efficiencies. For example, smart metering provides a huge quantity of accurate data on energy usage and power quality and this has immense value in optimizing network management and generation or in enhancing consumer relationships. Our research shows that two-thirds of our respondents identified analytic...
solutions to be a priority by 2020. This was particularly important in North America where three-quarters of respondents confirmed this.

Through the implementation of analytics, we are seeing a number of utilities using smart meter data to improve their asset management capabilities; whilst, others using analytics to enhance their renewable hosting capacity, support outage management and reduce theft.

**Interviewer:**
Will you share an example of an existing smart metering rollout, and what the implications might be for other utilities around the world?

**Rick Hanks:**
As I’m in London, let’s take a look at the United Kingdom (UK) where over 50 million smart meters are due to be deployed. Unlike any other global implementation, this one is a retailer-led deployment within a competitive retail market. This means each energy retailer’s approach must take into account not only the optimization of their installation program, but also the potential to improve their retail position when compared to their competitors. Utilities outside the UK will learn some valuable lessons from watching how the retail product sets evolve and how consumer acceptance is achieved. Given the relatively high level of consumer switching here, customer satisfaction and interoperability will both be key features.

Another distinctive approach is if prepayment will be a significant component of the solution. The potential to provide prepaid solutions at a lower cost than traditional prepayment meters will more align to consumer lifestyle choices could drive growth in the prepaid sector and see it extended into new consumer segments.

Smart meters will be used to improve service level to customers, offer new payment methods as well as opening new opportunities for innovative tariffs and demand response products. It is also interesting that the UK deployment allows consumers to keep ownership of their own energy data. Energy retailers will only have the right to basic data, and unless the consumer explicitly agrees, they will be limited to providing standard billing services and alerts. This could see a market developing for consumer data and it will be interesting to see what new products and services this model of consumer data ownership encourages.

**Interviewer:**
Thank you, Rick, and I would like to thank our listeners for joining us for this installment of the Utilities Podcast Series. To learn more about the Accenture utilities industry, our Digitally Enabled Grid research or to hear other podcasts in our series, please visit our website at www.accenture.com/utilities.

---

1 The Digitally Enabled Grid, Accenture, 2013.