



Smart Metering Implementation Programme
Product Delivery Team
Department for Business, Energy
And Industrial Strategy
3 Whitehall Place
London, SW1A 1AW

14th October 2016

Consultation on Smart Energy Code and Licence Amendments – September 2016

Dear SMIP team,

Thank you for the opportunity to review and respond to this consultation. Detailed responses to each consultation question can be found below, however I would like to take the opportunity to summarise our key areas of concern:

As is evident from our response to Q2, npower is not supportive of the proposed approach for proactive Install and Leave for replacement meters. We believe that the proposed approach will erode the benefits for Suppliers when they invest in capability to deliver commands locally to smart metering systems not currently connected to the DCC's WAN network.

We also have a number of concerns regarding the proposed changes to Section N to support SMETS1 Enrolment and Adoption. We have been actively engaged in discussions with DCC regarding these concerns for some time, and will continue to do so going forwards. However, we welcome the opportunity to outline our concerns within this consultation, and have provided further details in our response to Q12.

Npower is fully supportive of the position that the current transitional variation to Sections H1.5 and H1.6 of the SEC should be removed at the earliest opportunity. We also support the SEC Panel's recommendation that this transitional variation should be targeted to come to an end at the 29th June 2017 release date.

We note that BEIS have recognised the Panel's recommendation and intend to amend this transitional variation later this year to state that it "shall apply until 30 June 2017 (or such later date as the Secretary of State may direct)". Our strong preference would be for the drafting to be amended to state it "shall apply until 30 June 2017" only, in order to provide all impacted parties with certainty regarding when the DCC will amend their systems to become compliant with the SEC obligations detailed within H1.5 and H1.6.

Full comments to the consultation are set out below. I hope our comments are helpful, and please do not hesitate to contact me for any further clarification or detail.

Yours sincerely,

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Npower's response to DBEIS' consultation on Smart Energy Code and Licence Amendments

Section 1.1 Install and Leave (Changes to Licence Conditions)

Q1 Do you agree that the legal drafting implements reactive I&L policy as proposed? Please provide a rationale for your views

Npower supports subject to comments

Npower believes that the legal drafting implements reactive Install and Leave Policy with the following exception. The definition of "Install"; "Installed" and "Installing" contained in Clause 41.23 of the Electricity Supply Licence, along with Clause 35.23 of the Gas Supply Licence, implies that the SMICoP obligations can only be discharged once a HAN and a WAN have been established. Npower does not believe that this is the case. Our understanding is that all SMICoP obligations could be discharged with the presence of the HAN only.

We would like to understand what the expectations are for the scenario wherein a Supplier performs a reactive Install and Leave, forms a HAN and discharges their SMICoP obligations; however the DCC is then subsequently unable to provide a WAN connection to the property. Further clarity regarding this scenario would be appreciated.

We would like to take this opportunity to stress that it is our firm view that allowing Install and Leave for customers with Prepayment tariffs would be extremely risky. These customers have a greater number of touch-points with their Supplier, and undertaking install and leave for these customers means we would not be able to remotely communicate with the meter. Any configuration changes would therefore need to be applied locally, increasing the risk of sustained visiting of the customer. We believe that these risks would be further exacerbated if such customers were to initiate a Change of Supplier.

We are supportive of the fact that neither reactive nor proactive Install and Leave are to be mandatory, and would like to request that all Suppliers who choose to operate Smart Prepayment in an Install and Leave situation be reminded of the MRA and SPAA obligation for the losing Supplier to switch the meter mode to credit prior to the loss date, which will require the losing Supplier to undertake a site visit.

We need to ensure that consumers are educated as to the implications of Change of Supplier in an Install and Leave scenario. We believe this should be done at all levels of customer engagement starting with Smart Energy GB.



Finally, we understand from discussions that have taken place at industry fora, that if the Install and Leave policy is implemented there may be a requirement for a derogation against security obligations regarding the updating of certificates. We have been unable to find any details regarding this matter in the consultation however, and would be grateful for any further clarification that can be provided.

Q2 Do you agree with the proposed approach for the implementation of proactive I&L for new connections and replacement meters? Please provide a rationale for your views.

Npower does not support

Npower does not agree with the proposed approach to proactive Install and Leave.

Whilst we can understand the approach for new connections, where there is not yet a consumer present at the property, we have concerns regarding the implementation of the approach for replacement meters.

We believe that significant benefits could be achieved if proactive Install & Leave was allowed for replacement meters in situations where the HAN was formed, and the SMICoP obligations were discharged. This would only be appropriate in specific circumstances, where privacy risks are low and the length of time before WAN is due to be provided is also short. The proposed proactive Install and Leave approach does not allow a HAN to be formed, which npower believes will erode the benefits for Suppliers when they invest in capability to deliver commands locally to smart metering systems not currently connected to the DCC's WAN network. The proposed reactive Install and Leave approach also seems to us to be at odds with the decision to allow prepayment customers to be included within an Install and Leave scenario.

Q3 Do you agree that the legal drafting implements proactive I&L policy as proposed? Please provide a rationale for your views.

Npower supports

Npower agrees that the proposed legal drafting reflects the proactive Install and Leave policy intent, however as stated within our response to Q2 above, we do not support the policy proposal to prohibit the forming of a HAN in a Proactive Install and Leave scenario to those meters whose replacement is forced upon us.

Section 1.2 Maintenance of Smart Metering Systems (Changes to Licence Conditions)

Q4 Do you agree that the proposed legal drafting accurately reflects our policy intention on maintenance and replacement of smart metering systems? Please provide a rationale for your views.

Npower supports subject to comments



Npower agrees that the proposed legal drafting accurately reflects the policy intent on maintenance and replacement of smart metering systems. However we would like to raise some comments regarding the proposal for BEIS's further consideration.

Whilst we understand that Suppliers will need to manage a number of overlapping technical specifications, we believe that the number of versions of these technical specifications should be kept to a minimum. If there are multiple versions of technical specifications active at any one time, then field forces will be required to carry stock for all these variants. This could present logistical challenges and lead to increased costs for Suppliers. We believe that there may be benefit in considering whether processes could be developed which would allow the version of SMETS to be determined after installation, by allowing firmware down-grades to a lesser SMETS version in some situations. Further clarification on this issue would be appreciated.

We request assurance that the number of Maintenance Validity Periods that are end-dated will be kept to a minimum. There remains a risk that specifications could be end-dated in contradiction to the wider policy intent that once a compliant meter is fitted to the wall, it stays on the wall.

Npower would also like to contend the idea of 'no backwards steps' where firmware is concerned. We understand that within the proposed policy you would not be allowed to take a backwards step in firmware version. We believe there would be significant benefits to allowing suppliers to choose the SMETS version of the device, after the device has been installed.

Under the proposals we believe that suppliers and their field-force would need to keep stocks of every different version of SMETS metering system that is within their portfolio, which we perceive as inefficient. We believe it would be more efficient to keep a stock of only the minimum number of hardware versions and then choose, by way of applying a particular firmware, the SMETS version that corresponds with the rest of the metering system. We believe that this approach would yield significant cost savings, whilst still ensuring a record of the latest version of firmware for that version of SMETS.

Section 1.3 Simplification of change of supplier information flows (Changes to the Supply Licence Conditions)

Q5 Do you agree with the legal drafting of the proposed amendment to the electricity supply licence condition 50 regarding change of suppliers? Please provide a rationale for your views.

Npower supports



Npower support the legal drafting of the proposed amendment to Electricity Supply Licence Condition 50 regarding Change of Supplier. We concur with DBEIS's view that implementing this amendment will streamline regulatory obligations and clarify that the Old Electricity Supplier does not need to send the New Electricity Supplier the MAP contact details as this information is already available to relevant parties in the existing D0150 Dataflow.

Section 2.2 – Testing required to implement changes to the SEC (Changes to the SEC – Testing)

Q6 Do you agree with the proposal and associated legal drafting to introduce additional requirements to provide for appropriate testing when the Secretary of State proposes to introduce amendments to the SEC? Please provide a rationale for your views.

Npower supports subject to comment

Npower agrees with the proposal to introduce additional requirements to provide for appropriate testing when the Secretary of State proposes to introduce amendments to the SEC. We believe that the proposed amendments will require the DCC to make available appropriate testing arrangements in this circumstance.

We are comfortable with the proposed legal drafting with the exception of the proposed drafting for SEC Clause X11.5, which we believe should be further augmented to also explicitly include the defect management process and the acceptable threshold for outstanding defects.

Q7 Do you agree with the proposal and associated legal drafting (amendments to Section D) to clarify when and how testing requirements should be considered for SEC Modification Proposals? Please provide a rational for your views.

Npower supports

Npower agrees with the proposal and the associated legal drafting to clarify when and how testing requirements should be considered for SEC Modification Proposals. We believe that the proposal sets out a clearly defined process which should ensure that Testing requirements are explicitly considered as part of every SEC Modification Proposal. We note that the proposal also mandates the DCC to set out a formal testing approach where required, and are supportive of this approach.

Section 2.2 – Enduring Registration Data Provider Entry Process Testing (Changes to the SEC – Testing)

Q8 Do you agree with the proposal and associated legal drafting to provide enduring RDP Entry Process Tests?



Npower supports

Npower agrees with this proposal and the associated legal drafting regarding the provision of enduring RDP Entry Process Tests.

The registration data provided by the RDPs is a critical data element to support the process of enrolment of Smart Metering Systems. It is therefore very important that any new RDP that wishes to connect to the DCC undergoes a formal testing process (RDP entry process tests) in order to provide assurance that the new RDP can successfully connect to the DCC and can accurately transmit data to, and receive data from, the DCC.

Q9 Do you think that it is appropriate that new Electricity Distribution Licensee or Gas Transportation Licensee holders, who opt to use the services of an existing RDP (which has already successfully completed RDP Entry Process Tests), be permitted to use this testing service? Please provide a rationale for your views.

Npower supports

Npower is supportive of this proposal. Though existing RDPs will have already gone through SIT, we believe that it would be beneficial for any new Electricity Distribution Licensee or Gas Transportation Licensee using this RDP to carry out its own End to End testing, to ensure that its Business processes and systems can work together with the RDP systems to accurately interchange data with the DCC systems.

Section 2.3 – Changes to the Enduring Testing Approach Document (ETAD) (Changes to the SEC – Testing)

Q10 Do you agree with the proposal and associated legal drafting to provide DCC with the ability to require a Testing Participant to remove its Devices from a DCC test laboratory, in accordance with the requirements set out in the ETAD? Please provide a rationale for your views.

Npower supports

Npower agrees with this proposal and the associated legal drafting (H14.10A). We support providing the DCC with the ability to require a Testing Participant to remove its Devices from a DCC test laboratory, as long as it is in line with the requirements defined in the ETAD.

We also support the proposal and the associated legal drafting (H14.10A) that the requirement will include a dispute resolution procedure.



Section 2.4 – Provision of variant Communications Hubs for testing (Changes to the SEC – Testing)

Q11 Do you agree with the proposal and associated legal drafting to clarify the requirements around Test Communications Hubs? Please provide a rationale for your views.

Npower partially agrees

Npower partially agrees with the proposal and associated legal drafting regarding the requirements around Test Communication Hubs, and we have the following comment for BEIS's further consideration.

Where the DCC considers it is not reasonable and/or cost effective to provide a variant of a particular Test Communication Hub, then the relevant Supplier Party will not be able to conduct testing and verify that that variant Communication Hub will establish a HAN at the Customer premises. This means that Supplier Parties will be unable to test this functionality, and the DCC must therefore take responsibility to provide adequate evidence to enable Suppliers to satisfy their obligations in this regard.

Section 3.1 – Changes to Section N to support SMETS1 Enrolment and Adoption by the DCC (Changes to the SEC – Other)

Q12 Do you agree with the proposed changes and legal drafting in relation to Section N? Please provide any rationale.

Npower does not support

Whilst npower understands and appreciates the complexities of the Adoption and Enrolment work that the DCC is currently investigating, we expect that both BEIS and the DCC would also appreciate the position that Suppliers may find themselves in in terms of Contract Law.

We do not see the need for any additional legal drafting within SEC Section N to further facilitate the DCC's ongoing reasonable requests for additional information. Suppliers have supported, and will continue to support, the DCC however they can as they have an inherent, vested interest in the DCC's success in this regard.

Whilst the consultation document and the associated legal drafting tentatively suggest the possibility that the DCC may request copies of Communication Contracts, it is commonly understood that the current contention is around the DCC's request for access to these contracts and the commercially sensitive information held within them. In this regard:

- We have still not been provided with a reasonable and clear explanation as to why this information is required and we do not see how this can help the DCC to determine if it should or should not adopt a particular contract. In particular the commercial arrangements contained within those contracts should, in no way, reflect the likely costs of the DCC in providing an equivalent service or

any proposed pricing structure. Visibility and understanding of the proposed DCC approach to adoption may help clarify this point, particularly in terms of what analysis the DCC expects to undertake. We understand that novation of contracts is something being considered but may not be the only option;

- Where contracts are bundled this may further complicate the DCC's ability to clearly establish any contractual implications and the Suppliers ability to continue to maintain its communication services;
- Presumably those Suppliers whose assets fall out of scope of adoption will not be expected to pay for a service that they are not receiving. We would like to know if any analysis as to the likely cost implications been conducted for those that remain and the overall feasibility of DCC adoption and enrolment?
- We have not seen any other suggested approaches from the DCC who could, for example, negotiate their own, superior communications contract due to the economies of scale that would be involved etc.;
- Having been given certain assurances, from BEIS, that this is not the case it is therefore disappointing to see that within section 72 of the consultation and the legal drafting at SEC N4A.5 it clearly states that failure to provide the DCC with the information that it 'reasonably' requests will result in that suppliers' meter cohorts being deemed out of scope. Which is to say that given the information that is currently being requested, the DCC will therefore not adopt a suppliers' meter cohort if it does not provide the contractual information that they are looking for;
- The drafting provides suppliers with an appeals process but sets a new precedence in that they will be expected to take their issue(s) directly to the Secretary of State. This presumably reflects the importance of the issues that these requests are likely to raise and so the impact on both potentially affected Suppliers and the overall Programme. Given the arguments already provided here it is highly likely that the Secretary of State will have to make a determination as to whether the provision of commercially sensitive information to a monopoly service provider, whose Parent Company is also in direct competition with Communication Service Providers is reasonable;
- We wish to understand how the Secretary of State ,BEIS and the DCC will justify adopting only a certain number of meters operated by a particular Supplier where these exact, same assets are commonly used by a number of Suppliers? and
- It must be understood that not all of the Communication Service Providers are signatories to the SEC and as such are not legally bound by its content. The proposed drafting then will only serve to put a Supplier in the untenable position of having to choose between either non-compliance with its Code obligations or breaching any confidentiality clauses that it may have within its Communication Contract(s).

Npower will continue to support the adoption and enrolment work that the DCC is currently undertaking in any way that we can.

With references to certain clauses we have the following specific comments and points of clarification to make:

- SEC Section N Definitions: Initial Enrolment - means the Enrolment of some or all of the Eligible Meters which were included within the scope of the Initial Enrolment Project Feasibility Report or within the scope of any additional analysis pursuant to Section N4A (Further Initial Enrolment Analysis). Clarification is required as to which Report or analysis will be used to determine which meter cohorts will be in scope;



- N4A.3 in conjunction with N4A.5 effectively compels a Supplier to provide requested information as failure to do so will result in their meter cohorts not being adopted. As Suppliers' systems, processes and contractual arrangements are likely to differ in key areas this 'black and white' approach could result in market distortion and additional costs to both impacted Suppliers and the overall Programme. We therefore seek further clarification as to how the provision of information and its determination will be managed and policed.

Section 3.2 – Amendments to the Ofgem Significant Code Review Process (Changes to the SEC – Other)

Q13 - Do you agree that the legal drafting implements the changes to Ofgem's Significant Code Review powers contained in its Code Governance Review 3 Final Decision?

Npower does not support

The proposed draft legal text captures the changes to Ofgem's powers in facilitating a SCR process as proposed in CGR3. Whilst we do not have any comments on the legal drafting itself, we are not comfortable with the changes it will implement as we do not consider that Ofgem should have the ability to lead the end-to-end SCR process as well as having the authority to raise and approve their own modifications.

Section 3.3 – Privacy Requirements (Changes to the SEC – Other)

Q14 Do you have any comments on the proposed changes to Section H and Section I?

Npower supports

Npower supports the proposed changes to Clause H1.8 and Clause I1.1. We believe that it is appropriate that an explicit reference to the Data Protection Act should be inserted into Clause I1.1, and that Clause H1.8 should be augmented to explicitly reference having regard to guidance regarding the processing of personal data.

Section 3.4 – Making certain transitional variations enduring (Changes to the SEC – Other)

Q15 Do you agree with the proposals to make certain transitional variations described in Chapter 3.4 enduring? Please provide a rationale for your views.

Npower supports



Npower agrees with the amendments that are proposed within Chapter 3.4 of the consultation document, and are comfortable with the proposal that the transitional variations referenced within this chapter should be made enduring.

Section 3.5 – Definition of Registration Data Provider Systems (Changes to the SEC – Other)

Q16 Do you agree with the proposal to revise RDP Systems Definition and the associated legal drafting? If not, please provide a rationale.

Npower supports

Npower agrees with the proposal to revise the definition of RDP Systems, and note that the proposed change will align the definition of RDP Systems with the proposed definition of User Systems as covered via consultation Question 15.

Section 3.6 – Changes to the Supply Licence Conditions, the DCC Licence and the SEC to accommodate multiple versions of Technical Specifications and multiple versions of DUIS (Changes to the SEC – Other)

Q17 Do you agree with the proposals for how multiple Technical Specifications and GBCS should be managed within the Code and do you have any comments on the proposed changes to supply licence conditions, the DCC licence and the SEC in order to give effect to them?

Npower support subject to comments

Whilst npower agrees to the mechanisms that are being proposed to manage multiple Technical Specifications within the SEC, we would like to reiterate our comments made in response to Q4 of this consultation document and reaffirm that we believe every effort must be made to minimise the number of different versions of the technical specifications that are in operation at any one time. Failure to do so will, we believe, lead to increased costs for Suppliers which ultimately will negatively impact upon consumers.

Q18 – Do you agree with our proposed approach to facilitating multiple versions of DUIS (and associated versions of the Message Mapping Catalogue and Parse and Correlate software)?

Npower supports subject to comment

Npower supports the proposed approach to facilitating multiple versions of DUIS subject to the following caveat. Npower believes that a new obligation should be placed upon the DCC to minimise (where possible) the impact that any subsequent version of DUIS may have on its Users.

Section 3.7 – Minor Miscellaneous Changes (Changes to the SEC – Other)



Q19 Do you agree with the proposals to make the changes set out in the Minor Miscellaneous Changes chapter and do you agree with the associated legal drafting? Please provide a rationale for your view.

Npower supports

Npower fully supports the position that the current transitional variation to Sections H1.5 and H1.6 of the SEC should be removed at the earliest opportunity, and support the SEC Panel's recommendation that this transitional variation should be targeted to come to an end at the 29th June 2017 release date.

We note that BEIS have noted the Panel's recommendation and intend to amend this transitional variation later this year to state that it "shall apply until 30 June 2017 (or such later date as the Secretary of State may direct)". Our strong preference would be for the drafting to be amended to state it "shall apply until 30 June 2017" only, in order to provide all impacted parties with certainty regarding when the DCC will amend their systems to become compliant with the SEC obligations detailed within H1.5 and H1.6.

With regard to the other proposals and associated legal drafting contained within the "Minor Miscellaneous Changes" chapter, we are supportive of both the proposals and the drafting.