

Smart Metering Implementation Programme
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Smart Metering Implementation Programme: a consultation on the detailed policy design of the regulatory and commercial framework for DCC (September 2011):
Consultation Reference: URN: 11D/868.

We welcome the opportunity to respond to the consultation above. We have contributed to the responses submitted by the Trade Associations to which we belong namely SBGI, ESTA and AMO. In addition we may specific Siemens responses to the following questions.

Q10 - Do you agree with the general objectives of DCC set out above?

We believe the objectives are appropriate – but are interested to understand how the DCC will be accountable for end to end service performance, which is the ultimately the measure that its users and the consumer are interested in.

The facilitation of the rollout of smart meters could helpfully be extended to include future re-certification and policy exchanges, as well as the rollout of new communication hubs in the event of a change of WAN provider or a major upgrade required to facilitate smart grids.

Q13 - Do you agree with the approach proposed in relation to the protection of consumer interests?

As the DCC will be accountable for controlling the access of “industry” users through secure access controls it would seem appropriate to extend this to include the management of non-industry users e.g. energy management companies, utility sales brokers etc.

The obligation for such parties to comply with the SEC is appropriate, but the DCC part in facilitating this area of access control could reasonably be within the scope of its license.

Q20 - Do you agree with the definitions of the services that DCC should be required or permitted to provide?

Siemens remain of the view that registrations should be centralised as part of the 1st phase delivery of the DCC. Access to timely, accurate data with regards to the registered supplier to a metering point is fundamental to providing effective security and access controls – which would be best achieved through centralisation of registration data management within the DCC from day one.

Similarly, Siemens believe that the DCC should store “meter/device technical details” to allow key processes such as firmware management (particularly for security patches that are required for all devices) to be centrally controlled and managed. It is difficult to see how such processes can be effectively managed if subject to the current industry processes of transferring data to and from market participants following Change of Supplier events.

Smart Grid

With specific regards to the Change of Supplier process, the implementation of the DCC provides a real opportunity to ensure that opening and closing reads, meter clear downs and new tariff set ups are effectively managed through direct linkage with the registrations process. There is no indication in the scope of services that this opportunity is being pursued.

There is also no direct reference to the intention to simplify industry ways of working. Although not a Phase 1 task, it would be helpful to signpost the intent for the DCC (or SEC) to be accountable for the simplification of industry processes and the resulting rationalisation of industry roles and responsibilities. Further clarity is requested on the provision of BPO services to support the core deliverables of data management, communications and security.

Q21 - In relation to which non-compliant metering systems should DCC be *required* to offer services?

Siemens believe that the process of adoption of any foundation market smart metering system – whether that be compliant or non-compliant metering system – must be subject to a defined due diligence process by the DCC.

It is an over-simplification to suggest that because a meter is deemed as being compliant, that it can be readily migrated into the DCC. It may be that to maintain security and deliver a migration that adoption of the system supporting the meter needs to be considered. The full technology stack supporting the metering system must be assessed as part of this process (e.g. head end systems, WAN) as must the security processes and procedures prior to any adoption, otherwise the whole security of the DCC could be compromised.

Q22 - In relation to which non-compliant metering systems associated with energy supply at consumer premises should DCC be *permitted* to offer services?

Subject to clear due diligence processes the DCC should be permitted to offer services. The main thrust of the due diligence process will be to determine that the end to end smart metering system will meet the appropriate security standards enforced by the DCC.

However, this must not be to the distraction and detriment of the primary objective to support the accelerated rollout of smart meters and in practice we believe that this is a low priority requirement in the overall SMIP.

Q27 – Do you agree with the procurement objectives for DCC identified above?

Siemens agree with the procurement objectives defined, but are unclear as to who is accountable for the integration of individual service providers to fit together to form a coherent, functional and secure end to end solution – and what recourse will be put in place should the integration not meet the procurement objectives.

On a general point, the delivery of success for the DCC users is dependent upon the coherent, secure integration of services across service providers - end to end business process success. How is it perceived that the DCC could allocate accountability to a specific service provider causing the end to end process across multiple service providers to fail?

Q42 – Do you agree with that DCC should be required to ensure business continuity of service providers and should monitor the provisions that they have in place to deliver business continuity?

Siemens agree that business continuity of DCC service providers is a key consideration and needs to form part of any procurement specification.

Q43 – Do you believe that DCC should be required to ensure business continuity of service providers and should monitor the provisions that they have in place to deliver business continuity?

Yes, but we are of the view that the concept of the DCC having “step in rights” in the event of a major financial or service quality issue will be difficult to effectively implement - because the DCC is “thin” by design and that the delivery of success in the eyes of the DCC users is dependent upon the coherent, secure integration across service providers.

Stepping in is the correct principle, but more consideration is needed on how this could effectively be implemented if this is the preferred route to ensure service provider business continuity.

The main area of concern would be that of the Data Services Provider. As this is currently planned to be a singular party, it is difficult to see how this service contract could be swiftly transferred to another party in the event of financial or service quality issues. A possible means of mitigating this risk would be to let multiple data services contracts in line with the multiple wide area network contracts.

This would give a more obvious means of providing business continuity through transferring services to already established and operational DCC data service providers – the provision for which could be written into the Data Services Provider contracts.

Q50 – Do you agree that the DCC license should contain a condition which gives it a high-level obligation in relation to foundation and subsequent rollout activities and that the detailed obligations can be dealt with as part of the development of the SEC?

Siemens agree that the DCC should contain conditions in relation to the foundation market – specifically covering the due diligence process to facilitate the future migration of smart metering systems into the DCC and to obligate the support for “industry testing” in the foundation period to enable all market participants to be able to engage effectively with the DCC and its associated service providers.

Q51 – Do you agree that DCC should have a high-level obligation, albeit initially “switched off”, relating to the provision of meter point/supplier registration services?

Siemens agree that the DCC should have license obligations to provide central registration services. However, we do not agree that they should be switched off from day one as centralised registrations are key to providing appropriate effective data access controls.

We believe that the day one requirement is for the DCC to be able to advise where a “Communication Hub” is installed so that a supplier wishing to install a smart meter for the other fuel will know what to expect at installation. To achieve this a database that mirrors the core information of the gas and electricity registration systems and matches MPRNs with MPANs is essential. This base level functional requirement will provide the platform for a registration system if it is not provided operationally on day one.

Q52 – Do you agree that conditions should be introduced in other licenses providing the ability to release other licensees from the requirement to provide meter point/supplier registration services at some point in the future?

Siemens agree that conditions need to be introduced to release existing licensees from their current registration obligations, but would want to see this process completed prior to the go live of the DCC – not as a subsequent phase of activity.

Q53 – Do you agree that DCC and other relevant licensees should be subject to an obligation requiring the licensee to take steps to facilitate the transfer of meter point/supplier registration activities to DCC?

Yes – a commitment from existing licenses is needed to facilitate the transfer process.

Q59 – Do you consider that it is practicable for the DCC licence applicants to provide costs for undertaking meter point/supplier registration? Or is it more appropriate to include a specific reopener for DCC’s costs of undertaking meter point/supplier registration?

Siemens believe that it is essential to receive costs and detailed plans as to how the DCC will undertake any future activities within the scope of its license including metering point/supplier registrations.

Since the registration system is fundamental to the Data Services function of the DCC it may be more appropriate that DECC require the costs as part of the current data service provider(s) bid process.

Q62 – Do you consider that any other cost areas may require mechanisms to deal with uncertainty?

Industry simplification, centralised data processing, centralised settlements and volume allocations would appear to be areas worthy of consideration for future scope enhancements and hence mechanisms may be appropriate. It may also be useful for the DCC to have the ability to deal with alarm filtering for outage management.

Q67 - Do you have a view on whether the data service provider(s) should be treated differently from communication service providers and be allowed to recover its fixed costs evenly over the length of its contract from “go-live”? Please provide reasons why this is or is not appropriate.

Siemens agree with the proposal that Data Services Providers should be able to recover fixed costs from go-live evenly across the contract duration.

This approach recognises the large up-front costs associated with building the Data Services infrastructure and capability and removes the risk of any slippage by energy retailers in deploying smart meters negatively impacting payback.

Whether or not this approach is different to that associated with communication contracts largely depends upon the choice of communication technology. Some communication technologies likely to be bidding for WAN contracts may involve significant upfront network build costs.

Q88 – Q92: Adoption of Foundation Stage Communication Contracts

Siemens believe that the issue as to whether or not to adopt communication contracts is not the key question that DECC need to address.

Foundation deployments of smart meters involve the implementation of Head End systems, Wide Area Networks and smart metering systems.

It is the combination of all of the above factors that will determine the adoption criteria of foundation smart meters and their associated supporting technologies into the DCC. Focussing solely on communications contracts is only part of the consideration.

End to end system security, data services systems, communication contracts, performance and volumes, and smart metering systems compliance with the SMETS all need to be assessed by the DCC to determine whether or not the smart metering system can be adopted.

A clear DCC due diligence process is needed to cover all of these elements – of which the communication considerations have been included in this consultation document.