

**Sbgi Answers to the:  
Smart Energy Code Consultation  
Ref: URN 12D/034**



**Chapter 3.**

Consultation questions: Participation in the SEC

1.

Please provide any comments that you have on the classification of party categories under the SEC.

**ANSWER:**

The asset managers and installers are service providers to the suppliers and there are circumstances where they require access to information from DCC in their own right and therefore they should have full representation on the SEC panel. The business of MAMs, MAPs and MOPs are significantly affected by decisions and changes made to the SEC and they should not be reliant on a drip feed of information via the suppliers. This is especially true when registration is migrated into DCC. Access to similar information from xoserve is already an accepted practice by Ofgem and it would be sensible and efficient from this access to be provided by DCC

**Chapter 4**

Consultation questions: Involvement of the Meter Services Community

2.

Are the requirements of both meter asset providers and meter operators for access to smart metering systems adequately captured in this consultation paper?

If not, please provide additional details of the requirements and why they are required.

**ANSWER:**

Sbgi believes that the proposed access for MAPs and MOPs are not sufficient. We believe that MAPs and MOPs must have access to the systems to fulfil their legitimate business needs without being constrained by the suppliers. Supplier must not be able to inhibit legitimate users accessing the DCC and its services.

3.

Do you support the Government's preferred solution to implement a simple variant of Option B whereby the registration of a meter operator in the existing electricity and gas registration systems would be deemed to constitute a nomination by the supplier of that meter operator to act as its agent to perform a specific set of commands?

**ANSWER:**

Sbgi believes that option C is the absolute minimum and that MAPs must be included.

1<sup>st</sup> June 2012

**SBGI Answers to the:  
Smart Energy Code Consultation  
Ref: URN 12D/034**



4.

Should meter operators be given limited participation rights in SEC governance under Options B or C, and if so what rights would be appropriate?

**ANSWER:**

SBGI notes DECC's plans that the Smart Energy Code is used to regulate more than the DCC contracts. This is signalled through the number of areas in the current consultations that refer to obligation on suppliers and others, presumably via the SEC, on the Industrial and Commercial market. SBGI also note discussion about the inclusion of an installation code of practice within the SEC obligations.

As such, SBGI members strongly believe that the Meter Services Community should have involvement in the Smart Energy Code.

The SEC will have a significant impact on the Meter Services Community businesses over a long period of time. It is essential that therefore that its members are represented on the SEC panel by a knowledgeable advocate and are able to raise changes to the code in appropriate areas.

SBGI notes that it has received general support for the inclusion of the Meter Services Community from independent suppliers, energy services companies and consumer representatives. It is unclear to SBGI why the Metering Services Community appear to have been singled out as one of the few interested parties that is not proposed to be represented on the SEC.

Including a Metering Service constituency within a more representative SEC regulatory structure would also avoid the distortions in the market that can occur when vertically integrated businesses that are represented on the SEC are competing against non-vertically integrated businesses in the Metering Services sector.

5.

Would you support the tracking of assets being included within the future system requirements for the new registration systems, which are proposed to be provided by the DCC?

**ANSWER:**

Yes, SBGI believes that the central point is the correct way forward.

**SBGI Answers to the:  
Smart Energy Code Consultation  
Ref: URN 12D/034**



**Chapter 5**

**Consultation Questions: Accession to the SEC**

**6.**

Do you agree with the process proposed for accession and the accession time limit?

**ANSWER:**

**SBGI agrees with the stated principle.**

**7.**

Do you agree that once acceded, any SEC Party should be able to participate in the governance of the SEC prior to undertaking any further entry processes?

**ANSWER:**

**SBGI agree with this proposal provided it is covered by the appropriate level of checks and balances.**

**Consultation Questions: Accession to the SEC**

**8.**

Do you have any views on the company, legal and financial information that should be provided as part of the SEC accession process?

**ANSWER:**

**SBGI has no particular view on this question.**

**Chapter 6**

**Consultation questions: Establishing readiness to receive the DCC's communication services**

**9.**

Do you agree that Government should not mandate a specific solution for the DCC User Gateway and that Data Service Provider (DSP) bidders should be invited to propose the solution which they consider to be the most effective (such proposals could include the option of extending an existing industry network)?

**ANSWER:**

**SBGI has no view on this issue.**



**Sbgi Answers to the:  
Smart Energy Code Consultation  
Ref: URN 12D/034**



10.

Do you have any other comments on the Government's proposals for the DCC User Gateway?

**ANSWER:**

**Sbgi has no view on this issue.**

11.

Do you agree with the proposed DCC user entry processes?

**ANSWER:**

**Sbgi has no view on this issue.**

**Chapter 7**

**Consultation questions: enrolling smart metering systems**

12.

Do you agree with the proposed rights and obligations relating to smart metering system enrolment set out in this chapter? Please provide your views.

**ANSWER:**

**Sbgi strongly believes that all MOPs and MAMs should also have these rights.**

13.

Do you agree that the SEC should require, as a condition of enrolment, that the supplier grants the right to the DCC to access its smart metering system for specified purposes?

**ANSWER:**

**Sbgi believes this is essential and cannot see how a supplier could enrol without granting this right.**

14.

Do you agree with the proposed rights and obligations relating to smart metering system withdrawal and replacement of devices?

**ANSWER:**

**Sbgi agrees with these proposed rights and obligations.**

1<sup>st</sup> June 2012

**SBGI Answers to the:  
Smart Energy Code Consultation  
Ref: URN 12D/034**



**Chapter 8**

**Consultation questions: Core and elective communication services**

**15.**

Do you agree with the three different types of eligibility to receive core communication services that have been proposed?

**ANSWER:**

**SBGI does not believe that these proposals properly reflect the needs of the industry as a whole and that there must be a type D and allow Asset Management by MAPs, MOPs and MAMs. This is a legitimate business need and should not be controlled or restricted by suppliers.**

**16.**

Are you aware of situations where there are two or more importing suppliers in relation to a single smart metering system and if so, where do such situations exist, how many exist and what metering arrangements have been made?

**ANSWER:**

**SBGI are not aware of any such situations.**

**17.**

Do you agree that amendments to the set of core communication services should be subject to the standard SEC modification process?

**ANSWER:**

**SBGI agree with these amendments.**

**18.**

Do you agree that SEC Parties should be able to request elective communication services from DCC on either a bilateral or multilateral basis?

**ANSWER:**

**SBGI fully agree with this proposal.**

**SBGI Answers to the:  
Smart Energy Code Consultation  
Ref: URN 12D/034**



19.

Do you agree that the following SEC requirements associated with the provision of core communication services should also apply to elective service provision: DCC user entry processes, technical security requirements, data privacy requirements, financial security requirements and dispute arrangements.

**ANSWER:**

**SBGI fully agrees with this proposal but would suggest that the bilateral agreement may override the dispute mechanism.**

20.

Do you agree that the SEC should set out mandatory procedures for the provision of an offer of terms for elective communication services by the DCC and with the mandatory procedures proposed? Do you consider that any additional procedures should apply? What do you consider are the appropriate timescales within which an offer of terms should remain open?

**ANSWER:**

**SBGI fully agree that there should be mandated procedures for elective communication service provision. However, the core service provision must be well established and stable before the system loadings are added to by elective services**

21.

Do you agree that commercially sensitive terms and conditions associated with elective service provision, which might include the type of communication service that is being provided, performance standards associated with the provision of that service and the price associated with that service, should be confidential between the DCC and the party or parties receiving the service unless the party or parties receiving the service consent or unless requested by the Authority pursuant to the DCC Licence?

**ANSWER:**

**SBGI fully agree with these proposals.**

22.

Do you agree that the SEC should contain provisions requiring that the DCC notifies SEC Parties of the timing of the implementation of changes to its systems?

**ANSWER:**



**SBGI Answers to the:  
Smart Energy Code Consultation  
Ref: URN 12D/034**



**SBGI fully agree with these proposals.**

**23.**

Do you agree that the DCC should only be required to offer terms for elective communication services from a specified date, and if so, what do you consider that date should be?

**ANSWER:**

**SBGI fully agree that there should be a specified date and we would add that this date should be after the core services have been substantially rolled out and are considered stable nationally (or at least a significant portion of nationally).**

**Chapter 9**

**Consultation questions: DCC charges**

**24.**

Do you think that the proposed approach for DCC charging is reasonable?

**ANSWER:**

**SBGI believes that this method is unnecessarily complicated and inefficient and also it is not open.**

**25.**

Do you consider that the "pay now dispute later" approach is consistent with the envisaged DCC regime? If you disagree please set out the reasons for your preferred approach.

**ANSWER:**

**SBGI believes this to be the correct way to ensure the financial status of DCC.**

**Consultation questions: DCC charges**

**26.**

Do you accept that bad debt should be socialised explicitly within the current charging period across all DCC service users? If you disagree please set out the reasons for your preferred approach.

**ANSWER:**

**SBGI believes this to be the correct way to ensure the financial status of DCC.**

**Sbgi Answers to the:  
Smart Energy Code Consultation  
Ref: URN 12D/034**



**Chapter 12**

**Consultation questions: The SEC Panel**

**27.**

Do you agree with the proposed functions, powers and objectives of the SEC Panel, as set out in Boxes 12A and 12B?

**ANSWER:**

Sbgi believes that the composition of the panel should properly and evenly reflect the participants of the SEC and should also include a good cross section of industry stakeholders such as bodies representing small suppliers, MAMs, MAPs and MOPs as well as consumer organisations. There should be a fair, but not disproportionate representation for suppliers as this must be seen by the consumers as being fair, open and impartial.

**28.**

Do you think that a fully independent panel is the appropriate model for the SEC? Please give reasons for your answer.

**ANSWER:**

Sbgi believes the DECC proposal is not appropriate for a multiparty code where suppliers, if DECC's assumptions about the development of the energy services sector are correct, should ultimately prove to be minority users of the service. While some suppliers may also choose to compete in the energy services market, they will be the minority in a widely diverse market. The current balance of the SEC panel is therefore weighted far too heavily in the favour of suppliers.

It is also notable that the 4 Large Supplier, 1 Small Supplier split does not appear congruent with DECC's assertion that it wants to encourage competition in the supply market. It also fails to address the need to have experts with different viewpoints, skills and knowledge. Sbgi knows from experience that small suppliers in the gas market have different needs and views from small suppliers in the electricity market. It is also true that those active in the domestic market will have different knowledge, experience and requirements to those active in the non-domestic market.

Lastly, Sbgi is committed to the view that MOPs, MAPs and MAMs should also be represented on the panel. It appears bizarre to Sbgi that DECC would propose a multi-party, cross



**SBGI Answers to the:  
Smart Energy Code Consultation  
Ref: URN 12D/034**



industry code structure like the SEC and exclude the Meter Service Community. This is especially so when DECC expects the Meter Service Community to invest billions of pounds in new smart assets and undertake the most ambitious meter rollout programme the GB market has ever seen.

SBGI notes that consumers will be represented on the SEC panel as interested parties and will have the right to raise proposals and to vote on changes. SBGI agrees this is appropriate given the impact on consumers of changes to the SEC. SBGI also recognises that the impact of changes to the SEC on its members will be much greater than the impact to an individual consumer and it therefore appears illogical to include consumer representatives and exclude MAMs.

Allowing the Meter Service Community a position on the SEC would also be consistent with changes made in both Gas and Electricity codes to allow the Meter Services Community access to systems and processes. It should be noted that the lobby effort required to gain this access was considerable and took several years in some cases. This in itself demonstrates the difficulties to the Meter Services Community when it needs the sponsorship of suppliers, shippers, transporters or others to raise changes on its behalf and a large degree of support from those parties to obtain a positive decision from the regulator to implement such changes.

29.

Do you agree that the proposed SEC Panel composition set out in Box 12C is appropriate? Please give reasons for your answer, Alternative proposals for the panel composition are welcome.

ANSWER:

SBGI strongly disagrees with the proposed panel structure as it is not fully inclusive of industry stakeholders or fairly balanced to reflect all DCC users or potential users such as MAMs, MAPs or MOPs etc. The panel must fairly represent all industry stakeholders but there must also be provision to ensure that no particular group can excessive influence the strategies or behaviour of the panel or SEC.

30.

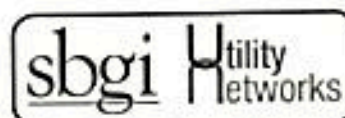
Do you agree with the proposed division of voting and non-voting members, and in particular do you believe that the DCC should be a non-voting member in respect of any or all aspects of panel business?

ANSWER:

SBGI believes that all panel members should have full voting rights and this should include DCC as decisions made by the panel could significantly affect the DCC business.

31.

**SBGI Answers to the:  
Smart Energy Code Consultation  
Ref: URN 12D/034**



Do you agree that the proposals for the independence, appointment and term of office of the panel chair are appropriate? Please give reasons for your answer.

**ANSWER:**

**SBGI agree with the proposal for independence and the term of tenure of the chair. We believe that the panel may wish to decide on the number of times a chair can be re-appointed.**

32.

Do you agree with the proposed arrangements for panel member elections and appointments?

**ANSWER:**

**SBGI believes it is essential for this process to be open and fair. Therefore, no particular group or bloc should be able to have undue influence on the majority.**

33.

Do you agree with the proposed rules in respect of proceedings and decision making at SEC Panel meetings?

**ANSWER:**

**SBGI agrees with these proposals.**

34.

Which of the two options for remuneration of panel members do you prefer, and why?

In particular which of these options do you believe would be most aligned with each of the options for the panel to be either an independent or a representative body as a whole?

**ANSWER:**

**Neither option appears reasonable to the SBGI. It was the view of the majority of our members that the chairman could be paid without undue influence. Our members felt that other SEC panel representatives should be expected to hold the position without payment but that they should be able to claim reasonable expenses.**

Chapter 13

Consultation questions: Code Administrator & Secretariat

35.

Do you think the Code Administrator and Secretariat chosen by the SEC Panel should be contracted through the DCC or through a SECCo?

1<sup>st</sup> June 2012

**SBGI Answers to the:  
Smart Energy Code Consultation  
Ref: URN 12D/034**



**ANSWER:**

SBGI believes that either approach would be acceptable.

36.

If a SECCo was established what should its funding arrangements, legal structure, ownership and constitutional arrangements be?

**ANSWER:**

SBGI does not have a view on this.

**Chapter 14**

Consultation questions: Modification process

37.

Do you have any views on the proposals regarding which parties should be entitled to raise SEC modification proposals?

**ANSWER:**

SBGI believes that all SEC participants and DCC users should be eligible to raise modifications. Again this must include all MAMs, MAPs and MOPs or important industry stakeholder will be excluded from influencing part of the industry governance.

38.

Do you have any comments on the proposed standard progression paths for different categories of modification?

**ANSWER:**

SBGI believes that there should be full CBA (cost benefit analysis)



**SBGI Answers to the:  
Smart Energy Code Consultation  
Ref: URN 12D/034**



**SBGI has grouped questions 39 to 41 together for one general answer:**

**39.**

Do you have any comments on proposed criteria that the panel would apply to judge whether a proposal is non-material and so to determine which path should be followed?

**40.**

Do you think it is for the panel or for the Authority to decide whether a modification proposal should be considered urgent and determine its timetable?

**41.**

Do you have any views on whether any non-standard modification rules and procedures should apply to any particular parts of the SEC?

**COLLECTIVE ANSWER TO QUESTIONS 39 TO 41:**

**SBGI believe that it would be better to wait until the SEC panel is formed and then allow the panel to decide on all aspects questioned in questions 39 to 41.**

**42.**

Do you agree with the proposal that responsibility for making final decisions or recommendations on SEC modification proposals should always rest with the SEC Panel and that this power should not be capable of delegation?

**ANSWER:**

**SBGI fully agrees with this proposal.**

**43.**

Are there any further matters relating to the modification process which you would like to comment on?

**1<sup>st</sup> June 2012**

**SBGI Answers to the:  
Smart Energy Code Consultation  
Ref: URN 12D/034**



**ANSWER:**

There should be full CBA (cost benefit analysis) and ALL impacted parties must be included in the change processes. This may necessitate a subgroup.

**Chapter 15**

**Consultation questions: Reporting**

44.

Do you agree that that the SEC should place certain obligations on the SEC Panel and, possibly, SEC Parties with regard to the production, provision and publication of certain information and reports? If so, what do you believe these should be?

**ANSWER:**

SBGI believes that reports can be costly so therefore the size and complexity of these reports must be justifiable to the SEC panel and the authority.

**Chapter 16**

**Consultation questions: Compliance and assurance**

45.

Are there any particular areas of risk that you believe should be addressed by appropriate compliance/assurance techniques under the SEC?

**ANSWER:**

SBGI has no comment on this question

46.

Do you have any views on the most appropriate governance arrangements for any compliance/assurance framework under the SEC?

**ANSWER:**

**SBGI Answers to the:  
Smart Energy Code Consultation  
Ref: URN 12D/034**



In a similar manner to reports, SBGI believes that unnecessary levels of governance can be costly so therefore the complexity of any governance must be justifiable to the SEC panel and the authority.

**Chapter 17**

Consultation questions: Liabilities between the DCC and DCC service users

47.

Do you have views on the options for the creation and enforcement of liabilities between the DCC and service users described in this chapter?

**ANSWER:**

**SBGI believes that waiving of rights is not enforceable but we agree with this in principle.**

48.

Do you agree that there should be a cap on liability for specific types of breach between the DCC and service users (including security breaches and physical damage). If so, what do you believe the appropriate level of these caps to be?

**ANSWER:**

**SBGI do agree with this principle but we are not able to offer an indication of the level of cap. This is perhaps something that the SEC panel and should review and set.**

49.

Are there any other specific types of liability between the DCC and service users that should be addressed in the SEC? If so, how should these be treated?

**ANSWER:**

**SBGI do not agree with this.**



**Sbgi Answers to the:  
Smart Energy Code Consultation  
Ref: URN 12D/034**



50.

Do you have views on the options for the creation and enforcement of obligations and liabilities between SEC Parties (excluding the DCC) described in this chapter?

**ANSWER:**

Sbgi disagree with this proposal as we do not believe it to be appropriate to remove or limit a party's rights when they are compelled to be a party.

There should be a process of independent arbitration so that litigation is a last resort.

51.

In your view, do any of the potential matters between parties described in this chapter (or any other such matters that you are aware of) merit the inclusion of obligations or liabilities that are directly enforceable between parties under the SEC?

**ANSWER:**

Sbgi has no view on this

52.

Do you agree that it would generally be preferable to enforce party obligations "centrally", for example through an appropriate compliance or assurance framework under the SEC?

**ANSWER:**

Sbgi has no view on this

53.

Are there any scenarios where you believe that it would be appropriate to allow for cost recovery between parties under the SEC? If so, what form should these arrangements take?

**ANSWER:**

Sbgi has no view on this

Chapter 18

Consultation questions: Disputes

1<sup>st</sup> June 2012

**SBGI Answers to the:  
Smart Energy Code Consultation  
Ref: URN 12D/034**



54.

What types of dispute do you believe might arise under the SEC?

**ANSWER:**

**SBGI has no view on this**

55.

Do you agree with the proposed framework for resolving various different categories of dispute, as outlined in this chapter?

**ANSWER:**

**SBGI has no view on this**

Chapter 19

Consultation questions: Default

56.

Do you have any views on the suggested framework for dealing with defaults under the SEC, including the events, consequences and procedures described? In particular, do you agree with the proposed role for the SEC Panel and have any view on what SEC rights or services it would be appropriate to suspend in the event of a default?

**ANSWER:**

**SBGI has no view on this**

Chapter 20

Consultation questions: Ceasing to be a party to the SEC

57.

Do you agree with the proposed rules and procedures governing withdrawal and expulsion from the SEC described in this chapter?

**ANSWER:**

**SBGI are generally supportive of these proposals**

Chapter 21

**SBGI Answers to the:  
Smart Energy Code Consultation  
Ref: URN 12D/034**



Consultation questions: Intellectual property rights

58.

In addition to the proposals above relating to the suggested intellectual property provisions to be included in the SEC, are there any other intellectual property provisions which should be considered for inclusion within the SEC?

**ANSWER:**

**SBGI has no view on this**

**Chapter 22**

Consultation questions: Confidentiality

59.

What information should be classified as confidential under the SEC?

**ANSWER:**

**SBGI has no view on this**

60.

How should a balance be struck between transparency and data publication under the SEC, whilst maintaining confidentiality?

**ANSWER:**

**SBGI has no view on this**

**Chapter 23**

Consultation questions: Unforeseen events

61.

Please detail those events which you believe would warrant the force majeure provisions being exercised and indicate who should declare a force majeure event.

1<sup>st</sup> June 2012



**SBGI Answers to the:  
Smart Energy Code Consultation  
Ref: URN 12D/034**



**ANSWER:**

**SBGI has no view on this**

**62.**

Please provide your thoughts on the proposal that the SEC should define a set of contingency business process arrangements and associated service levels/obligations which will apply in the event of a major service failure.

**ANSWER:**

**SBGI are generally supportive of these proposals**

**Chapter 24**

**Consultation questions: Transfer of the DCC Licence**

**63.**

Please provide your comments on the proposals outlined for the DCC transfer and whether there are any other specific provisions that you suggest need to be covered within the SEC, in addition to the proposed novation agreement for the SEC.

**ANSWER:**

**SBGI are generally supportive of these proposals**