



Smart Metering Implementation Programme
Department of Energy and Climate Change
3 Whitehall Place
London SW1A 2AW

1st June 2012

Dear SMIP Regulatory Design Team

Smart Energy Code Consultation

Thanks for the opportunity to respond.

At high level we would like to make three points;

The Supplier Hub regulatory model. Whilst smart meters and grids are likely to require some adaptations, the Supplier Hub remains the regulatory model in place and indeed is fundamental to the consumer engagement in Great Britain. We do not believe that the Supplier Hub should be compromised without consideration and consultation. Accordingly we do not believe that Meter Asset Providers (MAPs) should access DCC in their own right. We therefore support Option A. We do believe that for practical reasons, Meter Operators (MOPs) should access DCC as Nominated Suppliers' Agents (Option B). At this same time we do support progression of industry changes/future consideration of changes to registration systems to enable MAPs to track assets better.

The Modification Process. This needs to be suitable to cater for changes to the Legal Text of the SEC itself, as well as the SEC Subsidiary Documents, which will be very varied and wide ranging in their scope (e.g. SMETS; Security Requirements; Data Catalogue; BPDG Model etc). We believe that Modification processes proposed in the consultation will be suitable for changes to the Legal Text of the SEC document itself, and that an additional change process needs to be developed to cater for changes to the subsidiary documents. The SEC Panel should be able to delegate their powers to the Change Board(s) that manage changes to the Code Subsidiary documents, and the Change Board(s) themselves should be representative, with SEC Parties having the right to appeal decisions of the SEC Change Board(s).

Future Proofing – need to ensure that the SEC that is developed now is able to cater for, or be easily amended to cater for, known future requirements e.g. migration of registration services into DCC.

Yours sincerely

Head of Retail Regulation, RWE npower

RAT npower

Mr. [Name]
[Address]
[City]
[Postcode]

Mr. [Name]
[Address]
[City]
[Postcode]

Mr. [Name]
[Address]
[City]
[Postcode]

Mr. [Name]
[Address]
[City]
[Postcode]

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

The SEC Party Categories that are being proposed (ie The DCC; Gas Suppliers; Electricity Suppliers; Gas Transporter; Electricity Distributors and Other Users) seem reasonable.

We note that future consolidation of industry codes is currently being considered by Ofgem and that this work, as well as the transfer of meter registration, could give rise to the need for further party categories in the future. We are in agreement that SEC Party Categories should be reviewed again in the future, when further detail regarding the above developments, is known.

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.

Yes, they are adequately captured

We believe that the requirements of both meter asset providers and meter operators for access to smart metering systems are adequately captured within the consultation paper.

We are in agreement that the supplier hub principle is well established and that the smart metering approach adopted should be consistent with it.

We are in agreement with the Government's proposal that access via the Supplier (Option A) is the most appropriate route for the MAP's.

We are in agreement that the planned transfer of registration responsibilities to the DCC in the future would be an opportune occasion to consider proposals to include appropriate requirements to allow MAPs to better track their assets, if industry changes have not already been implemented prior to this point in time to achieve this "tracking of assets" objective (eg Uniform Network Code Modification 0422 and the work currently being progressed by Foundation Interim Operating Model, FIOM)

We do not support MAP's having direct access to the smart metering systems under the SEC. We do not believe that direct access to the smart metering systems is required by MAPs to enable them to track their assets, nor to fulfil any other requirements that they may have.



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?

Yes

We are supportive of an Option B (Supplier Nominated Agent) approach, 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.

We agree that such Supplier Nominated Agents should not be SEC Parties and that any rights or obligations associated with "nominated agent" communications should remain with the supplier as per the Supplier Hub principle.

We are not supportive of Option C (Nominated Meter Party accedes to the SEC).

We are not supportive of the suggestion made within Chapter 4 that suppliers could allow meter parties to act directly on their behalf by providing their login security details to the meter party thereby enabling them to "act as the supplier". We are firmly of the view that such an approach to granting access would contravene security protocols and believe that consideration to alternative approaches need to be considered.

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?

No – we believe that their interests can be represented by an “interested industry participant” role

Whilst we do not believe that Meter Operators should be given limited participation rights in SEC Governance, we could support the creation of an “interested industry participant” role for Meter Operators. Creation of such a role, would enable Meter Operators (subject to gaining the sponsorship of a SEC Party) to be issued with copies of Modification Proposals/Changes for review and comment (but not voting upon), and could also enable Meter Operators, where applicable, to attend SEC Working Groups to present the views of Meter Operators to SEC Parties for their consideration.

There is precedent for the Interested Industry Participant in the Master Registration Agreement (MRA) Change Process, and this has provided visibility for changes and a route to feed in comments.

We do not believe that meter operators should be given limited participation rights in SEC governance under either Option B or Option C. Such an approach would not be in accord with the Supplier Hub principle. Participation rights in SEC governance should not be extended to agents, who are unlicensed parties, but should remain with Suppliers upon whom the Obligations are placed via Licence and Codes.

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?

Yes

We would support the tracking of assets being included within the future system requirements for the new registration systems (subject to an appropriate cost/benefit analysis being undertaken), although we note that work is already progressing on this issue e.g. via UNC Modification 0422 and the work currently being progressed by Fiom, and the outcome of these developments may preclude the need for any further work to be undertaken during the development of the new registration systems.

The current drafting of DCC LC 15 states that this Condition would come into effect on or after 1/4/2015 (See Clause 15.2). Whilst we note that this is "on or after", implementing this condition so soon after DCC Go-Live could be problematic and we would suggest that a later date may be preferable to ensure that these changes were only introduced once the DCC Platform was stable. Condition 15 will enable the Secretary of State to direct the Licensee to secure the incorporation of Energy Registration Services up to 30/11/2018 (subject to the proper consultation at least 28 days before making such a direction).



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

Yes

Proposed process for accession – this is consistent with arrangements under other existing industry codes and we do not believe that the proposed process will create any significant barriers to entry for smaller companies.

Following accession further entry processes - we support the requirement that these would need to be undertaken prior to a party taking the DCC's communication services.

Management of SEC accession process - We agree that this should be managed by the Code Administrator.

Appeal - We are supportive of the drafting of DCC Licence Condition 22 Clause 22.21c which will enable any person whose SEC Accession application has been turned down to appeal such a decision to the Authority

Expulsion - We support the proposal that the SEC Panel should have the ability to expel parties from the SEC if they have not, within six months of accession, either taken core communication services from the DCC or requested an elective or new core communication service from the DCC, providing that the SEC Panel has the discretion to extend this six month period if the party provides evidence that they are continuing to take steps towards becoming an active participant under the SEC (eg are still undergoing Entry Process etc).

Fit and proper person – see our answer to Q8

- 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?**

No.

We do not support that any SEC Party, once acceded to the SEC, should be able to participate in the governance of the SEC prior to undertaking any further entry processes. Participation in the governance of the SEC should only be allowed once a SEC Party has completed the required entry processes and has become an active participant. However, we do support a modification being sponsored on behalf of a secondary signatory by a SEC party that has completed the full entry process

If a SEC Party were to be allowed to participate in the governance of the SEC prior to undertaking/completing the required entry processes this could allow them to frustrate proceedings in which they are not, and may never be, actively involved.

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

Yes

The proposed SEC accession process would require prospective parties to:

- complete an application form with basic business information and evidence supporting this (including whether they hold any energy licence)
- confirm their intended party category or categories
- pay an administrative fee (to be set by SEC panel)
- provide a signed copy of the Accession Agreement
- provide any other information as the SEC Panel may require

This seems to be a reasonable level of information and is in line with Accession processes in other existing codes.

In addition to the above, we believe that consideration should also be given to the inclusion of some form of "fit and proper person" test within the Accession Process, in order to minimise the potential for companies (or directors associated with those companies) from re-appearing as a new organisation following recent financial failure in the energy supply arena. The same applies to all Directors of the accedants. Whilst the legal status of "fit and proper" is not always clear, there are some obvious candidate exceptions such as being a director of a company that has recently defaulted in the business area around energy supply.



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?)

Yes

We support the Government's proposal that a specific solution for the DCC user gateway should not be mandated, but that Data Service Provider (DSP) bidders should be invited to propose a solution which they consider to be the most effective, as this position does not preclude any options from being progressed at this time, including the option of extending an existing industry network, and should therefore allow all potential options that may be identified by DSP's to be evaluated.

The Data Transfer Network – Extension of this is not our favoured option as things stand but we do recognise the merits of looking into this option in more detail.



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

Yes.

By the time the DCC and its service providers are appointed, industry parties will already be building their enduring solutions and will therefore need to know the details of the DCC User Gateway within a reasonably short space of time after appointment, in order to ensure readiness for industry testing.

The planned future migration of the Registration Services into the DCC should also be borne in mind when considering DCC User Gateway options, as this migration may be easier or harder, depending upon the DCC User Gateway option that is selected.

We support the Electralink DTSA paper

11. Do you agree with the proposed DCC user entry processes?

Yes – as far as they have been detailed.

Entry processes – We support the proposal that a DCC service user will need to complete a set of entry processes that will demonstrate it is capable of receiving communication services in compliance with the relevant provisions of the SEC, and that these processes should be specified in the SEC. It is essential that DCC users have adequately demonstrated that their systems and processes interact with the DCC as expected and that they don't compromise the operation of other DCC users and the market more generally, nor adversely affect customers.

Testing - We note that the detailed form of the testing process will be developed in due course and will be completed once the DCC User Gateway has been specified. As advised in our response to Q10, we will require this information in a timely manner in order to ensure readiness for testing.

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

Yes, we agree

Please provide your views

We are supportive of 3 of the 4 principal rights and obligations relating to smart metering system enrolment that are set out in Chapter 7, with these being:

- A Supplier will be required to notify the DCC in advance of the smart metering system devices that it intends to install
- A Supplier will be required to ensure that a MPRN or MPAN is entered into the gas or electricity smart metering system when installed
- The DCC will be required to notify the supplier and relevant network operator that a smart metering system can communicate with the DCC

We query the intent behind the 4th principal right and obligation relating to smart metering system enrolment that is set out in Chapter 7, ie

- The DCC will be required to notify other SEC Parties that a smart metering system (by reference to its MPRN/MPAN) has been enrolled with the DCC and is available for communication services.

We do not believe that the case has been made for making all other SEC Parties aware that an MPRN/MPAN has been enrolled with the DCC and is available for communication services. We believe that there is a risk that such notifications could be used by some parties to develop marketing databases, which we do not believe would be appropriate. We therefore propose that only relevant SEC Parties should be made aware that an MPRN/MPAN has been enrolled with the DCC and is available for communication services.

We believe that if there is a compelling case for other parties to be aware of Meter / Meter point enrolment that this be attended to as a formal modification and a technical solution developed at a later date. It is worth noting that the amount of data that would be required to be sent on a daily basis during mass rollout would require additional, and unplanned, IT development for both the DCC itself and the SEC parties. We suggest that any technical modification to facilitate this should only be considered after the completion of mass rollout to avoid the issuing and processing of large amounts of data where its value and potential use are currently unclear.

We agree that the right for suppliers to enrol smart metering systems should be conditional upon the smart metering system satisfying certain technical criteria. We also believe however, that for the separate activity of migrating across meters that are installed during Foundation, the satisfaction of economic as well as technical criteria should be should take into account.



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?

Yes, subject to tight drafting of the specified purposes for which the DCC can access the smart metering system

We agree that suppliers will need to grant rights of access to use their smart metering systems to the DCC as the DCC's ability to provide communication services for a smart metering system is dependent upon sending and receiving data. The specified purposes for which the DCC can interrogate smart metering systems, obtain data from them, and send data to them, should be clearly specified however in order to ensure that they are restricted to purposes required for SEC duties.

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

Withdrawal:

We agree

We support the obligation that Suppliers will be required to notify the DCC of its intention to remove a smart metering system and from when it will be removed

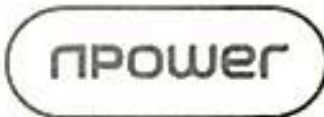
With regard to the obligation that the DCC will be required to notify SEC Parties of the date from which its communication services are no longer available in relation to that smart metering system, we query who is going to be notified of this information (All SEC Parties or only those who have "an interest" in the meter? – we would suggest the latter as not all parties will need to be aware of this information) and via what means this notification will take place (eg via sending a dataflow or via updating a flag on the registration systems)?

Replacement:

We agree

We support the view that for electricity smart metering systems where there are both an import and export supplier the right to replace devices should rest with the import supplier as that supplier is responsible for ensuring that the smart metering system complies with SMETS.

We believe that it should be sufficient that rights to replace smart metering systems are granted under the SEC to the supplier as the network operator would be acting as an "agent" of the supplier in emergency circumstances. Whilst conceding that network operators have most of the rights and responsibilities in emergencies. However would support further reviews of this area being undertaken once the decision document on the Review of Metering Arrangements (ROMA) consultation, which close in March 2012, has been published



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

Yes

We are supportive of the 3 different types of eligibility to receive core communication services that have been proposed i.e.:

Type A: Communication services exclusively available to registered supplier

Type B: Communication services exclusively available to relevant electricity distributor or gas transport to whose network the smart metering system is connected

Type C: Communication services available universally to suppliers, network operators and any other DCC service user (eg energy service company)

We note that under existing Codes where an elective service is taken by a prescribed number of parties that elective process is "converted" to a core communication process. Such a "conversion" process is referenced within the BPDG model, and we are supportive of this position. Confirmation that this "conversion" process will be captured within the SEC would be beneficial.

Please note our response to the Data Access and Privacy Consultation which sets out the circumstances in which a DCC service user must obtain consumer consent to access different types of metered data.

- 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?**

Yes

We are aware that the Balancing and Settlement Code (BSC) and MRA cater for the scenario where there are two or more importing suppliers in relation to a single smart metering systems (meter splitting/sharing arrangements). However we are not aware that these arrangements have been utilised.

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

Yes

The SEC Consultation documents states that there will be a "list of core communication services set down in the SEC" that should be capable of being amended, via the standard SEC Modification process. We support that this list should be capable of being amended via the standard SEC modification process but believe that amendment of such a list is likely to trigger the requirement for a consequential change (or changes) to the SEC Subsidiary documents, for which we propose that a different change process to the standard SEC modification process is followed. See our response to Q41 for further detail.

Where the situation above is the case, and both a Modification to the legal text of the SEC and changes to SEC subsidiary documents are required it will be important that the Modification and Change processes are managed together as a whole in order to ensure that the SEC and its subsidiary documents remain aligned.

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

Yes

We agree that SEC Parties should be able to request elective communication services from the DCC on either a bilateral or a multilateral basis, as this would provide additional flexibility.

In addition, we strongly agree that the provision of an elective communication service should not compromise the delivery of core communication services.

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?

Yes

It is important that SEC requirements (such as DCC user entry processes, technical security requirements, data privacy requirements, financial security requirements and dispute arrangements) should apply to elective service provision just as they do to core communication service provision in order to ensure that the overall integrity of smart metering arrangements is maintained and that the provision of core communication services is not allowed to be harmed via the provision of new elective services.

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?

Yes

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?

30 working days

We agree that the SEC should set out mandatory procedures for the provision of an offer of terms for elective communication services by the DCC.

The procedures outlined within the SEC Consultation document and DCC Licence Condition 17 appear appropriate however we believe that a 30WD process, as opposed to the 20WD process outlined within the SEC Consultation document, would be more appropriate.

We strongly agree that the provision of an elective communication service should not compromise the delivery of the pre-existing core or pre-existing elective communication services.

We support that where SEC is amended to provide a new core communication that is the same as an elective communication that the DCC is already providing bilaterally under the SEC that it may be appropriate for the SEC Party receiving that elective service to have the option of cancelling the contract for its provision at the point at which the equivalent core service becomes available. There will need to be clear charging rules and triggers for this subject, including clear guidance on when a particular elective service is deemed "core" and clear guidance on how suppliers will be charged if they request an elective service that is already being provided to another supplier.

- 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?**

No , we strongly disagree

As outlined within the SEC consultation, there are Pro's and Cons to keeping the terms and conditions associated with elective service provision commercially confidential, however overall we struggle to understand how the management of the impact of elective services upon core services will be undertaken without transparency to all SEC parties, and therefore do not support the proposal that commercially sensitive terms and conditions associated with elective service provision should be kept confidential between the DCC and the receiving party(ies).

We believe that as a minimum the DCC should publish the types of elective services that are being offered for transparency. We concede that the need for total transparency may be revisited after the completion of mass rollout and the DCC is established and stable

- 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?**

Yes

We 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.

Change Release Dates across a number of other codes are already aligned (eg BSC/MRA/SPAA) and it would seem sensible to try and align the SEC release dates to these existing industry change release dates wherever possible (accepting that some flexibility may be required in order to allow ad-hoc releases should the need arise).

- 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?**

We are in agreement that the DCC should not be obligated to offer terms for elective communication services from Day1, as we believe that during the first few years of its creation it is imperative that the DCC's focus should be upon the provision of core services (supporting the rollout of smart metering).

It is vital that the provision of Elective Services does not hinder the provision of core Services, and it is also imperative that there is no cross-subsidisation between these activities.

We do not believe that the DCC should be required to offer terms for elective services from a specified date. Our preference would be for there to be a requirement to offer such terms only once the DCC's systems are deemed to be "stable" and "ready", with the SEC Panel/Authority keeping this matter under review.

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

Yes.

We support the proposal that the DCC will set prices in advance each year to give pricing certainty for users with over/under recovery addressed within the subsequent pricing period. We are in agreement that allowing a shorter period for adjustment (e.g. 3 or 6 months) would be problematic for users in terms of their own business activities and firmly believe that an annual adjustment period is most appropriate.

We support the proposal that an annual reporting schedule should be developed, within which the DCC will update its forecasts every 3 months. We also believe that having visibility of the Model that the DCC is using to predict its costs, along with the assumptions around volume of data that they are using will ensure greater transparency of charging which will facilitate the prediction of charges in future years.

We note that paragraph 217 of Chapter 9 states that two monthly prices per gas smart metering system enrolled and three monthly prices per electricity smart metering system enrolled will be produced. We question why monthly, as opposed to annual, prices are proposed to be used. Usage of annual prices would be simpler to forecast and would reduce the risk of different cost recovery profiles being applied if we look to forecast these in the future.

We note the proposal that it would be prudent to provide the scope for a safety net arrangement via an emergency within-year change to the charging statement to be sanctioned by the Authority in extreme circumstances, in order to enable the DCC to secure further payments from users to ensure its financial viability. Whilst we are not opposed to the provision of such a safety net arrangement being included within the SEC, this arrangement must be capped, or otherwise limited, as failure to do so could potentially expose the market to very large costs being incurred at short notice.

Visibility – To minimise the cost of risk that flows to consumers, it is desirable for suppliers to have access to the cost model used by the DCC, together with core assumptions such as data volumes.

Regulatory asset base – It is essential that the elective services have regulatory oversight, at the very least to ensure that the regulated business does not cross subsidise the unregulated business – in particular with use or transfer of asset. Similarly the use of core assets or a core fixed cost base in the provision of services to other users should not benefit from cross subsidy. Past experience with meter assets indicates that further work is required to protect energy consumers from paying cross subsidies.

- 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.**

No, we disagree strongly

Our experience to date is that “pay now dispute later” has caused protracted discussions which suppliers eventually give up on in the absence of sufficient support from the regulator for disputes between industry counterparts. The outcome has been windfall profits to one counterpart and costs to consumers.

We believe that SEC counterparts should be able to withhold disputed amounts pending arbitration. Clearly, vexatious claims should not be allowed and swift arbitration is in the interests of all parties.

26. Do you accept that bad debt should be socialised explicitly within the current charging period across all DCC service users?

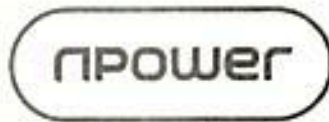
No

If you disagree please set out the reasons for your preferred approach.

First we should point out that bad debt is to be avoided. Bad debts (for example in wholesale energy balancing and in supplier defaults) incurred to date could have been avoided with more timely credit cover responses.

We are sympathetic to the DCC's risk averse approach. However our preferred approach would be that bad debt was recovered as an additional amount of allowed revenue in the following charging period. The industry has many times, paid socialised default costs. We believe that the key is to have a robust combination of credit cover arrangements and bonds, licence conditions and guarantees that minimise bad debtors.

We recognise that there is a balance here between allocating to the "right" period of current consumption, and limiting the flow through cost to consumers of risks placed upon suppliers. On balance we believe that costs would be most stable if they were able to be socialised over a longer period



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

Yes

We support the proposed functions, powers and objectives of the SEC Panel as set out in Boxes 12A and 12B.

We believe that there would be benefit to extending the Proposed Objectives of the SEC Panel to also include a requirement that the Panel conducts its business in a cost-effective and efficient manner.

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

No

We note that there are pros and cons for both models (independent and representative).

Whilst we have some sympathy with the view expressed in the consultation that a fully independent panel may allow a more effective forum for decision making as all members will be acting for a common purpose rather than representing particular interests, we also note that a Panel composed of fully independent members would be unlikely to have the necessary level of industry knowledge and expertise to make the Panel effective. In numerous industry and government fora (such as the smart meter consultation process), individuals are used to the formalities of taking a balanced position in meetings, and inappropriate behaviour is met with intolerance and opprobrium.

Bearing all the pros and cons in mind, we are of the view that the position being proposed within the consultation, i.e. creation of a Panel where members represent Categories of Parties, with the member being appointed/elected by their applicable Category for a period of office, is probably a suitable approach. Such a model should ensure that any Panel Member will be basing their decisions/voting on the views of the particular constituency they are appointed by.

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.**

Yes

As outlined in our response to Q28, we are of the view that the SEC Panel composition set out in Box 12C is appropriate.

The composition being proposed is representative and proportionate to the users of DCC's services, and would ensure that the maximum Panel size would be 16 members, 13 of whom would have full voting rights. We believe that a Panel of such a size should be able to be effective whilst also being of a manageable size (not unwieldy), and the distribution of voting rights amongst members (in particular SEC Panel Chair having a casting vote only) should ensure that no one Party Category is able to exert undue influence or block changes. We believe that consumer representation on the Panel is vital but are of the opinion that a single consumer rep is sufficient and indeed drives the advocate community to a common view that can then be respected and acted on. The DCC is a wholesale mechanism that must be made to work and we believe that is not the correct or practicable forum for debate on consumer rights.

We believe that SEC Parties should only be able to nominate representatives for one category ie if a SEC Party were to hold two industry roles (eg Supplier/Transport or Supplier/Distributor) they should only be able to submit a nomination for one or other category in order to avoid the situation whereby one SEC Party can have Panel Members for multiple party categories.

- 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.**

Yes – for the SEC Panel.

We believe a Change Board(s) also need to be established however, with delegated powers from the SEC Panel, to manage changes to Code Subsidiary docs. The membership and voting rules for the Change Board(s) should, we believe, differ to those of the SEC Panel (see response to Q41)

The SEC Consultation proposes that all SEC Panel Members appointed to reflect the perspectives of gas and electricity suppliers, electricity distributors, gas transports, "Other Users" and consumers should have full voting rights on the SEC Panel (ie maximum of 12 panel members with full voting rights), with the SEC Panel Chair having the right to a Casting Vote only.

This arrangement should ensure that no one Party Category is able to exert undue influence in the SEC Panel voting arrangements.

We believe that the Panel Composition and Panel Voting rights outlined in the consultation document will be sufficient for the Modifications to the legal drafting of the SEC document, however we do not believe that this approach will be suitable for the management of changes to SEC Code Subsidiary documents – see response to Q41 for more details.

With regard to restricted voting rights, we do not have a strong view, but noting our position in Q31 that Panel Members vote on proposals that impact them, we believe that restricted voting rights may be appropriate.

DECC does not fully describe the range of work that the Panel will undertake; it will not be confined to decisions on Modification to the SEC but will have to deal with accessions and suspensions to the Code, changes to subsidiary documents, DCC service and security arrangements. This breadth of work suggests that there will be a range of groups which will have some powers delegated from the Panel. Ultimately, the Panel will be accountable for all decisions made on the SEC but will rely on the work of the expert group.

We believe that a Change Board(s) also need to be established however, with delegated powers from the SEC panel, to manage changes to the Code Subsidiary documents. The membership and voting rules for the Change Board(s) should, we believe, differ to those of the SEC Panel.

The SEC Consultation proposes that all SEC panel members appointed to reflect the perspectives of gas and electricity suppliers, electricity distributors, gas transporters, "Other Users" and consumers should have full voting rights on the SEC panel (ie maximum of 12 panel members with full voting rights) with the SEC Panel Chair having the right to a Casting Vote only. This arrangement should ensure that no one Party Category is able to exert undue influence in the SEC Panel voting arrangements.



- 31. 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.**

Yes

We support Appointment of an independent Panel Chair – this is consistent with the findings of Ofgem's Code Governance Review.

We support that, on an enduring basis, independent Panel Chair should be appointed by the Authority in consultation with Panel Members (as per Code Governance Review).

We support that the Term of Office for the Panel Chair should be 3 years (with the option to extend) as per the 3 year SEC Panel business plan.

We believe that Panel Members should only be able to vote on a proposal if they are impacted by that proposal.

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

Yes

The SEC Consultation proposes that for panel members with an industry perspective they should be nominated, and subsequently elected, by relevant SEC Parties either via:

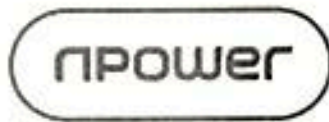
- One vote per SEC Party arrangement or
- One vote per corporate group arrangement or
- SEC Party vote weighted by market share

We support the Governments' preferred position of adoption of the One vote per corporate group arrangement (ie every corporate group that falls within a participation category collectively has one vote each) and agree that this arrangement should lead to the most representative voting outcome.

We support the view that the Chair should invite nominations for their discretionary appointee position, and should consult on the final appointment with Panel Members.

We support a two year term of office. This arrangement works well in the DCUSA arena.

The consultation is proposing that Consumer Focus (or any relevant successor organisation) should get one consumer seat, with the second consumer seat (if one agreed upon) to be nominated by the Authority. With a single advocate seat, then Consumer Focus (and successor) are obliged to find the best consensus. The merit of two advocate seats is for a richer view, but by its nature creates a debate in the wrong forum with a necessarily limit number of advocate participants.



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

Yes

The proposed rules in respect of proceedings and decision making at SEC Panel meetings seem appropriate.

- 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?**

Option 1

We support Option 1 (Panel members are only reimbursed for reasonable costs and expenses incurred in attending panel meetings). This Option is more aligned with the composition of the SEC Panel that is being proposed (ie representatives from party categories) and should assist in ensuring that all costs are kept to a minimum.

As a general rule, we do not believe that Panel Members should receive any payment or benefits for acting as a Panel Member. There may be exceptions, which could be reviewed on a case by case basis.

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

The DCC, on balance

There are pros and cons for both scenarios.

Contracting via the DCC will be less complicated, potentially less costly (as won't need to incur the costs of creating a SECCo), and be a quicker process to follow.

Contracting through a SECCo has industry precedence, should more clearly allow for ring-fencing of activities and enable clearer audit arrangements. Establishment of a SECCo could be costly, and is time consuming however, and if selected as the option may lead to the need for some transitional arrangements for an interim period.

On balance, taking all the above into consideration, we support the DCC option.

Whichever option is selected, it is important that the roles and responsibilities of the Code Administrator and Secretariat are clearly defined (and aligned with the Code Administrators Code of Practice), and have appropriate SLA's etc which are regularly reported upon to the SEC Panel.

From a legal perspective it would seem ideal that the Code Administrator and Secretariat should be contracted through the DCC as establishment of SECCo adds unnecessary complication and potential increase in costs.

From the perspective of precedent in industry codes, the establishment of a SECCo would more clearly allow for the ring-fencing of activities and clearer audit arrangements. The SECCo board of Directors would need to be composed of SEC Parties. However we accept that establishment of a SECCo can be a lengthy and time consuming process. Transitional arrangements may be possible for an interim period.

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

We are not supportive of the establishment of a SECCo

However if this option is selected we would propose that its funding arrangements, legal structure, ownership and constitutional arrangements should be based upon the most effective such model already in operation in the industry.

From a legal perspective, the establishment of SECCo adds unnecessary complication and potential increase in costs.

The precedent of the Supply Point Administration Agreement (SPAA) may provide a usual starting model for SECCo.

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

Yes

We support the view that the DCC, Any other SEC Party, Any appropriate body representing the interests of consumers and any other person or body that may be designated for such purpose by the Authority should be entitled to raise a SEC Modification proposal.

We agree that the Authority should be able to raise a modification following a Significant Code Review. In any other circumstance the raising of a modification (mod) could create a conflict of interest with Authority raising, and then determining, a Mod. If the Authority were to be allowed to raise Mods in any other circumstances then the drafting around this would need to be very clear regarding what circumstances are allowable.

If the SEC Panel are to be able to raise Modifications then the circumstances in which they can do so also need to be very tightly drafted.

Consideration needs to be given to the process that should be followed to raise changes to code subsidiary documents. See response to Q38 for further details.

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

Yes

We support the proposed progression paths, noting that all require a degree of subjectivity as to whether or not a modification is "material" (as is the situation today in existing codes).

We believe that the proposed progression paths are suitable for SEC Modification proposals but that a different process(es) is also required to cater for changes to the SEC Subsidiary documents - See response to Q41 for further details.

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

Yes

We support the proposed criteria, but believe that the SEC Panel/Authority also need to take account of the costs of making changes to systems and processes, as these costs will have a bearing on the overall Smart Impact Assessment Benefits that can be achieved.

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?

The Panel, thence the Authority

We support the inclusion of an Urgent Modifications Process for modifications which are "linked to an imminent issue or a current issue that if not urgently addressed may cause:

- a significant commercial impact on parties, consumer or other stakeholders or
- a significant impact on the safety and security of the electricity and/or gas systems or
- a party to be in breach of any relevant legal requirements"

Believe that the above criteria should be extended to also cover significant impacts on the safety and security of the end-to-end smart metering system.

We would suggest that the Urgent Modifications process should require the proposer of a modification to indicate whether or not they believe a modification proposal meets the criteria for urgent modifications. The SEC Panel (or change board where applicable) should then determine whether or not a modification proposal meets the urgent criteria and determine the required timetable. Once the SEC panel (or change board where equivalent) has passed the modification proposal to the Authority, the Authority will make the ultimate decision. This process should be subject to an appropriate appeals process".

We note that the BPDG models cover scenarios where communications to meters can be withdrawn/suspended (eg due to firmware upgrades not being installed within an agreed timeframe – see BPDG Model 02.04.02A for example), and that the SEC Panel are detailed within these models. We are currently unsure whether the process that would be followed for such scenarios would be the urgent modification process or an alternative process (eg Urgent Event process?). If the latter, where are the processes relating to this being defined?

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

Yes

We support the proposed standard Modification process for changes to the Legal Drafting of the SEC itself, and support the creation of a standard change process for changes to SEC subsidiary documents.

We support an Urgent Modification process for urgent changes to the SEC

We support a Pre-Change Process, and believe that non-SEC Parties (providing they are sponsored by a SEC Party eg Meter Operators) should be allowed to participate in this (as "interested industry participants") – ie have visibility of Mods/Changes being raised, be allowed to comment on Mods/Changes and be allowed (where applicable) to attend working groups (but not to vote on Mods/Changes).

That the standard modification process outlined within the SEC Consultation document will be suitable for changes to Code Subsidiary Documents (eg SMETS, Security Requirements, Data Catalogues, Process Models etc), which will be very varied in their content and scope.

We believe that a separate change process, or possibly change processes, needs to be developed to manage the changes to these Code Subsidiary documents. Work needs to be undertaken to develop such a process(es), however at a high level we believe that this process should have the following characteristics:

- SEC Panel should delegate powers to a Change Board (or Boards) to manage changes to Code Subsidiary documents (eg as per current arrangements within the SPAA and the MRA)
- The Change Board (or Boards) should be representative bodies with their own voting arrangements.
- SEC Parties should be able to appeal Change Board decisions.
- Change process for Code Subsidiary documents should differ from the Standard Modification change process outlined within the consultation, allowing for changes to code subsidiary documents to be raised and approved within a short period of time (eg one month)
- Must ensure that the Changes process that is developed is "future proofed" to be able to cope with changes that are likely to arise once Registration processes are migrated into the DCC.

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?**

Yes, with delegation clearly with the Change Board/s

Responsibility for making final decisions or recommendation on SEC modifications should rest with the Panel. Responsibility for changes to Code Subsidiary Documents should be delegated to a Change Board(s)

Disagree that the SEC Panel should have responsibility for decisions regarding changes to SEC Subsidiary Documents. Responsibility for making final decisions regarding changes to SEC Subsidiary documents should be delegated to a Change Board(s). SEC Parties should have the right to appeal decisions made by the Change Board.

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

Yes

Provision to the Secretary of State of powers to direct that a modification proposal should not be made creates uncertainty and has the risk of action outwith the clear relevant objectives of the DCC and outwith the proper process of evaluation of modifications in relation to the objectives.



- 44. Do you agree 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?**

Yes

Agree that the purpose of any reporting obligations in the SEC should be to ensure that there is an appropriate level of transparency regarding the operation of the SEC for all interested parties.

Note that the DCC Licence specifies that the contents of the SEC must include provision for information about the operation of the SEC Arrangements to be supplied on request to the Authority or to be published by it or by the SEC Panel.

Note that the DCC Licence will oblige the DCC to:

- furnish regular reports on its, and its service providers, service performance (including to the SEC Panel)
- consult SEC Parties on certain documents and publish these on its website (e.g. Risk Management Strategy)
- Publish Regulatory Accounts

We agree that the SEC should include reporting obligations in relation to the Panel reporting to SEC Parties in respect of matters falling within its powers and functions

Note that it is proposed that the SEC may include reporting obligations relating to the provision of information or reports to the Authority and provision of data and information by SEC Parties to the Panel, the DCC or the Authority to support relevant audit, review, compliance and reporting obligations. With regard to this, must ensure that the requests are justified; due consideration has been given to the cost of providing the data/information and the timescales required; due consideration has been given to any privacy considerations; data/information required is to enable fulfilment of SEC objectives not any other non-SEC related purpose; requests made do not duplicate any other reporting activity that parties may be required to undertake (e.g. via Licence).

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

Yes

Smart Metering for the UK will be a complex operation with many parties interacting with many parts of the end-to-end solution; additionally, new parties with new responsibilities are being introduced into the market. Anything of this scale and complexity carries significant quality and integration risks - the assurance regime needs to address this, and also provide confidence that there is nothing that will significantly impact the benefits expected. A robust and audited risk management regime should be considered.

We support the development of appropriate compliance/assurance techniques under the SEC and believe that the consultation has identified the many major areas of risk that need to be addressed, namely:

- Market Entry
 - Security - Due to the fact that Smart Metering will be supporting a critical national infrastructure, end-to-end security arrangements will need specific attention.
 - Data Privacy - Privacy arrangements (or lack thereof) have had adverse impacts on roll-outs in other geographies - assurance of the commitments being made by industry, to the public, will be important.
 - Technical Assurance - The device sets carry a very significant risk - re-visiting homes due to faulty or malfunctioning equipment will be costly and adversely impact the customer. The device set certification processes therefore needs to be robust enough to provide confidence to suppliers that it can meet its license obligations, that significant unplanned costs are avoided and that the customer isn't adversely impacted.
 - Access Control (eg multiple parties having access to a smart metering system – Supplier/DNO/Export/Consumer Access port etc)
 - Compliance with Obligations
 - Liquidated Damages
 - The robustness of market operation will be reliant on the effective testing of the DCC integration with the device sets.
 - Remote firmware management is expected to mitigate against many risks related to the equipment delivered into 30m homes. Being so important, this end-to-end process maybe carry specific attention and focus
 - Change management for an operation of this complexity will be a significant challenge. The scope of a centrally managed and controlled change function needs careful consideration.
-
- Smart Metering roll-outs across the world seem to have had more than their fair share of poor publicity. The assurance regime should protect against this as far as possible if the roll-out is to be generally accepted by the public.



Note that the further detailed consideration needs to be given to the issue of compliance/assurance techniques and frameworks under the SEC and are supportive of this work.

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

Yes

As outlined within the consultation document there are a number of compliance/assurance techniques, and frameworks that could be applied under the SEC.

SEC should:

- A) Oversee all assurance related to DCC and Smart Metering Operations.
- B) Manage change into those operations - with special considerations around Firmware Management.
- C) Oversee auditing of DCC user system and process qualification.
- D) Manage issues and dispute resolution.

We agree that a central compliance/assurance approach could have a number of advantages, in particular that it could extend a degree of oversight to Unlicensed SEC Parties (such as energy service companies) and parties who are not subject to the licensing regime (such as Agents)

Further work needs to be carried out to evaluate the techniques and frameworks and identify the most suitable option for incorporation into the SEC. As part of this development work, consideration needs to be given to "future proofing" in order to ensure that any techniques and framework that are adopted will continue to be effective, or be flexible enough to be easily adapted, once Registration activities migrate into the DCC.

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

Yes

We agree that the Treatment of Obligations and Liabilities between the DCC and DCC service users should be considered separately to the Treatment of Obligations and Liabilities between DCC Service Users.

Our experience suggests that an incentive based regime works better than a liability based regime. Regime needs to be at the correct level ie at a per user level, not just an average level, and needs to be done for each geographical area (North/Central/South). If just done at an average level then if hit a target of 90% this could mean that the same 10% was always missed which would not be good. Need to capture scenarios of repeated/recurrent poor performance, not just one off instances of poor performance. Will this be measured month on month with reductions applied month on month where the SLA breached?

From a legal perspective, we have some concerns that service users will not receive adequate remedy with the limitations being proposed for DCC.

We support a liability framework that incentivises performance. The DCC should also be protected by late payment charges to its users.

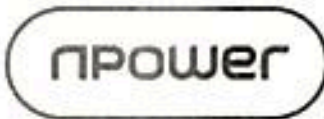
- 48. Do you agree that there should be a cap on liability for specific types of breach between the DCC and service users (including security breaches and physical damage)? If so, what do you believe the appropriate level of these caps to be ?**

No, or at the very least the cap needs to be of adequate size

Exclusion of all consequential losses seems reasonable and is the most that should be capped by way of limitations on liability.

SEC Parties should be able to recover the costs caused by negligent or malicious actions.

We do not believe that there should be a cap on liability for specific types of breach between the DCC and service users. A cap could leave the service users without full recompense, whereas the absence of a cap will allow the service user to potentially pursue full recompense (noting that under normal rule of law the service user would still have to justify damages).



- 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?**

Yes

From a legal perspective, with no cap or exclusion of liability (excluding a general exclusion of consequential losses) then there needs to be no consideration of other heads of loss and whether these areas need capping or excluding from any cap on liability. Without caps then it is not possible effectively to treat breach of data issues or infringement of third party or party Intellectual Property Rights?

The potential for liabilities for physical damage or losses incurred by consumers/end-users as a result of action by the DCC, or equipment belonging to the DCC or one of its service providers should be addressed.

Further consideration is needed for potential scenarios with actions taken by DCC lead to problems (e.g. they send a message to the wrong meter and switch off the supply of a vulnerable customer in error) .

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

Yes

From a legal perspective, options for the creation and enforcement of obligations and liabilities between SEC Parties should be based on the same principles as outlined in the question above i.e., exclusion of consequential losses but no other cap on liabilities between parties.

- 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?**

From a legal perspective, it may be difficult to incorporate all such contractual obligations. Whilst contractual obligations of some nature are needed there should be no general limit of liability under this area.



- 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?**

Yes.

We believe it is important that the assurance framework is centrally managed and controlled under the SEC. Until the industry becomes more familiar with the technologies, processes and related implications it is important that a holistic view of the assurance process is maintained.

From a legal perspective, a dispute mediation process is desirable but not to the exclusion of a party's right to pursue any legal redress.

- 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?**

Yes

We believe that scenarios may arise where it would be appropriate to allow for cost recovery between parties under the SEC eg :

- we would want to be able to recover costs of visits to a property where it transpires that the fault was due to another supplier's equipment
- recovery of premature replacement costs from installing supplier where have replaced faulty/non-compliant equipment

If a party were to pursue cost recovery then we would expect them to have followed the applicable query/disputes process prior to reaching this position.

Cost recovery would follow the dispute mediation process



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

Commercial, technical and financial

Three broad categories of dispute are identified within the consultation:

- Commercial disputes
- Technical disputes
- Financial Disputes

We believe that these three broad categories, along with Compliance Disputes, should capture the vast majority of, if not all, disputes that may arise under the SEC.

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

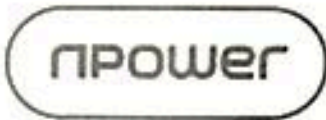
Yes, broadly

The mediation dispute resolution process should be able to deal with any disputed matter.

The proposed framework for resolving various different categories of dispute seems reasonable on the whole. The proposed framework will allow/require parties to do all they can to resolve disputes bilaterally, whilst also offering a more formal resolution process for disputes that can not be resolved bilaterally.

We question whether it is appropriate that technical disputes heard by a specially convened disputes sub-committee (made up of appropriate technical experts) should be escalated to the SEC Panel. If the SEC Panel not considered to have sufficient expertise to hear these disputes in the first place, will they be able to determine on any such escalation?

The appointment of a SEC Contract Manager would be beneficial in helping to resolve any queries/disputes in a timely manner.



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?**

Yes

3 Events of default are identified:

- Material Breach of Code Provisions
- Payment Default
- Financial Difficulties

First and foremost it is essential to minimise defaults and to act promptly whence default becomes a risk

Broadly the process is reasonable for dealing with defaults. The role of the SEC Panel in this is broadly acceptable and should have right to suspend all and any rights and services dependent upon nature and level of default.

We agree that SEC should contain procedural rules around the default process, which should be a transparent process with a right to appeal.

SEC should state that if a Party defaults all other Codes will be notified, and vice versa (i.e. if a party defaults under another Code SEC should be notified).

Agree that further consideration is needed with regards to appropriate actions that should be taken upon a default, and that there is a need to be mindful that there no unintended consequences of any actions taken (e.g. negative impact upon the end consumer).

Consumer protection should be the priority, so service provision to defaulting parties should be the minimum required for essential duties such as prepayment and monthly billing.

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

Yes, broadly

- 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 with the SEC?**

At this point, there is not enough detail for us to give a full response

Intellectual Property will be a key consideration

59. What information should be classified as confidential under the SEC?

We are in agreement that the following information should be classified as confidential under the SEC:

- any information relating to any specific party to the SEC, where that party has designated in writing to the DCC or other SEC party to which it has released that information, that this is confidential information and
- any information which would be considered as being obviously confidential by its nature; for example, personal details or commercially sensitive information belonging to SEC parties, and which is disclosed in connection with the SEC or the disclosing party's activities in connection with the SEC (even when it has not been designated as such in writing, as above)



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

Confidentiality must have absolute priority

Otherwise there is danger the whole structure will not work efficiently if parties are concerned about key information of that party being disclosed to third parties.

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

There should be a list of specific events that would and would not be eligible for force majeure. Any party affected by "force majeure" should have right to declare the "force majeure event"

There will then need to be an appropriate procedure for passing on the force majeure declaration to all affected SEC parties, along with details of how the DCC expects to resume normal service at the earliest opportunity. This information will also need to be passed onto any central communication body responsible for the key communications strategy on behalf of the programme.

- 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**

The proposal seems reasonable.

We agree 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.

We believe that there would also be merit in having sight of investigations by Ofcom, the Information Commissioner, etc. so that a potential loss of service can be prepared for

- 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**

We agree that provisions must be made for the transfer of the DCC Licence.

It seems reasonable that a Business Handover Plan should be developed and approved by the Authority and that this must contain provision for the novation to a successor DCC of the DCC's interest in the external service provider contracts and the SEC.

It seems reasonable that the SEC will need to include a schedule containing the novation agreement for the DCC's interest in the SEC.