



## **Response To DECC: Consultation on New Smart Energy Code Content (stage 2)**

### ***General Comments***

We are reasonably comfortable with the proposed text for the Smart Energy Code (SEC), albeit with some exceptions where further clarity is required and one specific area Communication Hub Financing and charging that we disagree with the approach.

We are not clear what process the SEC Panel undertakes to decide who to invite to join the Technical committee or who draws up the terms of reference. We suggest that the terms of reference make it clear that the role of the committee is to provide impartial advice to the SEC Panel based on the expertise of the committee's membership. Given the critical role this group will play in managing changes to specifications, it is important that the membership of the group takes competent persons with a range of skills including metering assets, communications hubs, HAN (both physical and application levels Zigbee/DLMS) WAN (physical and application) and needs to link with the security committee.

We believe that the sections related to User Gateway, Parse and Correlate and Data Service Provider (DSP) transform services must make it clear that there must be an obligation on the Data Communications Company (DCC) to ensure that all times these elements remain in line with each other. Given the criticality of the service going through the User Gateway, the consequences of changes made in one of these areas not being compatible with another could lead to potentially catastrophic results for customers.

We do not agree with the proposed financing and charging arrangements for communication hubs. We do not see any justification for these additional requirements when DCC already has extremely favourable payment terms (5 working days) to ensure it always has sufficient funds to pay its service providers.

We firmly believe that communication hub charges should not be aligned to an initial contract award and should be recovered over the operational life of the asset. Our expectation is that these assets should last significantly longer than the initial contract term.

We do not agree with proposals for the installing supplier to pay differential Home Area Network (HAN) variant charges. Our preference is for one charge for all communication hubs variants and that DCC facilitates an introduction of dual band communications hubs as early as possible.



### ***Specific Questions***

#### ***Technical Governance and Change Control***

##### ***Question 1***

***Do you agree with our proposed text for the SEC with respect to Technical Governance and Change Control? Please provide a rationale for your views.***

We are generally comfortable with the text. However, it is not clear what process the Panel undertakes to decide who to invite to join the committee or who draws up the terms of reference for the committee.

We suggest that the terms of reference make it clear that the role of the committee is to provide impartial advice to the Panel based on the expertise of the committee's membership. There may also be a requirement to ensure the chair is independent of DCC Users to ensure that impartiality is maintained.

The committee will have a critical role to play in assessing potential changes to meter specifications and the end to end technical architecture underpinning smart metering. It is important therefore that the membership of the group takes competent persons with a range of skills including, metering assets, communications hubs, HAN (both physical and application levels Zigbee/DLMS), Wide Area Network (WAN) (physical and application) and needs to link with the security committee.

The Technical committee's terms of reference may need to be flexible enough to cater for different issues as they arise. This would ensure that additional expert resource can be recruited to provide advice on a more ad hoc basis as the issue that is being addressed requires.

#### ***Registration Data***

##### ***Question 2***

***Do you agree with our proposed text for the SEC with respect to Registration Data? Please provide a rationale for your views.***

The proposed text seems reasonable.



### **Question 3**

***The DCC currently uses profile class data as a proxy to estimate the number of non-domestic meter points registered to users. Should this be replaced with a new data item which accurately reflects non-domestic meter registration, or should the DCC continue to use profile calls as a proxy? If you think it should be replaced, should the DCC rely on Suppliers providing this information separately, or should a change be sought to electricity registration systems to collect this data? Please provide a rationale for your views.***

Allowing the DCC to use electricity profile class data as a proxy for whether meters can be categorised as being used for domestic or business purposes is a reasonable trade off for its short term requirements.

Once the DCC takes on registration activity we would expect to see the use of a domestic/non-domestic indicator be applied to electricity customers, similar to that already used for gas customers. At this point the DCC should revert to using this data item for its needs.

### **Question 4**

***The SEC will include a requirement for RDPs to provide the DCC with a 'data refresh' on request, within a set number of days. Do you agree that it is sensible to measure in calendar days? If so, what is the impact of providing data refreshes to the DCC within two calendar days? If this has too significant an impact, what should the correct value be? Alternatively, do you believe it should be a set number of working days? If so, how long should this period be?***

In instances where data may become miss-aligned, two calendar days does not seem unreasonable for a full data refresh by registration data providers. It's necessary that DCC has the most up to date reference set available to ensure its operations run as efficiently as possible and impacts to DCC Users are minimised as far as possible.

### **DCC User Gateway**

### **Question 5**

***Do you agree with our proposed text for the SEC with respect to the DCC User Gateway? Please provide a rationale for your views.***

We are generally comfortable with the proposed text. However, we are concerned that without sight of the DCC User Gateway Code of Connection Agreement, that the design ensures that multiple versions of the gateway can be supported for release management purposes post go live. This is critical to ensure backwards compatibility between both the gateway and user systems and also the Parse and Correlate software to ensure this remains in line with the DSP transform service at all times.



It should also be noted that the service request catalogue is subject to current DCC design forum discussion and may be subject to change. This may need reflecting at some later stage within the SEC dependent on how material any changes may be.

***DCC User Gateway Services and Service Request Processing***

***Question 6***

***Do you agree with our proposed text for the SEC with respect to the DCC User Gateway Services and Service Request Processing? Please provide a rationale for your views.***

We are generally comfortable with the proposed text.

***Parsing and Correlation***

***Question 7***

***Do you agree with our proposed text for the SEC with respect to Parsing and Correlation? Please provide a rationale for your views.***

It is not clear from the current draft of the need to ensure that the Parse and Correlate software and the DSP transform service at all times remain in line with each other. With developments overtime of both the DSP transform and Parse and Correlate software, coupled with new versions of the DCC User gateway it is absolutely critical that these systems remain aligned at all times.

***Enrolment in The Smart Metering Inventory***

***Question 8***

***Do you agree with our proposed text for the SEC with respect to Enrolment in the Smart Metering Inventory and other associated processes? Please provide a rationale for your views.***

We are comfortable with the proposed draft.

***Intimate Communications Hub Interface***

***Question 9***

***Do you agree with our proposed text for the SEC with respect to the Communications Hub: Intimate Physical Interface? Please provide a rationale for your views.***

We believe that the Intimate Communication Hub specification (ICHIS) should have the same status as SMETS and follow an equivalent governance process. The proposals as drafted leave this element of the design outside the governance of the SEC. ICHIS is critical to any future interchangeability arrangements and should, in our view, have the same status as other elements of the end to end design, to ensure any changes made to its specification have the same rigour and controls placed around it.



#### ***DCC Service Management***

##### ***Question 10***

***Do you agree with our proposed text for the SEC with respect to DCC Service Management? Please provide a rationale for your views.***

We are reasonably comfortable with the draft text however, we are concerned that the design forums for this area will not start until the New Year and therefore changes may result. This may need reflecting at some later stage within the SEC dependent on how material any changes may be.

#### ***Incident Management***

##### ***Question 11***

***Do you agree with our proposed text for the SEC with respect to Incident Management? Please provide a rationale for your views.***

We are reasonably comfortable with the draft text. However, we are concerned that the design forums for this area will not start until the New Year and therefore changes may result. This may need reflecting at some later stage within the SEC dependent on how material any changes may be.

#### ***Self-Service Interface***

##### ***Question 12***

***Do you agree with our proposed text for the SEC with respect to the Self-Service Interface? Please provide a rationale for your views.***

We are reasonably comfortable with the draft text. However, DCC design forums are currently reviewing this area which may result in changes that may need reflecting at some later stage within the SEC. For example, suppliers will require an ability to "plug into" the Self Service Interface via a machine to machine connection so that critical information impacting rollout such as WAN outages can be directly input into supplier work scheduling systems.

#### ***DCC Service Desk***

##### ***Question 13***

***Do you agree with our proposed text for the SEC with respect to the DCC Service Desk? Please provide a rationale for your views***

We are reasonably comfortable with the draft text. However, DCC design forums reviewing this area may result in changes that need reflecting at some later stage within the SEC.



### ***Service Level Agreements for Testing***

#### ***Question 14***

***Do you agree with our proposed text for the SEC with respect to the Service Level Agreements for Testing? Please provide a rationale for your views***

No. It is not clear from the drafting which section applies specifically to testing. The text referenced seems to suggest that this is business as usual requirements for service levels that the DCC shall adhere to. This maybe another area that needs to be revisited and reviewed in line with progress made through the DCC design forums.

#### ***Question 15***

***Does the inclusion of DCC aggregate performance measures in the SEC, and the consequential reduction in future service charges, appropriately balance the need for the DCC to manage its Service Providers flexibly with the need for DCC Service Users to have a say regarding performance targets? Please give reasons for your answer.***

We are concerned that the monitoring of performance at the aggregate level does not result in the same sub set of customers receiving a sub optimal service for each reporting period. There needs to be granular data behind the aggregate view to ensure the same issues do not arise month on month for the same sub set of customers, whilst at the aggregate level the DCC may appear to always achieve its Service Levels.

In the short term end customers will be impacted by poor performance, and although suppliers may receive credits in future years there appears to be no mechanism for immediate redress for poor performance at the aggregate or more granular level.

It is right that DCC Users should be consulted should the DCC propose changes to the aggregate performance monitoring levels.

### ***Managing Demand***

#### ***Question 16***

***Do you agree with our proposed text for the SEC with respect to Managing Demand? Please provide a rationale for your views***

We are comfortable with the draft text.



## **Security Requirements**

### **Question 17**

***Do you have any comments on the security obligations set out in Section G of the SEC drafting or the way they are expressed?***

In general the drafting is acceptable. We do however make the following observations;

- Clause g2.9b: We believe this should be listed as G2.9 (A) III under best endeavours.
- Clause G2.11: Rather than "promptly" we would prefer that DCC sets out a specific timetable within which DCC notifies parties. In addition supporting documentation relating to the incident management procedure would define priority levels for each security incidence.
- Clause G2.13: The assessment should include penetration testing.
- Clause G2.26: remove wherever it is reasonably practicable from this clause.

### **Question 18**

***Do you have any comments on the appropriateness and / or the proportionality of the security obligations in relation to particular types of DCC Service Users and their role?***

The security issues and roles and responsibilities have been debated considerably over a long period of time. We have no additional or specific comments to make at this time.

### **Question 19**

***Do you agree that the four additional provisions are proportionate responses to providing reliable and economic third party financing options for Communications Hubs?***

No.

1. We do not consider it proportionate for suppliers to administer a separate invoice. Our contract is with the DCC and we expect to receive and process one invoice. We are concerned that the SEC draft text at J1.6 seems to suggest that DCC Users may receive multiple invoices. It would seem pragmatic for the DCC to split payments to its service providers rather than DCC Users being required to process additional invoices.
2. We see no benefit in the proposed provision for DCC to recover overdue monies from DCC users specifically in relation to comms hubs. There are already extremely favourable payment terms for the DCC to ensure it has received monies from Users in order to settle costs with its service providers.





In addition we do not believe there is any additional benefit arising from the proposed clause k9.7 "Communication Hub Finance Acceleration Events". We believe the intent for this clause is already dealt with by the preceding clause k9.6. Further rationale is required before we would be able to accept this additional clause in its current form.

3. We do not consider a 3 month float for payments to 3<sup>rd</sup> parties is proportionate. This would be setting a dangerous precedent in the market. We do not believe there are any other contractual arrangements requiring such arrangements and this will have a significant impact to DCC User cash flow which may result in pass through to end customers. This requirement would effectively introduce payments terms of minus 90 days. Payment terms for DCC are already extremely favourable (5 working days) to ensure DCC has funds to settle the charges of its service providers.
4. We are concerned about the overall precedent this clause sets along with the other proposed conditions.

#### ***Communications Hub Services***

##### ***Question 20***

***Views are invited on the proposals in relation to Communications Hub asset charges and maintenance charges. This includes:***

- ***Monthly Communications Hub Charge***
- ***HAN Variant Pricing***
- ***Monthly Maintenance Charge***

#### **Comms Hub Charges;**

We do not agree with the proposal that Communication Hub Asset charges will be recovered over the life of the contract. This proposal is at odds with paragraph 289 of the consultation which states "The costs of Communication Hubs will be funded by CSPs in advance and then recovered over their operational lifetime....." It is normal for asset financing to be spread over the expected life of the product and not the life of the contract. We would expect that the operational life of the communication hub is longer than the initial contract term.

We are comfortable with a smearing of costs based on market share. However, it is not clear if the proposal relates just to SMETS2 installed metering systems.

#### **Han Variant Pricing**

We do not agree with the proposals for the installing supplier to pay a differential HAN variant charge or that this would provide the right incentives for suppliers. We know from our trials that HAN installations at 868 MHz are generally more reliable to connect devices than those installed at 2.4 GHz. It may therefore be appropriate for more dual band comms hubs to be installed to ensure a wider cost efficient rollout is achieved and the removal of product is limited. This may result in more





1<sup>st</sup> time installation success for both dual fuel installation and single/split fuel installs. Our preference therefore is for one charge for all communication hub variants.

#### Monthly Maintenance Charge

The proposal to smear across market share is pragmatic. However, it is not clear if the proposal relates just to SMETS2 installed metering systems.

#### **Question 21**

***Views are invited on the proposals in relation to charges following removal of a Communications Hub. In particular, views are invited on the proposals for no fault removals in split fuel households. Do you agree that any outstanding asset costs should be smeared across all users rather than being charged to the installing or removing Supplier when Communications Hubs that do not serve the second installer's equipment are removed from split fuel households? Please provide a rationale for your views.***

We are generally comfortable with the proposals. As a principle we believe it would be pragmatic that where a communications hub is removed that it should be sought to be re used elsewhere provided security and operational limitations permit. In instances where a communications hub cannot be reused, it is right that that the costs are smeared across users based on market share of installed hubs.

It is right that that the costs of visiting and exchanging the communications hub due to a Technology refresh should be borne by the CSP.

We believe the principles for batch failure and faulty hub compensation to be reasonable. However we are concerned that batch failure is only limited to 12 months. Our experience of procuring assets is that a longer period would be expected e.g. c.5 years.