

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

29th November 2013

Dear SMIP team

Consultation on New Energy Code Content (Stage 2)

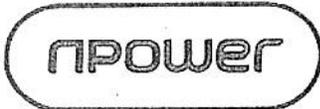
Please find enclosed our response. At high level we would like to make a few points

- Consistency - We are pleased to see that there is one set of rules, with no differentiation between Large and Small Parties.
- "Installed Not Commissioned" Communications Hub Status has been introduced. Given that the industry debate regarding No Wide Area Network (WAN) installations has still not concluded, and that clarity regarding whether No WAN Installations are even technically feasible, it seems premature that this status has been included within the legal drafting. Consideration needs to be given as to the impact upon our Smart Meter Installation Code of Practice (SMICoP) obligations and our Reporting obligations should 'No WAN' Installations be progressed, as under these existing (live) obligations a 'No WAN' install would not count as a completed installation.
- Security obligations on Registration Data Providers (RDPs) – RDPs are identified within areas of the drafting as a "User". Only a limited set of security obligations have been placed upon Registration Data Providers (RDPs) within the legal drafting. We believe that these obligations need to be augmented to also capture the obligations placed upon Suppliers and Network Operators in Section G.
- Demand Management Model - We have several concerns about the proposed, detailed within our response to Q16.
- Changes to drafting – We note that changes and additions to the drafting may change our comments. For example, relating or in reference to other Code Subsidiary Documents such as, Communications Hub Handover, Installation and Maintenance Support Materials or the Incident Management Policy.
- Transition Clause into Section X -We consider that there is a need to add an additional Transition Clause into Section X to facilitate varying timescales that are needed around certain activities during the transitional "bedding in" period. For example, the time currently allowed (5 days) for suppliers to check the condition of goods received, irrespective of the size of the delivery. We believe that this is inappropriate.

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- Staff related obligations in G4.1 and G4.2. Whilst we recognise the need for properly qualified staff, the full requirements of BS7858:2012 need working through in terms of timing and cost impact
- Communications Hub ordering/warranty processes - There appears to be a gap within the SEC Stage 2 drafting around the provision of a contractual requirement for this.
- Communications Hub (CH) charging– we support the view that there should be a single CH charging arrangement, regardless of whether a variant CH is used. The SEC2 consultation is proposing a separate additional charge where a variant CH is installed and we believe that this approach is both unnecessarily complex, and stops suppliers from being able to forecast adequately their CH charges. In practical terms the approach will require suppliers to be able to understand their installation requirements on a site-by-site basis in order to optimise their supply of equipment. This information is not available, therefore making decisions on volumes of variant equipment impossible to make.
- Financing – The current drafting of the SEC requires suppliers to make financial provisions in order to provide a level of protection to CH financiers. As SEC charges must already be paid within 5 days under a pay now, dispute later principle we do not see why there is a need to provide an additional 3 - month 'float' that is intended to cover the event of a complete default by all suppliers for a 3 month period, especially given that suppliers are also expected to pay for communication hubs immediately upon receipt. This does increase the working capital cost for suppliers, that flows to consumers.

This response is not confidential

Yours sincerely

Technical Governance and Change Control:

Q1 Do you agree with our proposed text for the SEC, with respect to Technical Governance and Change Control?

Yes, generally

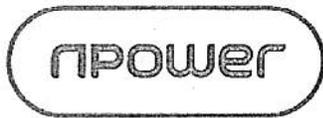
We are generally comfortable with the SEC Legal Drafting that is being proposed regarding the Technical Sub-Committee (TSC).

We note that membership of the TSC shall be determined by the Panel in line with Clause F1.3, which we believe should cater for the establishment of a suitable group of technical experts. Given the technical nature of this committee we believe that it is likely that Users may wish to send different representatives to different meetings (e.g. subject matter experts), dependent upon the matters being discussed.

In paragraph 70 of the consultation document we note that the Panel will commission a review and report of the effectiveness of the end to end architecture, which we fully support. We therefore suggest that the legal drafting at C2.3 (n) should also include reference to review and report as it currently only mentions review.

We note that Paragraph 72 of the Consultation document states that "a general requirement to provide advice to the SEC Panel on any other matter relating to Technical Specifications when requested to do so by the SEC Panel" will be placed upon the TSC, however this requirement does not appear to have been captured within the proposed legal drafting of Clause F1.4 (Duties of the TSC). Further, SEC Section D6.8 (e) notes that the working group can seek the TSCs views of impacts of modification proposals on the DCC Systems and Smart Metering Systems, to the extent that the working group considers necessary. We suggest that a further improvement can be made by adding another obligation that should be placed on the TSC under F1.4 to provide support to working groups where the working group considers necessary, on the impacts of a modification proposal, if approved, on DCC Systems/ Smart Metering Systems

We note that within the Consultation Document DECC have estimated that the annual running costs of the TSC could be around £0.5m per annum, with the majority of this sum relating to expenses payable to TSC members and the procurement of external experts as required. Whilst we are supportive of the TSC being an inclusive committee open to all interested industry participants, it will be important for the SEC Panel to monitor the cost of this, and any other sub-committees that may be established, in order to ensure that value for money is achieved for consumers.



Registration Data:

Q2 Do you agree with our proposed text for the SEC, with respect to Registration Data? Please provide a rationale for your views.

Yes, generally. We have some comments for further consideration.

On the whole we are generally comfortable with the drafting of Section E (Registration), however we have the following comments that we would like to make:

General Comments:

We note that the drafting relating to Supplier Nominated Agents has not yet been completed and is planned for inclusion within "future consultations". We would request that further clarity regarding the Supplier Nominated Agent (SNA) role and processes is provided as soon as possible. See also our response to question 6 that makes an assumption around the role of the SNA.

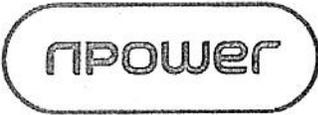
SEC Consultation paragraphs 87 and 88 cover general proposals to manage incidents with respect to the provision and accuracy of Registration Data. We are mindful of this approach, but would ask that any considerations provided at this stage are tempered upon sight of the registration management policy. In particular, allowing the SEC Panel to have the final and binding determination over issues arising may give rise to unforeseen problems where such decisions may impact other codes. We therefore ask that this area is given further and more detailed consideration when the draft documents are made available and that no firm decision is made at this time.

Registration Data Providers (RDPs): Clauses E2.1 and E2.2 explicitly link the RDPs to Networks. For example, Clause E2.1 states: "The Electricity Network Party in respect of each MPAN shall provide (or procure that its Registration Data Provider provides)...", however within Section G Clause 1.3 states: "For the purposes of Section G1.2, where any User is deemed to have nominated itself as a Registration Data Provider, its role as a Registration Data Provider shall be treated as if it were an additional category of User Role". Whilst both sets of drafting are understood, it would be useful if a consistent drafting approach regarding RDPs could be utilised throughout the whole document (i.e. are they to be considered as a User in their own right throughout the document as per SEC Section G1.2 or are they to be considered as being associated to Network Parties as per SEC Section E2.1/2.2?). This also has implications as to what security obligation(s) should be placed on this role.

Specific Comments:

Clause E1.1 – As a Supplier our primary concern is that an up-to-date view of Registration Data is always utilised and our expectation is that this will be achieved by taking the view of Registration Data at the close of business on Day X – 1, as the basis for Day X. However, it should be pointed out that this must be a daily refresh. We have no specific concerns regarding the SLA that is utilised for uploading the registration data, i.e. around 3 hours, providing that whatever SLA is utilised it will ensure that our expectation as outlined above is achieved;

Clause E1.3 – we believe that the drafting of this Clause could be improved to provide further clarity;



Clause E2.1 – We note that “Objection Details” has now been included within the list of data items to be provided from the Electricity Registration Data Providers, but we are seeking clarity as to why the DCC needs this information as this item does not impact access control. We are assuming that this term relates to the new “Objection Details” Data Item that was defined within DTC CP3362, which was implemented on 7th November 2013. We note however that an Industry Working Group has been looking at the issue of Electricity Objections for some time, and understand that a consequential change is likely to be raised by that working group in the near future. Clarification of the current position with regards to Electricity Objections would therefore be useful;

E2.2 – The term “Market Sector Code” has not been captured within the Glossary;

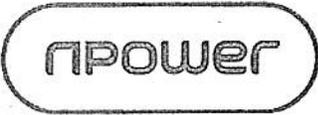
E2.3 - We are assuming that this Clause is in square brackets to reflect the fact that it may no longer be required, depending upon the responses received and the decision made regarding Q3. Please see our response to Q3 for our thoughts on this clause. However, we would like to know why the DCC needs to know this.;

E2.4/E2.5 – this information needs to be made available prior to the commencement of UIT;

E2.5a – We note that DTC CP3362 introduced a new data item of “DCC Service Flag” which is to be communicated in two new data-flows from the DCC to MPAS (D0DCC and D0DCCrej). The valid values for “DCC Service Flag” have been identified as being A (Active); S (Suspended); W (Withdrawn). We are assuming that the provision of this information from DCC to MPAS is intended to satisfy the obligations within Clause E2.5a, and that MPAS will make the required changes to their systems to ensure that this information is made available for parties to view. Note - the equivalent functionality has been identified for Gas.

We note that DTC CP3362 has also captured the requirement for the DCC to be able to receive selective refreshes of registration data from MPAS. It would be useful if, going forwards, parties who require a selective or full refresh could request this from the DCC, rather than having to arrange this with each RDP on a bilateral basis; and

Section X2.4(e) – We believe that it may be more appropriate for the information regarding the level of aggregation to be incorporated within the Interface Specification rather than in this SEC clause, this will lead to efficient management of these elements of Registration Data provision moving forward. We believe that this Clause should be subject to Panel Consent in order to ensure that the DCC does not make unreasonable demands upon the RDPs i.e. it would be expedient and most efficient for the existing files to be used for this purpose and if the DCC were to make any other requests for new files to be developed we believe that this would be unreasonable. The drafting should match the intent of expedient usage of existing files.



Registration Data:

Q3 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?

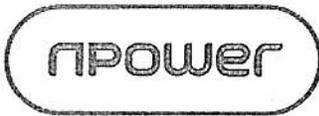
Profile class is the best proxy but if the DCC uses the MPxN then no proxy is needed

We believe that the most expedient solution at the current time would be for the DCC to continue to use profile class data as a proxy to estimate the number of non-domestic meter points registered to users. However, we remain unclear as to why the DCC needs to be able to distinguish between domestic and non-domestic. Further, drafting needs to recognise the latest redrafting of Licence Conditions and associated definitions that are currently being progressed to include PCs 1 and 2 into the definition of Designated Premises.

Use of Profile Class will provide a pragmatic means of determining whether a customer is domestic or non-domestic at this point in time. However it does not necessarily map perfectly to the SEC definition of domestic premises which is "Domestic Premises means premises at which a Supply of Energy is or will be taken wholly or mainly for domestic purposes, which is to be interpreted in accordance with Condition 6 of the relevant Energy Supply Licence".

We note that the distinction in licence between domestic and non domestic is potentially subject to wide interpretation and in addition the wider definitions of mixed use and the conflicting definitions in other circumstances (e.g. tax) remain problematic. At all times we believe that new uses of the distinction should migrate towards more consistency rather than more divergence.

If our preferred position of the DCC using profile class as a proxy is implemented, we do not believe that SEC Clause E2.3 will be required, as the DCC will be able to obtain the information that they require to determine whether an MPxN is Non-Domestic from the data provided to them by the RDPs.



Registration Data:

Q4 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?

We support a working day approach

As a general comment we note that the SEC Stage 2 legal drafting does not specify whether "days" relates to "Working Days" or "Calendar Days" throughout the entire SEC document, and we would request that this clarity is provided for all instances of "days" and that consistent drafting is then undertaken. Our preference is for working days to be the used.

Existing industry codes primarily use the term "Working Days", and we see no reason why this definition cannot be used in this circumstance. Whilst the lack of availability of Registration Data by the DCC could have an impact upon industry processes, and ultimately the end consumer, in a smart world, this is unlikely to be large due to the daily refresh rates that must be adopted in order to maintain Registration Data.

We note that a Registration Data Incident Management Policy is to be produced and would expect this document to detail the processes and the applicable SLAs that would be followed, should a data refresh be requested.



DCC User Gateway:

Q5 Do you agree with our proposed text for the SEC, with respect to the DCC User Gateway?

We have the following comments that we would like to make regarding the legal drafting that is proposed for the DCC User Gateway:

General Comments

Discussions that have taken place at BPDG meetings have supported the concept that a company who has multiple Supplier Identifiers should only need to have one User Gateway Connection which will cater for all their Supplier Identifiers. Discussions within DCC Design Forums support this view, as the concept of the DSP holding a relationship between an Organisation ID and Supplier ID(s) has been discussed. However, the proposed SEC drafting does not make this explicitly clear, we would therefore request that further clarity on this matter is provided within the drafting.

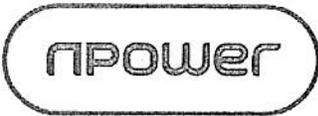
Where a SEC Party has multiple User Roles, for example Import Supplier and Export Supplier, can both User Roles use one Means of Connection, or is a separate Means of Connection required for each User Role? Clarification regarding this issue would be helpful.

We note that at least two different ways of connecting to the DCC User Gateway are to be provided, and that these "Means of Connection" are to be further defined within the DCC User Gateway Code of Connection (which is to be delivered by the DCC Design Forum – User Gateway Interface group). It is important that the service that is offered in terms of messages that can be sent and responses that can be received by all available Means of Connection is identical.

We note that as part of the User Entry Process the DCC shall procure that the DCC User Gateway Equipment is installed at the User's premises. Further information regarding this process, including information regarding any specific physical location or security requirements etc that the User may be required to fulfil is needed as soon as possible. We are assuming that this level of detail will be captured within the DCC User Gateway Code of Connection, and confirmation regarding this assumption would be helpful. In particular we note that H3.32 states that "Each User shall ensure that no damage is deliberately or negligently caused to the DCC User Gateway Equipment installed at its premises (save that a User may take emergency action in accordance with Good Industry Practice to protect the health and safety of persons or to prevent imminent damage to property). We would request that this clause is further extended to capture a reciprocal assurance from the DCC or DCC Agents regarding deliberate or negligent damage caused to User's equipment whilst on our premises carrying out work relating to the DCC User Gateway Equipment.

We are assuming that the Error Handling Strategy document referenced within Section H3.27 will detail the agreed working practices that are to be followed by the DCC and Users when errors are encountered, and note that this document is to be produced by the DCC (via the DCC User Gateway Interface Design Forum).

We note that Legal Drafting relating to Business Continuity and Disaster Recovery is to be the subject of future consultations, and are working on the assumption that this



drafting will form part of the SEC4 consultation (currently expected in Spring 2014). Clarification of this assumption would be appreciated.

Specific Comments

H3.2 (e) – Both positive and negative responses need to be captured. This is the way DCC see it also;

H3.5 – As stated, a User may have more than one means of Connection to the DCC User Gateway. We therefore require further clarity regarding the control processes that will be put in place in such instances. For example, what control processes will be put in place to ensure that where a message is sent from Means of Connection A that any subsequent response is sent to Means of Connection A and not Means of Connection B. Further, we are seeking clarification as to whether or not it is possible to have multiple different Users on one Means of Connection, for example an Import and an Export User;

H3.7 – We note that each User will have the right to cancel any connection by giving notice to the DCC. We are assuming that the detail of this process will be provided in the Code of Connection documents, when drafted. Clarification on this point would be helpful;

H3.9 and 3.10 – The purpose of the test detailed within these clauses is to ensure that two way communications between the DCC and its Users is working. Will the DCC require Users to be actively involved in this testing process, or are the DCC able to undertake all the required testing unilaterally? More detail regarding this testing, and in particular the role of Users within this process (if any), would be useful;

H3.10 – should this read “A User shall not be entitled to use the DCC User Gateway from a particular connection point until the DCC has completed the test...”?

H3.28 – we believe that the drafting of this Clause should be amended to state “the DCC shall procure and ensure that the DCC User Gateway Equipment is installed at the relevant premises of the User...”;

H3.29 – The DDC shall maintain a record of equipment installed at User’s premises “from time to time.” We note that the DCC will maintain records of connection but we seek clarification as to whether or not this clause should also include records of removal as well.

Further, we would like clarity around a Users liability with regard to the DCC’s User Gateway equipment as stated between sections H3.32, H3.33 and M2.5, as these clauses seem to contradict each other;

H3.35 – This Clause details the action that the User must take when they wish the DCC to alter the location of the DCC User Gateway Equipment within the User’s premises. We are seeking clarification as to whether or not a User must always seek the DCC’s consent prior to relocating the DCC User Gateway. Is the User entitled to relocate the DCC User Gateway Equipment within their premises independently of the DCC, if required? and

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H3.36 – We believe that this clause should be redrafted to ensure that the same rights of equipment return are awarded to DCC Users who cancel their connection in the same way that a User who ceases to be a Party due to their Suspension, Expulsion or Withdrawal from the Code are currently entitled. As drafted in Section H3.37, again subject to the appropriate instruction from the DCC. We would therefore be grateful for further consideration to be given to this proposal.