



SCOTTISHPOWER

Smart Metering Implementation Programme - Regulation
Department of Energy & Climate Change
Orchard 3, Lower Ground Floor
1 Victoria Street
London
SW1H 0ET

5 November 2014

Dear Sir or Madam,

Consultation on transitional arrangements in the Smart Energy Code

Thank you for the opportunity to respond to the above consultation. Our views on the specific issues raised are set out in the annex to this letter and summarised as follows:

- We are not persuaded that the amendments to grant the Secretary of State the power to re-designate SEC subsidiary documents are necessary, other than for short term transitional reasons. If they are to be included, we believe that in order to avoid undermining the long term governance arrangements, DECC should:
 - a) ensures that any phased designation is undertaken with care so as to mitigate the risk that market participants have to build systems more than once because of specification changes;
 - b) commits to using the new powers only in cases where, after consultation with Ofgem, it considers that the modification would not meet the criteria for urgency; and
 - c) makes the new powers subject to a sunset clause such that they lapse once Initial Live Operation (ILO) is achieved.
- While we are able to accept the proposed interim approach to Comms Hub Forecasting and Service Management, we are naturally disappointed by the underlying delays that necessitate such a course of action.

Should you wish to discuss any aspect of this response please do not hesitate to contact me

Yours faithfully,

**CONSULTATION ON TRANSITIONAL ARRANGEMENTS IN THE SMART ENERGY
CODE – SCOTTISHPOWER RESPONSE**

Q1 Do you agree with the proposed transitional measures to support Communications Hubs forecasting for an interim period?

In particular:

- Do you agree that the proposal to submit forecasts via email for an interim period (until June 2015) is acceptable?
- Do you agree that the DCC should provide certain WAN information via spreadsheet (CSV format) in advance of the full WAN information being available in June 2015?

If you do not agree, please explain your rationale.

Given the tolerance bands afforded to these initial forecasts, we broadly agree that adopting these transitional measures will satisfy our immediate requirements.

While we do not expect this to impact our own delivery timetable, we are nonetheless disappointed that programme delays have necessitated such an interim approach. We assume this delay is because the DCC's resources are focused instead on critical-path items for which there is no such workaround. While it is of some comfort to know that the priorities are understood, it does little to instil confidence in the robustness of the DCC's planning in general.

Q2 Do you agree with the proposed transitional measures to support transitional service management for those services that the DCC will be offering prior to the commencement of its full service management arrangements? If you do not agree, please explain your rationale.

Again, given the nascent stage of these arrangements, we broadly accept the proposed measures; in any event we think it unlikely that there will be much call for the service management facilities during the period indicated (i.e. until June 2015). However, it is important that the agreed full service management arrangements are in place and operational beyond that window.

Q3 Do you agree that the DCC Licence and SEC should be modified so that updated versions of SEC subsidiary documents may be re-designated by the Secretary of State and incorporated into the SEC? If you do not agree, please explain your rationale.

We are not persuaded that there is a need to modify the DCC Licence and SEC in this way, unless as a transitional measure pending full implementation of the SEC.

As a general principle we believe it is important that DECC works with the existing industry governance processes for modifications to the SEC. The technical specification documents which DECC intends would be redesignated under the new power (SMETS, SMKI etc.) will form the basis of expensive product and IT solutions and it is vital to the commercial interests of suppliers (and the wider interests of their customers) that any changes to these documents are only made following full and transparent consultation with the industry. It is also likely that delays to the delivery of such specifications will result in expensive delays to the development of suppliers' solutions.

We understand that DECC wishes to amend the DCC Licence and SEC to allow it to redesignate documents because it is not confident that relevant industry processes will be suitable or available in time. In particular, it notes that the full SEC modification process is not yet in effect and is unlikely to be until the SEC is fully implemented. The 'fast track' and 'urgent' modification processes are available, but the fast-track process is intended for minor matters (such as the correction of typographical errors) and the urgent process may only be used if Ofgem considers that the modification meets its criteria for urgency¹ - which may not always be the case for modifications to redesignate documents.

For the reasons given above, we consider it is vitally important that industry governance processes are used where possible, and would therefore suggest that DECC:

- a) ensures that any phased designation is undertaken with care so as to mitigate the risk that market participants have to build systems more than once because of specification changes;
- b) commits to using the new powers only in cases where, after consultation with Ofgem, it considers that the modification would not meet the criteria for urgency; and
- c) makes the new powers subject to a sunset clause such that they lapse after DCC Initial Live Operation (ILO) is achieved, by which time the SEC should be fully implemented.

DECC may also wish to consider if, as an alternative, the SEC Panel could be given the power to determine whether a modification is urgent. There is a precedent for this in the DCUSA where the DCUSA Panel has been granted the power to determine the urgent status of changes². This would not be compatible with the current SEC baseline (SEC D4.6), but we believe this could be temporarily altered by a Section X variation, which could limit these powers to within the transition phase and, then, only pursuant to the Transition Objective.

Draft licence condition amendments

There appears to be a typographical error in the draft amendments to DCC licence paragraph 22.28. We think that the reference to "sub-paragraph (b) above" should be to "sub-paragraph (a) above".

ScottishPower
5 November 2014

¹ Ofgem considers each request for urgency on its merits by reference to its Guidance, which states that an urgent modification should 'be linked to an imminent issue (which may be date related) or a current issue that if not urgently addressed may cause: (a) a significant commercial impact on parties, consumers or other stakeholder(s); (b) a significant impact on the safety and security of the electricity and/or gas systems; or (c) a party to be in breach of any relevant legal requirements. See <https://www.ofgem.gov.uk/ofgem-publications/61726/ofgem-guidance-code-modification-urgency-criteria.pdf>

² Authority decision to uphold DCP098: <https://www.ofgem.gov.uk/ofgem-publications/62538/dcp098d.pdf>