

Smart Metering Implementation Programme
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Consultation on Stage 3 of the Smart Energy Code

We are pleased to provide comments on the above consultation on behalf of the following licensees:

- SSE Energy Supply Limited
- Southern Electric Gas Limited
- South Wales Electricity Limited
- SWALEC Gas Limited
- Scottish Hydro Electric Power Distribution plc
- Southern Electric Power Distribution plc
- SSE Pipelines Limited
- Scotland Gas Networks plc
- Southern Gas Networks plc

We welcome the ongoing engagement with the Smart Metering Implementation Team and have provided answers to the specific questions posed by DECC in the attached annex.

We remain concerned regarding the methodology used for the calculation of electricity network operator DCC fixed charges and we would like to take the opportunity presented by this consultation to raise the issue. We would urge DECC to review this element of the charging methodology to ensure that there is equitable treatment for all electricity network operators and that DCC fixed charges are based upon the number of supply points (which will equate to meters installed and hence the volume of DCC services taken).

The use of the MPAN as a proxy for a supply point presents a situation whereby some electricity network licence holders have to pay significantly more individual DCC fixed charges than there are supply points. This situation arises because some tariffs applied by suppliers require more than one MPAN at an individual supply point to enable settlement to take place. In these situations the electricity network operator will at the request of the supplier raise an additional MPAN. In the past this has not presented an issue but moving forward, where more complex tariffs are developed by suppliers, it is likely that the situation may get worse. Already for SSE (in its Scottish Hydro Electric Power Distribution Licence Area) there are 13% more MPAN's than there are supply points, leading to a significantly inflated DCC fixed charge.



We look forward to early visibility of the next stages of the Code and the planned timescales for review, consultation and implementation. Additionally, we note paragraph 45 of this consultation acknowledges confirmation shortly of the approach to the delivery of the proposed SEC2 and SEC3 legal drafting into the regulatory framework. We eagerly await this confirmation.

Please call me if you have any questions.

Yours sincerely

Annex – Consultation Questions

SMKI Policy Management Authority

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

We broadly support the outline for the Policy Management Authority however we are concerned with the lack of detail in the SEC as to the controls that will be in place around the use of emergency powers. We recognise the potential need for such powers however we are concerned that the PMA has the potential to revoke a supplier's ability to operate its installed base of smart meters and a network operator's ability to access assigned functionality. A particular concern is that it is most likely that a supplier will not be represented directly by its own personnel on the PMA. We would like to ask whether consideration has been given to structuring the wording of section L2.15 so that the Authority is notified before action is taken, rather than after the event.

As a Network Operator we have expressed several concerns regarding the Security obligations. We strongly recommend that the Membership of the SMKI PMA should include a clause relating to Network Operator Members PMA. Network Operators should have voting rights and if required, the allocated representative for Network Operators should have the right to call upon an SMKI specialist.

We seek clarification on several points within the proposed text.

In Section L1.5, we are concerned that this may conflict with the policy as set out in the SEC3 consultation document paragraph "65".

In Section L1.10, we would like to seek clarification on the reasoning for not allowing a SMKI PAM Supplier representative to nominate an Alternate. For practical application, it would seem pragmatic to allow for an Alternate.

In Section L1.13, we agree that utilising the drafting of Section C5, instead of reinventing a procedure, is a sensible approach. We wonder if Section C 5.4, setting out quoracy, will be sufficient to meet the needs of the PMA.

In Section L1.17, sub-paragraph (b), this would seem to conflict with rest of drafting, indicating some form of SMKI PMA voting process, prior to a SEC Modification being raised and voted on. If this is true, it would potentially add unnecessary additional time to the Modification process.

2. Do you agree with our proposed approach to securing the timely appointment of PMA members? Please provide a rationale for your views.

We agree with the proposed approach, as the nature of the SMKI PMA means that timely set up of this group is necessary to provide the SMI Programme a level of assurance which it can count on. This will establish the required Governance and bring clarity of the base-lined SMKI SEC product set to be accommodated and adhered to, by Parties.

We believe the drafting should provide further definition to ensure that churn within the group membership is avoided. We would support the staggering of appointments for supplier members to avoid the loss of expertise through simultaneous retirement.

In Section L1.6, the drafting allows the Secretary of State to issue directions with regard to transition for the SMKI PMA. We would seek clarity whether this is a creation of additional powers or a re-statement of the current powers under Section X. We are concerned that the

Code should not include the ad-hoc creation of transitional powers when a robust transitional regime is already in place.

SMKI Service

3. Do you agree with our proposed approach and text for the SEC with respect to provision of the SMKI Service? Please provide a rationale for your views.

We agree in principle with the proposed approach and would encourage implementation of this text in the next SEC Implementation Release. We welcome and support the separation of the OCA and the DCA to bring separation of security domains and it seems sensible to be able to scale the architecture appropriately to cater for the increased throughput that will be required for device certificates.

We accept the separation between the operational SMKI Service and the SMKI Test Service. This does mean that meters deployed as test meters will forever be so. We hold a concern that we may find issues in live operations that we are unable to replicate in test systems owing to subtle differences in configuration between the test and operational services. Strong configuration management practice will be essential to ensuring success particularly when it comes to promotion of changes into the production environment. What assurances are offered that the integrity of the test and live environments will be maintained?

We seek clarification and further definition on several specific points within the proposed text.

In Section L3.11, we seek clarification that access to the storage of an Organisation's Certificate(s) in the DCA Certificate Repository will be restricted to the each of the Eligible Subscribers.

In Section L4.2, there are obligations on the DCC to ensure that the SMKI Service Interface is available at all times. We wonder what provisions are proposed to restore normal SMKI services, in the event of a failure in SMKI systems and services.

We believe that setting out obligations should refer to actual dates, rather than "prior" to x, as set out in obligations such as Section L4.6, sub-paragraphs (i) and (ii).

In Section L8.6, Code Performance Measures as set out do not state a maximum timescale in which the final 1% of issues has to be dealt with. From our experience with other codes, we believe leaving this unspecified could lead to an interpretation which is unacceptable. There have been previous instances where this could continue on into a year after the issue was found, or indeed the fault was never rectified, ever. The SEC has already set out completion timescales in other sections therefore we would suggest setting an outside limit of 3 months to the final 1%,

Additionally we suggest that in Section L8.11, setting the measure of 110% for ALL Authorised Subscribers forecasts to be too low, and suggest moving this to 115%. Noting that after 110% means that for the DCC the Code Performance Measures do not apply once the aggregate is over 110%.

We seek clarification that there would be no additional charges in the appointment of a third party SMKI Trusted Service Provider and that this will be provided as part of the DCC service, thereby not requiring any separate contractual relationship for the service user.

We are concerned that there is no reference to the SLAs for provision of Test Certificates. We believe that further definition is required within the drafting to ensure clear intent.

SMKI Assurance

4. Do you agree with our proposed approach and text for the SEC with respect to SMKI Assurance? Please provide a rationale for your views.

We generally agree with the proposed approach to SMKI Assurance. We believe that the relationship between the PMA, SEC Panel and the Authority, still requires further definition in terms of the data formats needed and the timescales of these interactions. As has been outlined in our response to question 1, we feel that the Authority should be consulted ahead of the Emergency Suspension of SMKI services, since this could remove a supplier's ability to operate their meter estate.

Certificate Policies

5. Do you agree with our proposed approach and text for the SEC with respect to the Device Certificate Policy? Please provide a rationale for your views.

We agree with the proposed approach and text for the SEC with respect to the Device Certificate Policy.

6. Do you agree with our proposed approach and text for the SEC with respect to the Organisation Certificate Policy? Please provide a rationale for your views.

We agree with the proposed approach and text for the SEC with respect to the Organisation Certificate Policy.

Using the SMKI Service

7. Do you agree with our proposed approach to parties using the SMKI service, including by Opted Out Non-Domestic Suppliers? Please give a rationale for your views.

We have concerns on including obligations for SMKI Service when there are still further definitions to be drafted on Opted Out Non-Domestic Suppliers. We would prefer to see the proposed solution for this area be defined in its entirety.

From a Network Operator perspective, we would prefer the inclusion of an SMKI Certificate in all meters. This would avoid the need to swap out the meters, and ensure the least disruption to the customer. We believe this would also reduce the Power Outage Alerts where the meter is swapped out. It would reduce the need for additional requests to update new meters, along with the updates to DCC and the internal inventories that are required to support the process.

8. Do you agree with our proposed approach for the SEC with respect to Liabilities, Warranties and Indemnities? Please provide a rationale for your views.

We believe the drafting for Liabilities, Warranties and Indemnities seems reasonable. The suggested liabilities appear to exceed any likely financial impacts resulting from a breach of the Security framework.

Providing the SMKI Repository

9. Do you agree with our proposed approach and text for the SEC with respect to the SMKI Repository? Please provide a rationale for your views.

We agree with the proposed approach and text for the SEC with respect to the SMKI Repository.

We seek clarification on the drafting set out in Sections L5.7 and L5.8, where the drafting makes reference to the 'prompt' inclusion of the 'Certificates', however there is no definition. We believe that further drafting is required in relation to the definition of 'prompt'.

The pre-population of test data certificates for devices that supports testing will need to be defined and agreed.

In Section H14.12 sub-paragraph (d), it states "no Party shall use actual Certificates when providing or undertaking such tests". We would like to state that although we support the separation of test infrastructure from that used for live operation, we would expect to have a small population of meters to be deployed within our metering test lab that utilise live credentials. These meters will represent a final step in our quality assurance processes and are viewed as essential when it comes to diagnosing operational issues.

SMKI Recovery Processes

10. Do you agree with our proposed approach and text for the SEC with respect to SMKI Recovery Processes? Please provide a rationale for your views.

We agree in principle with the proposed approach set out for the SMKI Recovery processes. We would seek clarification and further definition for the Recovery processes to understand the obligations placed on Parties, prior to these processes coming into force.

SMKI Testing

11. Do you agree with our proposed approach and text for the SEC with respect to SMKI and Repository Testing? Please provide a rationale for your views.

We broadly agree with the proposed approach and text for the SEC with respect to SMKI and Repository Testing. The approach as set out seems sensible when viewed in isolation however it should be acknowledged that the SMKI requires interfaces and functionality. It should be considered as part of an end to end process and where there are significant touch points in other activities cross reference should be made into other Common Test Scenarios. There is value in explicitly testing the provision of certificates for meters themselves, but we must be aware that unless this is a properly functioning capability, other processes such as meter installation, or retrieval of readings simply won't work. Testing of the SMKI should be seen as a key enabler that is required to ensure success in all other functions that ultimately have a dependency upon it.

We seek clarification on whether the SEC Panel will consider the success of the Network Operators testing in their assessment of the DCC successfully completing testing and their entry into live operation.

- 12. Where appropriate, when do you consider your organisation will first need to obtain live Device and Organisation certificates to be placed on Devices ordered from manufacturers? This will help to determine when the SMKI Service and SMKI Repository should Go Live. Please provide a rationale for your views.**

We believe there is a case for requiring live certificates during "End to End" Testing and in particular UIT. However we would envisage that this would be tied to whether "live" test meters will be supported.

In the event that this approach is not established, we would consider it prudent to have Device Certificates available to us one month before our first live installation of a SMETS2 compliant meter. This provides for a generous allowance for this to bed into new operational processes. For the same reason we would want to have our operational Organisation Certificates in place 6 weeks ahead of go live.

- 13. Do you agree that Large Supplier Parties should be obliged under the SEC to be ready to participate in SMKI and Repository Testing? Please provide a rationale for your views.**

We agree that Large Supplier Parties should be obliged under the SEC to be ready to participate. This seems a reasonable action and would bring SMKI Testing in line with UIT. We consider it prudent to have large suppliers undertaking SMKI and Repository Testing to achieve assurance in the operation of the infrastructure and in particular to have it operating at the required scale.

- 14. Do you agree that it is sufficient for only one large Supplier to complete SMKI and repository testing for the SMKI Service and repository to have been proved? Please provide a rationale for your views.**

We believe that this should not be any different to the proposed approach for proving the UIT Testing phase. Therefore, we recommend that a minimum of two large Suppliers should pass SMKI and repository testing for it to be considered proved. There seems no compelling reason to differentiate the approaches.

If the industry were to have a common supplier of solutions for managing the supplier side of the SMKI it might be appropriate to only have one large supplier complete the SMKI Repository Testing, however we do not have such arrangements in place.

Suppliers may choose to utilise products and technologies from different providers. To only have one supplier testing the SMKI would only provide assurance in the capability of that solution interfacing with the SMKI. It would seem sensible to participate with multiple large Suppliers in SMKI testing to achieve a higher level of confidence in the approach and the testing outcomes.

Further definition should be drafted for the testing to be at least a minimum of one large Supplier per Fuel Type. This would also provide assurance that this proves the process can cater for any potential deviations that are introduced by a different Supplier's process.

- 15. Do you agree that the SMKI entry processes should be aligned with the User Entry Process Testing in relation to the DCC User Gateway and Self Service Interface? Please provide a rationale for your views.**

We agree that SMKI entry processes should be aligned with the User Entry Process Testing. It would be sensible to have a single set of criteria which must be met for an organisation to operate against the DCC. This should include the ability to operate against the Self Service

Interface, the User Gateway and the SMKI. To have demonstrated ability to operate against two components, but not the third still means an organisation may be unable to operate SMETS 2 compliant meters.

Other Security Requirements

16. Do you agree with our proposed approach and text for the SEC with respect to the Location of System Controls? Please provide a rationale for your views.

We agree with the proposed approach and text for the SEC with respect to the Location of System Controls. We seek further clarification on the constraints that may be placed on the location for the development of such System Controls.

17. Do you agree with our proposed approach and text for the SEC with respect to the Obligations for Cryptographic Material? Please provide a rationale for your views.

We agree with the proposed approach and text for the SEC with respect to the Obligations for Cryptographic Materials.

We note that Paragraph 190 of the consultation document sets out that there is an expectation that larger Suppliers will require a FIPS 140-2 Level 3 compliant cryptographic module, while smaller suppliers might utilise less expensive solutions. The SEC does not enforce such controls and we are minded to point out that unless obligated to utilise particular controls, a supplier may choose not to, depending upon their perception of risk. We are not surprised by the intention of paragraph 190, however it does leave itself open to question as to when, and for the purpose of a risk assessment, does a small supplier become large. We consider it likely that we will deploy higher end cryptographic modules that will achieve the desired level of compliance, but we are concerned in the creation of differential cost bases within the industry.

We seek further definition to accompany Section G3.18, to add an obligation on SEC Parties to appropriately reassess their risk, where there has a material change in circumstances that will impact their risk assessment.

Supplier Nominated Agents

18. Do you think that it is important that MOPs / MAMs are able to access DCC services directly? Please provide a rationale for your views.

We believe that it would seem reasonable for MOPs / MAMs to access a limited set of DCC services directly to support elements of the mass roll-out. Please refer to our response for question 19 for further rationale on our views.

19. Do you have any views on the possible options identified for MOPs / MAMs to access DCC services? Please provide a rationale for your views.

We believe, given the developments around the SMKI for Smart Metering, that Option 3 would best serve the industry. We support giving the Metering Agents (Electricity Meter Operators and Gas Meter Asset Managers) a distinct SEC party category. This would set out the Metering Agents obligations and responsibilities necessary to take DCC Services. This would provide other SEC Party categories with the assurance that MAs will undergo the same rigorous set of processes in order to take their first DCC Service from a Registered Suppliers

enrolled SMS. Thereby continuing to support the principles set out in the SEC, to ensure a secure CNI.

We would seek that as a SEC party they are obliged legally to only be able to take services that read a Device or are DCC specific. For Services that are specific to a target Device, then drafting must reflect that they are the appointed agent of the registered Supplier. We are in agreement that the MA will be directly responsible for paying for the Services they have requested. We are satisfied that it will be at the discretion of Suppliers to determine contractually whether they seek their MOP/MAM to request DCC services on their behalf.

Since there is no formal SEC Supplier Nomination process, for the Registered Supplier to formally nominate an agent they are happy to take DCC Services for a particular enrolled meter, we would suggest that the new SEC Party Category be amended to "Metering Agent", to avoid unnecessary confusion.

We are unsure why a Metering Agent would be excluded from having to follow the security arrangements set out in Section G1.4. We would seek clarity from DECC as to the rationale behind this proposal.

20. Are there other options which should be considered for MOPs/MAMs to access DCC services?

We have nothing further to add in terms of options – please refer to our response to question 19.

Testing Phases

21. Do you agree with our proposed text for the SEC with respect to Test Phasing, consistent with our decisions on testing arrangements detailed in our recent consultation response? Please provide a rationale for your views.

We agree with the proposed text in general. We seek clarification and further refinement of the current drafting on several points.

In Section T, we are concerned that the hours of 8am to 6pm for testing support appear restrictive. There may be instances where Parties will need to have testing support over longer working hours to meet Testing plans and deadlines. We would seek for this to be 8am to 8pm as a minimum.

We would seek clarification on the funding of the Testing, we see that the aim should be to socialise any costs to ensure that entrants are not inhibited from using the service.

It has been identified that the RDP test documentation will be produced 3 months before testing. It will be important to ensure that there is 'practical' early engagement with the RDPs. We are concerned that 3 months is a tight schedule in which to ensure readiness and the support of testing requirements.

In Section T2.3, the proposed drafting states that SIT is to be undertaken on a Region-by-Region basis and RDP System-by-RDP-System basis. In terms of RDP systems for gas networks will it be the intention to map RDP MPRN data to CSP regions and only permit completion once a CSP region has completed a phase of testing. Gas Network zones do not directly overlay the demarcation of the three CSP Regions, how do the DCC plan to establish which of the RDP MPRNs will reside in one CSP Region or another?

In terms of Interface Testing the proposal within the SEC to run Interface Testing for one region concurrently with System Integration Testing for another Region seems an acceptable approach.

If one Large Supplier has successfully completed the User Entry Testing phase then it is reasonable to assume that the DCC's Enduring Testing environment will be made accessible to all DCC Users, regardless of whether a DCC User has exited the User Entry Testing phase. We seek further definition on the notice periods for using the Enduring Testing environments.

- 22. Do you agree that the term 'Enduring Testing' should be used to encompass both the End-to-End and Enduring Test stages in order to assist comprehension and simplicity? Would the consequential removal of the terms 'End-to-End Testing' and 'User Integration Testing' cause confusion or be undesirable, such that we should reinstate this terminology? Please provide a rationale for your views.**

We believe that changing the terms 'End to End Testing' and 'User Integration Testing' may cause confusion if these are removed, as they are established Development terms. 'Enduring testing' has been introduced to define the need for ongoing test support environments – generally most organisations have test and pre-production environments that support these enduring needs.

- 23. Do you agree with the proposed approach to include the Projected Operational Service Levels within the SEC? Please provide a rationale for your views.**

We agree with the proposed approach to include the Projected Operational Service Levels within the SEC. Placing these within SEC, ensures that there is transparency and robust governance established for the management of these Service Levels.

Issue Resolution during Testing

- 24. Do you agree with the need for an issue resolution process in testing? Does the proposed process meet that need? Please provide a rationale for your views.**

We agree that the need for an issue resolution process in testing is clear. The proposed process does appear to meet that need in general. There are a few points where we seek clarification or definition within the drafting.

We believe it would be useful to understand the turn around times that will be provided, and recognition of where resolution may require more immediate response in timescales. For example, the applicable timescales during User Process Entry Testing may have a need to be timelier, than during Interface testing. The timescales for resolution need to be defined within the Issue Resolution process.

In Sections H14.38 and H14.45, the drafting does not appear to specify which type of Testing Issues can be included in the resolution process. For the purposes of clarity we would seek further drafting in the SEC to define categories of testing issues.

We agree that Testing Issues should be published on the DCC Website; however, we believe that the viewing of such issues should be restricted to SEC parties only and not publicly available. Public availability of Testing Issues risks reputational damage to the Smart Meter Implementation Programme. In addition, such issues may include confidential information that should not be made published.

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

We agree with the proposed text for the SEC with respect to Issue Resolution.
We would seek further definition in the drafting in relation to a procedure document that will be published by the DCC and this could be via the Self Service Gateway or the DCCs website.

Smart Metering System Requirements

26. Do you agree with our proposed text for the SEC with respect to Equipment Testing, and configuration of enrolled Smart Metering Systems? Please provide a rationale for your views.

Given the current drafting of the SEC and the associated Consultation (paragraphs 277, 278 and 291); we have a concern regarding the requirement for recertification of all equipment under CPA every six years. There is no rationale provided for this policy within the Consultation, and we question the benefit compared to the extensive costs to Industry.

We seek clarification from DECC on this approach that takes into consideration the specific needs of the Smart Metering programme and Devices. We are concerned that there is no definition provided of how this recertification would be effected. Would this require a Supplier to sample units in their warehouse/supply chain suffice? Would a Supplier have to remove and recertify samples from part of their customer estate or all of their estate?

Further information is required as to what this recertification process entails and how it may impact on active Devices before we can comment on this requirement.
If it is deemed appropriate to explain this in detail within the body of the text, then it should be explained within a Code Annex. For instance, it is important for Suppliers to understand the implications of inheriting a Device, through CoS, that is outside the six year recertification period.