

# Energy UK response to BEIS Consultation on the proposed changes to SEC to support enrolment of SMETS1

30th April 2018

## About Energy UK

Energy UK is the trade association for the GB energy industry with a membership of over 90 suppliers, generators, and stakeholders with a business interest in the production and supply of electricity and gas for domestic and business consumers. Our membership encompasses the truly diverse nature of the UK's energy industry – from established FTSE 100 companies right through to new, growing suppliers and generators, which now make up over half of our membership.

Our members turn renewable energy sources as well as nuclear, gas and coal into electricity for over 26 million homes and every business in Britain. Over 619,000 people in every corner of the country rely on the sector for their jobs with many of our members providing lifelong employment as well as quality apprenticeships and training for those starting their careers. The energy industry adds £83bn to the British economy, equivalent to 5% of GDP, and pays over £6bn in tax annually to HMT.

## Executive Summary

Energy UK welcomes the opportunity to respond to this consultation on the proposed changes to the Smart Energy Code (SEC) to support the Enrolment and Adoption by the Data Communications Company (DCC) of smart meters that meet the Smart Metering Equipment Technical Specification version 1 (SMETS1). Our response is not confidential. It is important that the significant number of code and regulatory changes, together with technical design documents for the facilitation of the Enrolment and Adoption, and subsequent operation of SMETS1 meters by DCC are shared, reviewed and progressed rapidly taking into account industry's views to DCC.

The current LC13 plan for the enrolment of SMETS1 meters does not have any contingency (and we are not aware of any DCC intentions to raise a JIP Change Request around this); the LC13 plan is already at least 3 months behind schedule. Publication of key documents will allow for critical feedback to be shared with DCC and BEIS by our members demonstrating our view that the current plan is unrealistic and unachievable for either Initial Operating Capability by the end of November 2018 or completion of Transition and Migration of an anticipated 15 Million SMETS1 meters to DCC within 9 months of that date. Energy UK notes that DCC is still quoting 12 Million SMETS1 meters being in scope, based on the original and outdated IEPFR forecasts made prior to the extension of the SMETS1 end date to 5<sup>th</sup> October 2018 – we suggest DCC updates its forecasts. Energy UK believes that Transition and Migration of all eligible SMETS1 meters can be achieved with minimal additional delay to the current plan, but only through working closely and transparently with Suppliers to ensure effective testing and migration planning.

The consultation introduces necessary changes to several sections of the SEC to support Enrolment and Adoption including important clarity on security obligations and the role of the SEC Security Sub-Committee (SSC) with regards to SMETS1 meters. This is welcomed and transfers existing obligations on Suppliers from Supplier Licences to the SEC with some additional clarity on requirements, although our members have some reservations over the potential additional costs and impacts of additional CIO checks. Energy UK notes that the Security obligations may make additional Firmware upgrades a necessity for some Cohorts prior to enrolment. It is our view that requiring any firmware that exceeds that required for SMETS1 compliance to be deployed prior to enrolment may cause significant delays in the migration of affected Cohorts. This is especially relevant when considered in the context of the proposed obligation to enrol within 6 months of eligibility and before 31 December 2020 in the latest BEIS consultation "Maximising interoperability of first generation smart meters". It is hard to see how Suppliers will avoid having to replace significant numbers of SMETS1 meters with SMETS2 devices

that continue to lack the confidence required for large scale volumes. In an industry climate where significant challenges on controlling costs already exist and Suppliers are struggling with continuously escalating costs of the smart roll out, this would be unacceptable.

Energy UK agrees in principle with the proposed changes that introduce consistency in the roles and obligations of Suppliers with regards to Enrolled SMETS1 devices. Our Members welcome the clarity of the majority responsibility lying with the registered Supplier of either fuel, with additional responsibility rightly placed on the Electricity Supplier due to them also having primacy over the SMETS1 Communications Hub. However, significant concerns remain over how registered Suppliers who did not install the Smart Metering System will meet these obligations and gain access to evidence that may only be held by the installing Supplier, proving the registered system is compliant with all the SEC requirements. The issues for registered Suppliers who did not install the Smart Metering System (SMS) are extensive, especially in the enrolment and migration to DCC process. Energy UK is pleased to see that DCC is putting significant thinking into how these issues can be mitigated and has shared some at recent forums. However, our members believe it is critical that the Transition and Migration Approach Document (TMAD) is published at the start of May, as planned, to give precise clarity on how Cohorts of SMETS1 devices will migrate to DCC from all registered Suppliers. Energy UK also believes additional work is required from all parties to ensure adequate access to data required for assurance and compliance with all aspects of transition and operation of SMETS1 devices on DCC is established. We also believe that more work is required to define rights of registered Suppliers and the dispute process where issues are identified with a specific Cohort or device model combinations, for example; where action is required across multiple Suppliers.

Energy UK notes the significant changes to Section N of the SEC, particularly in paragraph 6 which sets out the scope and proposed powers of the TMAD. It is clear that the Migration and Enrolment of nearly 15 Million SMETS1 devices will be immensely complex and achieving this within any reasonable timescale will require significant flexibility within the SEC and all aspects of the smart programme. Energy UK is concerned that the current drafting of Section N6 may go beyond what is reasonable in terms of provision for this flexibility and provide such primacy to the TMAD that the SEC Panel and other key aspects of good governance become side-lined throughout the Transition and Migration period. Specific concerns arise over the governance around paragraphs (K) and (L) which suggest that limitations or variations to the DCC total system with regards to SMETS2 may occur or that DCC and SMSOs or other parties may have reduced exposure to liabilities or indemnity for poor performance during the Transitional period. Energy UK is concerned that it is not obvious what governance or appeal processes may exist around these decisions and who ultimately takes responsibility for them, and is the Authority for them (BEIS through Transition Governance or Ofgem). Energy UK also notes the lack of a backstop provision to these powers which contrasts with the proposed limitations on Suppliers window to ensure Enrolment of SMETS1 in the BEIS consultation on "Maximising interoperability of first generation smart meters (SMETS1)".

Energy UK agrees it is sensible to activate Section H7 for Elective Services. We do not agree that Suppliers should wait until the start of October 2018 to access this provision and begin conversations over the application of Elective Services and determining which Elective Services may be available for Cohorts with which they have no previous relationship either directly or indirectly via Smart Meter Service Operators (SMSOs).

Finally, Energy UK would like to take this opportunity to reinforce that Transition and Migration of SMETS1 meters to DCC involves millions of consumers with active smart meters who are already used to enjoying the benefits. These consumers will cover a broad range of segmentation from technology savvy credit customers, through to prepayment customers, those with Priority needs and everything in between. This makes ensuring a well-planned and exhaustive testing approach to both the transition & migration to DCC and subsequent operation of devices, critical.

Specific responses to the questions raised in the consultation are in appendix A below.

I trust that this response is helpful. Should you wish to discuss any aspect of this response with Energy UK, either in isolation, or with our members collectively, please do not hesitate to contact me directly.

Yours sincerely,

Daisy Cross  
Head of Smart Metering – Energy UK

## **APPENDIX A – Energy UK responses to consultation questions**

### **Question 1:**

#### **Do you agree with the proposal to amend the name of the Certified Products List to the Central Products List?**

Energy UK believes this is a sensible approach to distinguish that not all products included will have undergone or been required to undertake CPA assurance. We suggest that at some point DCC and or SEC produces a process map, perhaps as guidance material to support Suppliers in understanding the end to end process of reaching the CPL including the steps from Pending Products List to Eligible Products list. It would be useful if this explains how the process could work for registered Suppliers who wish to enter devices to the CPL, but the installing Supplier has declined too.

### **Question 2:**

#### **Do you agree with the proposal to create new obligations on the Lead Supplier at split supply premises with regard to the management of SMETS1 CHs?**

Energy UK believes this is the only logical approach as in many cases the Communications Hub is intimately connected to the Electricity meter. Adequate protections must be put in place to ensure that where the gas and electricity are supplied by separate Suppliers, the gas Supplier has the right to be informed with sufficient notice to take action of any changes to the Communications Hub or its firmware that may impact connection of the GSME to the HAN or WAN – we understand DCC is currently considering this for SMETS2 under its upcoming Firmware Management Strategy consultation and so it would be helpful for SMETS1 to be aligned. Such protections are critical to protect consumers experience and allow Suppliers to proactively manage contact and expectations.

### **Question 3:**

#### **Do you agree with the proposed changes to the legal drafting of SEC Section F regarding various Smart Metering System requirements?**

Energy UK agrees with the new definition of responsible supplier and thinks this is a welcome and necessary change. This is also the case with Lead Supplier and adding the additional responsibility to take reasonable steps to ensure their actions to not unnecessarily impact on the Gas Supplier when deploying new firmware. Energy UK also agrees that with all options considered, renaming the Certified Product List to the Central Product List is a preferred outcome to the alternative of trying to retrospectively apply CPA to SMETS1. In conjunction with the introduction of the SMETS1 PPC and EPC this seems to be sensible approach to managing oversight of the progress of SMETS1 devices through testing to enrolment. Energy UK, welcomes the decision to ensure the Authority holds the final say in any dispute raised with the SEC Panel with regards to a CPL entry.

### **Question 4:**

#### **Do you agree with the proposed changes to the legal drafting of Section G?**

Energy UK agrees in principle with the proposed changes to Section G and transposition of Gas Supply Licence condition 40 and Electricity Supply Licence condition 46 into the SEC. It is clear that security of the DCC total system must be paramount and the SMETS1 Service must be robust. It is sensible that the SSC should have oversight of the Security of the SMETS1 Service and that Suppliers should include SMETS1 devices and interfaces in ICO Audits. Energy UK notes that the obligations for maintaining secure SMETS1 services have existed in the Supply Licence conditions for many years. However, until now, they have had little scrutiny and enforcement. Energy UK is confident that installing Suppliers and SMSOs have taken reasonable risk based steps to provide a secure system but notes that many inheriting Suppliers who have gained SMETS1 meters in dormancy with no SMSO service may have little knowledge of the secureness or capability of those devices. Further, access to much of this information is currently difficult at best and beset with commercial

complications. Therefore, Energy UK considers it critical that further policy work is undertaken by BEIS in support of the SSC to establish clear requirements on security evidence for a SMETS1 system and processes that provide for responsible supplier access.

**Question 5:**

**Do you agree with the proposed changes to the legal drafting of Section H3 of the SEC?**

Energy UK has no comments of the proposed drafting for Section H3 but considers it vital that UISS is completed and published promptly to enable Suppliers to complete system integration designs.

**Question 6:**

**Do you agree with the proposed changes to the legal drafting of Sections H5, H6 and H7 of the SEC?**

Energy UK has no comments on the legal drafting of Sections H5, H6. With regards to Section H7 we have no comments on the legal drafting but still have concerns as per our email to BEIS dated 27<sup>th</sup> March 2018 on the applicability, visibility and delivery of elective services. The email set out Energy UK member concerns that it was unclear whether elected services would need to be requested and paid for each Cohort or would apply to all Cohorts that could support such a service. Concerns were also raised about market distortion being caused by inheriting Suppliers being unaware of the capability of all Cohorts and therefore what Services could be elected. Finally we described concerns over the delivery time for any elected services and their availability being unclear. All of these concerns remain unanswered – we request BEIS provides a view on these.

**Question 7:**

**Do you agree with the proposal to activate Section H7 (Elective Communication Services) on 1st October 2018?**

Energy UK understands the need for DCC to have sufficient preparation to support the Elective Services process and that Transition and Migration for SMETS1 must take priority. In these circumstances the proposed date is reasonable provided there is assurance that the lack of any particular elective service will not lead to degradation of customer service for any Cohort upon enrolment until such elected service request is delivered by DCC.

**Question 8:**

**Do you agree with the proposed changes to the legal drafting of Sections H8-9 of the SEC?**

Energy UK agrees that responsible suppliers should have responsibility for the CH but understand that they have no functionality and/or services capable of diagnosing or resolving CH faults. We understand SMSOs currently support resolution of communications type issues through services not available to the supplier and therefore would have expected the equivalent S1SP to provide the required support.

**Question 9:**

**Do you agree that, where SMETS1 Pending Product Combinations Testing on a combination of Device Models is not able to be successfully completed, DCC should not be obliged to share with other SEC Parties the issue(s) that arose for reasons of commercial sensitivity? Please provide views on whether this information should be withheld by the DCC, or made available to all SEC Parties.**

Energy UK's considered view is that where a Device Model Combination is withdrawn by the installer after failing to progress to the Eligible Product Combinations list there is no need to share any information on what issues exist with other SEC Parties. However, if DCC are aware of another supplier that is planning to test, or is in the process of testing, the same new product combination (for example to accommodate a firmware update), that DCC should notify said party that other parties had encountered issues with the product combination. The rationale for this being that the second supplier can check with the meter manufacturer in question, rather than wasting duplicated time testing when

other parties know they are likely to fail. We would not expect DCC to divulge details of the actual issues encountered by previous parties. DCC should also consider sharing information, where the installing Supplier or SEC Party chooses to attempt to progress Eligibility through SEC or DCC Service amendment, then all SEC Parties should be informed of the issues that potentially impact them.

**Question 10:**

**Please provide views on when you consider the SMETS1 Pending Product Combinations Testing Service should be made available.**

Energy UK has no clear preference on the availability of the SMETS1 Pending Product Combinations Testing Service. DCC should not however look to allow introduction of any new Product Combinations not essential for the successful operation of existing Cohorts on DCC until those currently in scope are enrolling and operating in a stable, efficient and reliable manner.

**Question 11:**

**Do you agree with the proposed changes to the legal drafting of Section H14 of the SEC?**

Energy UK supports DCC offering testing services to manufacturers. However, it may be prudent for DCC to consider whether SMETS1 metering equipment can be added to the Eligible Product Combinations List with no energy supplier testing having been carried out. A SMETS1 meter should not be added to the Central Product Combinations unless it has been successfully end to end tested by an energy supplier.

H14 as drafted provides no ability to triage issues arising out of Pending Product Combinations testing, which is essential to ensure a fair and transparent approach to delivery of the SMETS1 service. Impacted parties would have no ability to challenge the DCC's assessment of any issues, noting they would likely apply to multiple parties and require an outcome based on a fair cost/benefit analysis. Issues with DCC's SMETS1 services will impact all suppliers as a result of churn, where it is clear the issue is related to their systems they should be required to resolve it at the earliest possible opportunity.

**Question 12:**

**Do you agree with the proposed changes to the legal drafting of SEC Section X and the DCC Licence in respect of transition?**

Energy UK considers the proposed changes to be sensible to facilitate the successful delivery of a SMETS1 Service.

**Question 13:**

**Do you agree with the proposed scope and content of Section N6 of the SEC?**

As previously noted in the executive summary section, Energy UK considers that the significant changes to Section N of the SEC, particularly in paragraph 6 which sets out the scope and proposed powers of the TMAD are mostly necessary to provide for the immense complexity of Migration of live devices. However these changes should not be at the expense of good governance and the important role of the SEC Panel and its sub committees.

**Question 14:**

**Do you agree with the proposed changes to Sections A, H11, L, N and Z, energy supply licence conditions, the DCC Licence and the Inventory, Enrolment and Withdrawal Procedures Document?**

Energy UK has no specific comments on these proposed changes.