

Q9. 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.

EDF Energy agrees with the drafting of section H12 Maintenance of the Intimate Communications Hub Interface Specifications (ICHIS). We recognise that the clauses in the section have been written in a manner that allows for the necessary flexibility to allow for unconstrained future development of the ICHIS.

However, we feel that an important aspect of the proposed intimate connectivity arrangements is the need to be able to hot swap communication hubs (i.e. remove and replace communication hubs without the need to disconnect the electricity supply to the premises). We are concerned that if this requirement is not recognised then one of the considerable advantages associated with intimate connectivity, in terms of maintenance activity, could be lost over the course of time. It is therefore important that additional text be incorporated into section H12 that recognises this important provision.

DCC Service Management

Q10. Do you agree with our proposed text for the SEC with respect to DCC Service Management? Please provide a rationale for your views.

In general EDF Energy agrees with the proposed text for the SEC in regards to DCC Service Management, which should help to ensure continuity of DCC Services to Users. However, we do have the following comment in regards to the legal text:

H8.7 – EDF Energy believes that this section needs to be amended as the current drafting does not give full visibility of changes to the DCC Internal systems to the Technical Sub-Committee. Given the inherent risk of any change to the delivery of Services we believe that this is required to ensure that this visibility is provided. We believe that section H8.7(a) should require the DCC to share the outcome of all impact assessments with the Technical Sub-Committee, irrespective of whether the DCC determine the risk of disruption to be material or not. Where the Technical Sub-Committee agrees with the DCC's assessment that a change is non-material then no further action is required; if they disagree or if the DCC's assessment is that a change is material then this should be issued for consultation to DCC Users. It should also be noted in part (b) of this section that the DCC does not only need to consult with Users, but take account of their responses in making any final determination in regards to the proposed change, and this final determination should also be made visible to the Technical Sub-Committee.

Incident Management

Q11. Do you agree with our proposed text for the SEC with respect to Incident Management? Please provide a rationale for your views.

EDF Energy broadly agrees with the proposed text for the SEC in regards to Incident Management, we believe that the timely identification and resolution of incidents that affect the effective operation of Smart Metering Systems is critical to the ongoing operation of the end to end Smart Metering System, and delivering the optimum service to customers. We welcome to opportunity to engage with the DCC in the definition of the Incident Management Policy to achieve this goal.

In regards to the legal text, we do have the following comments:

H9.1 – we believe that this section (and therefore the Incident Management Policy) should also include rules for the updating of Incidents recorded on the Incident Management where there is a change of status for that incident. This is especially the case where an Incident is of interest to multiple parties. For example, the Gas Supplier may wish to know when an appointment has been booked by the Electricity Supplier to exchange a communications hub. This would enable them to be able to manage their relationship with the customer and take any actions they may need to take as a result (such as re-establishing the links between the Gas Proxy and the Gas Meter as detailed in section H5.31).

H9.1(c) – we believe that ‘in those case’ should read ‘in those cases’.

H9.7 (a) – we consider that the reference to resolving an Incident ‘as soon as reasonably practicable’ is vague and could be interpreted in different ways. This could lead to inconsistencies in the customer experience, especially for Gas Suppliers who may be reliant on different Electricity Suppliers for carrying our exchanges of comms hubs. While we recognise that it is not practical to set fixed targets for any process that is reliant on being able to contact the customer and to agree an appointment with them, we believe that some form of monitoring (possibly by the SEC Panel) around incident resolution times would identify any significant discrepancies in performance by Parties in the resolution of Incidents. This proactive management of Incident resolution performance should then reduce the number of disputes raised as per section H9.12.

Self-Service Interface

Q12. Do you agree with our proposed text for the SEC with respect to the Self-Service Interface? Please provide a rationale for your views.

EDF Energy generally agrees with the proposed text for the SEC in regards to the Self-Service Interface, we believe that this function will be a critical part of the toolkit for DCC Users for management of their relationship with the DCC. We welcome the opportunity to engage with the DCC to define the details of the Self-Service Design Interface Specification.

In regards to the legal text, we have the following comment:

H8.15(a) - In line with our response to question 8 relating to the Smart Metering Inventory, we do not believe that there is currently any reason that information regarding Type 2 devices should not be included in the data that is accessible by DCC users as specified in this section. We would strongly encourage a review of this area of DCC functionality to ensure that there is clarity around the devices that will be recorded in this Inventory and the maintenance of the status of these devices over time to ensure the accuracy of the data held in this critical component of the DCC systems. This would enable DCC Users to access all relevant information for all devices that have been installed at a premise in which they have an interest as a DCC User.

DCC Service Desk

Q13. Do you agree with our proposed text for the SEC with respect to the DCC Service Desk? Please provide a rationale for your views

EDF Energy agrees that the establishment of a Service Desk will be essential to support all queries arising from DCC services. We have the following comments;

- The SEC requires that a dedicated telephone number is provided and published on the DCC Website. This is necessary to support queries; however, we question whether the SEC should be drafted to reflect the requirement for multiple numbers. We recognise that the volume of calls that will be made is unknown and the provision of multiple numbers would enable the prioritisation of certain query types. For example, a query regarding vulnerable customers or prepayment top-up services should be treated as a higher priority than a query regarding a Change Modification. We believe that the SEC should be drafted to reflect these issues.
- The drafting in H8.19 is specific such that the Service Desk is available at all times. We would like this clause to be relaxed such that the Service Desk is made available according to the volume, priority, type and channel that Users interact with the Service Desk. We see no value in financing call centre support at times when no urgent incidents are received. The SEC should be drafted to allow the DCC some flexibility to control costs according to needs.

Service Level Agreements for Testing

Q14. 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

EDF Energy has reviewed the service level text relating to Sections H13.1 and has no issues with the proposed text. Please note these service levels do not relate to testing.

Q15. 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.

Although the DCC is aware of individual service provider performance in each of the three regions EDF Energy does not agree service levels should be aggregated and applied at a system level rather than at individual Service Provider level. There is a risk that poor performance by an individual service provider could be masked by the performance of the other providers. There are no reasons why individual service levels could not be applied to individual DCC's service providers. Aggregation of individual service provider performance will allow the DCC to manage its providers too flexibly and may prevent stakeholders from identifying individual service provider issues early.

We have the additional comments on section 5.10 DCC Service Performance;

EDF Energy welcomes the opportunity for the DCC to consult with stakeholders prior to implementing any adjustment to service levels. However, Section H13.3 should be strengthened to oblige the DCC to consider the suppliers recommendations in relation to any change to service levels.

In Section H13.5(b) we would prefer to see an obligation on the DCC to not only explain the reasons for missing the Target Service Level, but also to provide some commentary on what they expect to do in order to achieve this level over the next period.

Managing Demand

Q16. Do you agree with our proposed text for the SEC with respect to Managing Demand? Please provide a rationale for your views

EDF Energy generally agrees with the proposed legal drafting with respect to Managing Demand. However, we are concerned that the proposed threshold of 110% shown in H3.43. This threshold is probably too small particularly during the early years when

customer acceptance of smart will still be developing. It would be more acceptable if the threshold was to be increased to 120% with an annual review of the threshold as experience develops. We would also note that the acquisition of a large number of customers over the period could trigger a large, unforeseen requirement for DCC Service Requests which could easily exceed 110%. It is unclear whether the DCC will implement a physical control to hold users commands until a suitable drop in demand when the threshold is not exceeded. This would ensure another users services are not unfairly impacted.

Security Requirements

Q17. Do you have any comments on the security obligations set out in Section G of the SEC drafting or the way they are expressed?

EDF Energy agrees with majority of the proposed controls for the SEC in regards to the security requirements. We believe that these controls will be critical for a secure end to end solution for the whole industry. We welcome the opportunity to engage with the DCC to define the details of the security obligations.

In regards to the legal text, we have the following comments:

- G2.2(a) The requirement to check for unauthorised software should be extended to cover software that resides in volatile and non-volatile memory.
- G2.3(a) The requirement obliges the DCC to detect events but then does not extend the requirement to act on the event.
- G2.3(b) The requirement obliges the DCC to maintain a list of patches but does not require the DCC to have a management process to address and install the patches that have been identified.
- G2.4(a) The requirement obliges the DCC to identify unauthorised or unnecessary ports but there is no process to disable these identified ports.
- G2.6 The requirement obliges the DCC to keep records and logs of system suspicious activity however there seems to be no retention period stated for the information that has been gathered.
- G2.8(a) EDF Energy would expect the DCC not only to detect Denial of Services events but also make reasonable endeavours to block this traffic once identified.

- G2.12 EDF Energy agrees that security should be designed in. However, this code only covers from the point of introduction onwards and therefore any development prior to this is not covered.
- G2.15(a)(i) The requirement to rectify any identified vulnerability detected in the DCC systems when 'reasonably practicable' needs to be strengthened to specific minimum timescales. For example, EDF Energy would expect any vulnerability identified as High to be prioritised and fixed within 4 weeks where practical. Those identified as Medium, three months and low within six months. In addition a plan should be produced identifying; each vulnerability, the criticality identified and the planned timescales to patch/fix the issue. Any compensating controls already in place or that can be added which is then approved by the SEC Panel.
- G2.16 The definition of what/where a 'different location' is needs to be clearly defined, as this could be interpreted differently.
- G2.18 EDF Energy would expect the DCC to be set minimum standards for the Data Retention Policy and not set by DCC itself.
- G2.22 When the CESG Good Practice Guide is updated EDF Energy have concerns that the DCC would instantly become involuntary non-compliant as there are no notice periods to enable the DCC to plan and update internal systems and processes.
- G3.2(a) The requirement to check for unauthorised software should be extended to cover software that resides in volatile and non-volatile memory.
- G.6 EDF Energy agrees that security should be designed in. However, this code only covers from the point of introduction onwards and therefore any development prior to this is not covered.
- G3.9(a)(i) The requirement to rectify any identified vulnerability detected in the DCC systems when 'reasonably practicable' needs to be strengthened to specific minimum timescales. For example EDF Energy would expect any vulnerability identified as High to be prioritised and fixed within 4 weeks where practical, Medium three months and low within six months. In addition a plan should be produced identifying each vulnerability, the criticality identified and the planned timescales to patch/fix the issue, any compensating controls already in place or that can be added which is then approved by the SEC panel.

General: Where standards are quoted, such as ISO27001:2013, there is an additional requirement to use the latest update, EDF Energy have concerns that we would instantly become involuntary non-compliant when updates are issued as there is no notice period to enable the business to plan and update internal systems and processes required to comply with any changes.

Q18. 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?

EDF Energy agrees with the proposed legal drafting with respect to DCC User roles. We believe there needs to be a standardised ISO27001 framework to allow users to define the compliance scope and also an industry wide risk appetite for the programme. This needs to be defined by DECC to ensure all suppliers and third parties who may access customer data, are aligned.

Communications Hub Financing

Q19. Do you agree that the four additional provisions are proportionate responses to providing reliable and economic third party financing options for Communications Hubs?

We are concerned with the proposal for Suppliers to fund a 3 month float of communication hub costs. Although EDF Energy understands the principle and rationale, we believe that three months communications hub charges being held as a float is too high and we suggest that a float equal to 1 month is more appropriate. Companies such as EDF Energy are credit rated by credit agencies such as Standard & Poor's and so the likelihood of failure to pay additional funds requested is unlikely. We therefore believe that the number of months credit should be scaled to reflect the different risks posed by different companies. This will ensure that the CSP Communications Hub Financier and DCC is protected from the risk of failure whilst also limiting the cash Suppliers are required to lodge and the costs associated with this. We make the following comments;

Provision 1

The proposal for DCC Service Users to make payment into a separate bank account for Communication hub charges appears reasonable although we would note that comms hub charges paid as part of the monthly DCC invoice would be more efficient.

Provision 2

EDF Energy recognises that the intent of the second provision is to reduce the CSP financing costs and so the costs to customers. However, we are concerned that there is no threshold at which this provision could be triggered. We therefore believe that this

provision should be amended so that it can only be triggered in the event of a material issue, such as non-payment by one of the larger seven suppliers.

Provision 3

EDF Energy understands that the principle and rationale for a three month float is to limit the impact of a material default on Suppliers, by providing a three month float for the DCC to draw funds from. However, we note that the likelihood of this float being required is limited and would provide protection for at least six months in the event that a major supplier failed. This will come at a cost to industry as they will be required to lodge cash. We therefore believe that three months Communications Hub charges being held as a float is too high and we suggest that a float equal to 1 month is more appropriate. Companies such as EDF Energy are credit rated by credit agencies such as Standard & Poor's so the likelihood of failure to pay additional funds requested is unlikely. We therefore believe that the number of months credit should be scaled to reflect the different risks posed by different companies. This will ensure that the CSP Communications Hub Financier and DCC is protected from the risk of failure whilst also limiting the cash Suppliers are required to lodge and the costs associated with this.

Provision 4

The proposal for any third party financier to pursue Suppliers for outstanding monies directly in very rare circumstances is not a concern for EDF Energy.

Communications Hub Services

Q20. 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**

EDF Energy has the following comments with regards to communication hub asset charges;

Monthly Communications Hub Charge

EDF Energy accepts the Monthly Communications Hub charging proposals including that "costs lie where they fall" general principle to avoid expensive recharging administration costs.

We have assumed the Monthly Asset Charge per Communications Hub over 10 years to be the economic life of the hub and not the operational life which may well be longer. We are also concerned about the general lack of visibility of the level of DCC invoices being raised and urge DECC to be clear to Suppliers of the level of DCC and comms hub charges that must be provisioned for at their earliest opportunity

HAN Variant Pricing

EDF Energy recognises that a different price for dual band communication hubs with an additional HAN module is more cost reflective; however, we believe further consideration and evidence on this issue should be developed before a decision is made. This should include the DCC and Supplier costs associated with multiple comms hub charging, which may negate the benefits of cost reflectivity. We believe that HAN charging arrangements should be considered in their entirety rather than as individual elements. This will ensure the best solution is reached for customers. As such we consider that there should be common HAN infrastructure for GB that is provided by the CSP, including for Multi Dwelling Units, and that this should be funded via a single HAN charge covering coms hub and HAN infrastructure.

We agree with the principle of splitting of the monthly charge into the amortised charge and the smearing of HAN variant costs into one charge. EDF Energy would encourage the Communication Hub providers to engaging with the industry at this stage of the programme. We believe that the 868MHz HAN solution is vital for Suppliers to achieve their roll-out obligations. The SEC must ensure that the DCC, it's service providers and communication hubs manufacturers are obliged, where necessary, to expedite or indeed prioritise the delivery of an 868MHz solution.

Monthly Maintenance Charge

EDF Energy agrees to the principle of maintenance charges being smeared across suppliers based on smart meter enrolment on market share basis.

Q21. 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.

EDF Energy agrees that the SEC should include a mechanism for attributing costs for communications hubs faults to the correct parties with an appropriate reflective cost recovery process based on it. We note the intention for fault responsibility is to be the subject of a future SEC Consultation. We believe Suppliers should only be responsible for site visits to repair/replace Communications Hub up to a defined limit and should not carry the burden of unlimited site visits because specific communications hubs are not fit for purpose.

EDF Energy believes that the "costs lie where they fall" general principle is adopted for split fuel premises, where the second installer is responsible for any additional Communication Hub costs as the initial installer will have made "reasonable endeavours" to ensure the correct hub is installed.

There is no reason for smearing these costs as this will increase the financial costs for non-impacted parties. We do not believe that the responsibility for costs where "No fault found" should be charged to Suppliers or that they should be accountable for a financial penalty in the event no fault is found on the communications hub once returned to the CSP.

EDF Energy does not believe that the Supplier, nor its agent (MAM), has any control over the issue of intermittent and transient faults. It is for the DCC through its agents to provide Suppliers with definitive confirmation a fault is present on a particular Communications Hub.

We fully accept that in the event of supplier led faults, it should be the supplier at fault that pays.

EDF Energy believes the 0.5% fault threshold for a Communications Hub Type Fault is too low before a liquidated charge per hub is imposed upon the CSP. £50 liquidated damage charge per hub appears too low a figure and £60 would be more realistic to reflect the cost of a site visit.

The batch fault threshold of 10% of all Communication Hubs delivered in a single order before a £50 liquidated damage charge of £50 kicks in. The impact of the 10% value depends very much on the order size. Again £50 appears too low with £60 more realistic.

EDF Energy
November 2013