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Smart Metering Implementation Programme - A Consultation on New Smart Energy Code Content (Stage 4) and consequential/ associated changes to licence conditions

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

EDF Energy welcomes the opportunity to comment on the proposals and legal text contained within the consultation. The Smart Energy Code is developing into an essential regulatory document providing obligations and protection to industry participants and consumers.

The key points of our response are:

- In order to be ready to commence the mass roll-out of smart meters suppliers need to design, build and integrate systems to interface with the DCC. A stable design is required to undertake this work; however, we are concerned that many of the operational processes and requirements that will be governed under the SEC are still to be designed and developed.
- Sufficient time is required between the completion of the design and DCC go-live in order to undertake rigorous testing. Without this there is a danger that issues are identified and resolved in a live environment and Suppliers' roll-out plans are constrained.
- We believe that the communications hub forecasting and charging arrangements should be developed to take account of any delay or constraint. Without this, Suppliers will be held to forecasts and the associated costs of holding communication hubs in stock due to delays or issues with central systems.
- The success of the supplier roll-out will be dependant on the accuracy of the information provided by the DCC, such as which comms hub variant to install and whether there is a WAN signal present. Although these forecasts are subject to performance measures under the contract and SEC, we are concerned with SEC 4 proposals where suppliers are expected to incur costs as a result of these errors.

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- With the movement to a zero transactional charge we believe that the DCC performance reporting should be expanded to include party category usage of service requests. This will provide assurance to SEC Parties that there is no cross subsidy and that the charging methodology remains cost reflective.
- DECC should provide greater clarity around the DCC opt-out process for non-domestic customers. We are concerned that the current SEC approach could present a barrier to switching for customers whose suppliers have opted them out of DCC Services.
- The SEC could also benefit from greater clarity and transparency with regards to the mapping of SEC Party IDs to User Roles, security governance and disaster recovery arrangements.

Design Stability

We remain concerned that many of the operational processes associated with the DCC User Gateway Interface Specification (DUGIS) are still to be defined and developed. Therefore, it is difficult to understand how the obligations will be enacted or whether they deliver the services and requirements as expected.

We are dependant on the completion of this design in order to design, build and integrate our systems to interface with the DCC. We are therefore concerned with the number of changes that continue to be made to Section H of the code and the obligations and processes related to DCC Services. A firm baseline needs to be established as soon as possible with which we can then use as the basis for our design. Continual changes to those sections of the SEC that directly impact our design could add further risk to the readiness of suppliers to commence Integration Testing and the 2020 installation target.

Testing

We note that at the Energy and Climate Change Committee (ECCC) hearing there was a commitment to ensure that the roll-out plan was kept under review with sufficient time to deliver robust testing and provide suppliers with five years to complete the smart metering roll-out. We do not consider that the current plan and approach will deliver rigorous testing of the end to end systems. As such, any defects will be identified and resolved in a live environment after DCC go-live. This risk has been recognised in the post go-live plan with a stability period lasting at least six months and check points going out until June 2017. We therefore, believe that it is imperative that the SEC delivers robust end to end testing to ensure a fully tested and operational environment is available on which to enrol meters after go-live.

Communication Hubs

We consider that the proposed procurement processes for forecasting, ordering and delivering of communications hubs are generally well documented and appropriate. However, we note suppliers are being asked to provide long range forecasts that they are being held to, in terms of their communications hubs orders and charging arrangements. The accuracy of these forecasts will be dependant on central systems being delivered on time with suppliers able to enrol meters onto these systems in line with roll-out plans. There is therefore, a risk that the current approach in the SEC exposes suppliers to financial penalties if their roll-out is constrained or delayed by the DCC. We do not believe that this is appropriate, and consideration should be given as to how the communications hub forecasting and charging arrangements could accommodate any delay to DCC Initial Live Operations or DCC constraining Supplier roll-out.

There are still many variables impacting the roll-out of smart meters and all best endeavours could lead to significant over, or even under forecasting of communications hubs. In addition, we do not yet have complete confidence in the take up of smart meters. Suppliers are under licence to install smart meters by the end of 2020 and could face regulatory action if this is not achieved.

Our forecasts and installation activity will be heavily reliant on the DCC WAN coverage tool. We do not believe that is appropriate that suppliers are required to forecast, order and install based on this data, and potentially replace a working communications hub due to a DCC error. The DCC must be held liable in this scenario, and the supplier compensated with liquidated damages.

The Communications Hub Support Material documents are not yet fully agreed and baselined, as they are still in draft form. We believe that there are still some significant issues outstanding in the support materials that must be addressed as soon as possible to allow for the initial communications hubs forecasts to be submitted early next year.

DCC Charging

EDF Energy agrees that that the proposed legal drafting provides the scope for an explicit charge related to Services within the DCC User Gateway Services Schedule to be set to zero. As noted in the consultation document this amendment enables the DCC to set these charges to zero and recover the costs of these services through the fixed per meter charge, as proposed in their letter of 22 May 2014. We believe that if this is enacted then the DCC reporting should be expanded to include use of Service Requests by SEC Party Category. This will provide assurance to SEC Parties that there is no significant cross subsidisation between SEC Party Groups, and also ensure there is sufficient information available to support a change to the charging methodology that is cost reflective.

Non-Domestic Opt Out

EDF Energy remains concerned about the current policy for non-domestic Suppliers to opt out of DCC Services. Aside the general security requirements and communications services that will need to be replicated by opted out suppliers of SMETS 2 metering systems, we do not agree that a communications hub removed from a non-domestic property should be accepted back to the DCC without termination penalty if there is no fault with the unit. We believe that this practice adds cost to the industry as it requires a re-visit and installation if the customer ever churns to another supplier and re-accesses DCC services. As such this practice could be deemed anti-competitive as it could restrict a customer from churning due to the cost and inconvenience of a second installation process.

Security

We believe that good progress has been made in the consultation on Security Governance and SMKI. However, we are concerned that the Central CIO will move from the principle of risk management that is mandated in the SEC to a more prescriptive "Security Controls Framework". We believe that ISO27001 already sets out a suitable framework and therefore we do not believe there is a need for the CIO to create anything new or additional as this will add cost and could potentially lead to confusion.
Furthermore, the proposals for three-year rolling supplier assessments by the CIO are onerous. We do not believe that full assessments are required for years 2 and 3, if suppliers already have appropriate certification from UCAS Accredited Bodies/Organisations for the same scope.

We believe that every Supplier Party, whether large or small, should have a seat on the Security Sub-Committee. As security is such a fundamental requirement of smart meters, we propose that all Suppliers should be able to sit on the committee providing that the member has the correct security experience and skills to add value to the group. Excluding any Supplier Party could put them in a vulnerable position that could, in turn, risk the integrity of the entire smart system.

We remain concerned that the operational processes associated with many of the SMKI Security Requirements have yet to be defined and developed, therefore making it difficult to understand whether they are actually fit-for-purpose

SEC Party IDs

The description within the consultation document and the draft legal text does not clearly articulate the relationships between Party IDs, User IDs and the Market Participant IDs that Parties use for the purposes of the MRA and the UNC. We require further clarification on how these relationships work and how they will ensure that User entry and registration based access control are implemented appropriately. We believe that the roll-out of smart meters and the creation of a new centralised, dual fuel system provides the opportunity to reduce the number of IDs that suppliers must operate under and realise associated efficiencies. We note that most of these IDs are only present due to historical mergers and acquisitions. The creation of new systems and processes should enable the industry to move away from a reliance on these redundant ids for access control and instead enable suppliers to adopt a single ID that reflects both their structure and systems.

Disaster Recovery

Finally, we note that changes have been proposed and new legal text added regarding business continuity and disaster recovery processes in Section 7.7 of the consultation, yet no question or comments have been asked on this matter. We are not sure whether this is intentional or an oversight. After review we find that we agree with drafting but believe that the additions could easily have been overlooked and should have been included within the consultation.

Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the issues raised in our response or have any queries, please contact

I confirm that this letter and its attachment may be published on DECC's website.

Yours sincerely,

Attachment

Smart Metering Implementation Programme - A Consultation on New Smart Energy Code Content (Stage 4) and consequential/ associated changes to licence conditions

EDF Energy's response to your questions

Parties Involved in the Provision of Communications Hubs

Q1. Do you agree with the requirement for the DCC to consult SEC Parties on future tranches of Communications Hubs procurement?

EDF Energy agrees that the DCC should be required to consult with SEC Parties to ensure that appropriate variants are available to support Suppliers' roll-out plans. However, we understood that the tranche arrangements in the SEC were associated with financing arrangements and not procurement arrangements. From the discussions at IMF it has been confirmed that the third party financing arrangements for the first tranche of comms hubs is agnostic to the HAN technology that is provided. If this is the case it is not clear why the SEC should link tranche financing to procurement. Instead the DCC should be required to consult with parties to understand what their comms hub requirements are. This is required to ensure that parties can fully understand and follow the approved procedures to forecast and order the correct number and type of communications hubs required in the appropriate locations at the right time. This would help to ensure that the very challenging roll-out plans will not be compromised due to the availability of product.

We agree that Section F4.10 of the legal drafting adequately covers the requirement for the DCC to consult with parties regarding any new variant of communications hub.

Q2. Do you agree with the proposed approach to allow SEC Parties (which will include MOPs) to forecast, order, take delivery and return uninstalled Communications Hubs?

EDF Energy will be forecasting and ordering all of our own devices, and so can see no requirement for this provision from our perspective. However, we recognise that other suppliers may choose to allow third party installers the opportunity to order and receive their own batches of communications hubs.

If this approach is implemented then the charging methodology should ensure that all parties ordering and receiving communications hubs will be subject to the same payment and forecasting requirements as are applied to Suppliers. All SEC Parties should be paying for communications hubs from the point of delivery, regardless of whether they are a Supplier or MOP.

Communications Hub Support Materials

Q3. Do you agree with the proposed approach and legal drafting in relation to the development of the Communications Hub Support Materials?

The Communication Hub Support Materials have great value to SEC Parties and the industry. They should ensure that consistent processes are followed by all Parties. We

believe that the documents should be maintained as subsidiary documents to the SEC so that they can be subject to the governance arrangement and change control of the code.

We are concerned that these documents are still in draft form and not yet agreed and baselined. We believe that there are some significant issues outstanding. For example, we required clarification of who will cover the resource costs of accompanying a CSP representative to the homes of customers to accredit installers work. These costs could be significant and distract supplier's skilled resource from their primary function. We think that it is essential for decisions to be made and the documents approved as soon as practicable.

Section X7.3 specifically requires that support materials should be available in 'draft' form in advance of the first communications hub forecasts being provided. We do not believe that this is sufficient and recommend that the documents are baselined by this point and subject to SEC change control.

Communications Hubs Forecasting

Q4. Do you agree with the proposed approach and legal drafting in relation to forecasting of Communications Hubs?

EDF Energy agrees that, based on current assumptions and plan, the approach to communications hub forecasting is appropriate. However, we remain concerned that there are still many variables impacting the roll-out of smart meters. Suppliers risk significant over, or even under forecasting of communications hubs. Creating any unnecessary additional compliance risks would be unwelcome and could result in increased costs to consumers.

The ability for Suppliers to roll-out smart metering systems, including comms hubs is dependant on a fully operational and functioning DCC. It would appear inappropriate for suppliers to be held to their comms hub forecasts or charged the comms hub stock rate if central systems are unavailable, or if their roll-out volume is constrained due to inadequate testing and proving of DCC systems. We therefore believe that the SEC should be amended so that supplier forecasts can be amended and comms hubs charging relaxed if DCC systems are unavailable or unable to support Supplier demand.

Section F5.2 of the legal draft generally reflects the approach suggested by DECC; however, the ability to forecast the number of communications hubs to device/model level ten months prior to delivery concerns us as there will be a heavy reliance on the DCC to provide accurate WAN coverage information. For instance, the number of communications hubs required for 'in fill' will need to be known at post code level to ensure that sufficient meshing technology is deployed. We do not agree with Section F9.5c that; suppliers would be required at the request of the DCC to re-visit a perfectly operating non-meshing property to replace the communications hub with adequate in-fill technology free of charge. Accurate information available for forecasting would have avoided this revisit and additional unnecessary work. Suppliers should be paid a liquidated damage per section F9.18, to revisit a property that requires an upgrade for the purpose of completing a communications network when incorrect information was made available.

Q5. Do you agree that forecasts that are submitted from the tenth month before a delivery month should include the numbers of Device Models to be delivered in that month in each region, and these should be subject to the specified tolerance thresholds outlined?

EDF Energy recognises that the forecasts which are submitted from the tenth month prior to delivery should be split by Device Model. This information will rely heavily on the coverage data provided by the DCC. We remain concerned about the quality of DCC coverage information and our reliance on this data for ensuring that we forecast and order the correct variant. Consideration should also be given as to whether supplier forecast requirements should be relaxed if the DCC is not meeting its target or minimum performance measures in these areas as this will have a direct impact on the accuracy of our forecasts. Please see our response to Question 4.

Furthermore, as the initial communications hub orders will be due in early 2015, we would like to understand what will happen to the forecasts if the DCC Initial Live Operations does not happen as planned on the 1 December 2015. Suppliers could potentially start to build up a stock on SMETS 2 communications hubs and have no mechanism to stop the orders.

Communications Hubs Ordering

Q6. Do you agree with the proposed approach and legal drafting in relation to ordering of Communications Hubs?

EDF Energy agrees that the approach and legal drafting in relation to ordering of Communications Hubs is generally appropriate. We recognise that to achieve the best price, the DCC requires certainty of orders and type such that the manufacturers are able to deliver the relevant quantities as required.

We note that Section 5.12 states that if no forecast has been received for a particular month, a party '*shall be deemed to have submitted a forecast of zero for each of the months of the period to which that Communications Hub Forecast should have related*'. We do not believe that this wording correctly resolves the issue of a missing order and should be reworded to ensure that an order equal to the previous months forecast is used instead. This alternative would then ensure that the Supplier meets the minimum order level described in Section 5.13c.

Communications Hubs Delivery and Handover

Q7. Do you agree with the proposed approach and legal drafting in relation to delivery and handover of Communications Hubs?

EDF Energy agrees with the proposed approach and legal drafting in relation to delivery and handover of Communications Hubs. We believe that the Support Materials adequately cover the issues in question as they follow standard industry best practice. We would however, like to understand how long it would take the CSP to re-deliver any damaged communications hubs. Suppliers require more certainty as this will impact our stock requirements and forecast and ordering arrangements. The current lack of clarity in the process may encourage suppliers to deliberately over order on the expectation that a certain percentage will be returned, or force suppliers to carry a larger stock of comms hubs to cover damages prior to delivery. Both of which increases costs to consumers. A

clearly defined requirement would overcome this risk and provide an incentive on the DCC to ensure they have appropriate standards for manufacturing and logistics.

Communications Hubs Installation & Maintenance

Q8. Do you agree with the proposed approach and legal drafting in relation to installation and maintenance of Communications Hubs?

EDF Energy is concerned that some of the outstanding issues highlighted by the working groups have not yet been addressed sufficiently. For instance, we believe that smart metering installers should have the appropriate skills and qualifications to work on both gas and electricity. It is not clear that the replacement of a communications hub requires the same skill set and qualifications. Competent individuals trained to replace communications hubs alone, should be accredited to break and replace seals, with suitable alternatives, rather than requiring fully trained installers to spend time on relatively straight forward processes. This would allow fully trained installers to continue installing full metering systems rather than be distracted by re-working and fault resolution.

We remain concerned that DCC has not developed an efficient, effective and transparent solution to cater for the communications hub job completion requirements. This gap in the DCC solution has been apparent since March 2014. However, there has been a distinct lack of urgency to engage stakeholders and to develop potential options. The knock-on impact is that Service Users are unable to complete aspects of their own designs or to develop their solutions. This adds further risk to the readiness of suppliers to commence Integration Testing or to meet the 2020 installation target.

Communications Hubs Removal, Replacement and Returns

Q9. Do you agree with the proposed approach and legal drafting in relation to removal and returns of Communications Hubs?

EDF Energy generally agrees with the proposed approach and legal drafting in relation to removal and returns of communications hubs. However, we do not agree that as an installing supplier should be obliged to pay for a higher specification installation that only benefits our competitors.

Q10. Do you agree that there should be an obligation for the first installing supplier in a dual fuel premises to take all reasonable steps to install a communications Hubs that would work with both the smart meter that it is installing and the smart meter of the other fuel type?

EDF Energy recognises the intent behind requiring the first installing supplier in a split supply premise to take all reasonable steps to install a communications Hubs that would work with both, the smart meter that it is installing and the smart meter of the other fuel type. However, we are not sure how we will be able to determine whether or not the equipment we are installing will work for the other fuel type without spending time trying to establish secondary communications links. This will take time and be an un-forecast cost on the initial supplier.

EDF Energy also fundamentally disagrees that supplies should be required to pay a premium for a device solely for the benefit of a competitor. This could also lead to unintended consequences if it encourages suppliers to delay their single fuel customers to

the end of their roll-out to avoid these premium costs. This would appear to be unreasonable and uncompetitive behaviour.

Ultimately, we believe that dual band comms hubs should attract the same charge as single rate comms hubs. This will remove the incentive on the first supplier to install the cheapest comms hub, that may not provide connectivity and also ensure that there are no cross subsidies between Suppliers.

Communications Hubs Returns Categories

Q11. Do you agree with the Governments proposals in relation to the processes to determine the reasons for early return of Communications Hubs?

EDF Energy believes that suppliers should not be penalised and charged for returning faulty communication hubs that, when tested in the laboratory, subsequently works and can be categorised as 'no fault found'. We believe that this would penalise an installing supplier for following the processes contained in the Support Materials. Furthermore, we believe that a communications hub described in Section F9.5c as *'return of a Communications Hub to the DCC due to a Special WAN-Variant Installation'* because the supplier has been requested to replace a full functioning communication hub, should be classed such and that a liquidated damage is paid to suppliers specifically if the detail displayed on the DCC's WAN coverage tool is incorrect. These returns should not be considered as one of the CH Type Faults described in Section F9.17 and subject to being part of the 0.5% fault threshold.

EDF Energy does not agree that a communications hub removed.from an opted-out, non-domestic property should be accepted back to the DCC without a termination penalty if there is no fault with the unit. We would note that if a customer has previously been enrolled in the DCC then the decision to opt out would appear to be driven by the supplier and not the customer. As such, the supplier should be exposed to the costs of those decisions. We therefore believe that a supplier who wishes to opt out of the DCC should either pay a minimal rental charge or an asset return charge. We are concerned that providing a free option to return the comms hub would add costs to the industry, as any opt in/opt out would require a site visit to support. As such this practice could be deemed anti-competitive as it could restrict a customer from churning due to the cost and inconvenience of a second installation process.

Transitional Requirements Communications Hubs Forecasts and Orders

Q12. Do you agree with the proposed approach and legal drafting in relation to the transitional requirements for Communications Hubs forecasts and orders?

EDF Energy agrees with the proposed approach and legal drafting in relation to the transitional requirements for Communications Hubs forecasts and orders although we remain unclear about the mechanism we will use to place our initial order. If transitional arrangements are to be adopted, then it is important that the DCC adopts appropriate controls and checks for the submission of these orders. We also note that this will require incorporation into the SEC prior to Users submitting forecasts.

Consequential Changes to the DCC Licence

Q13. Do you agree with our proposed changes to the DCC licence to require the DCC to offer services to non-SEC Parties where required to do so under the SEC?

EDF Energy agrees with the proposed changes to the DCC licence to require the DCC to offer services to non-SEC Parties where required to do so under the SEC.

Provision of Communications Hubs for Testing

Q14. Do you agree with the proposed approach and legal drafting in relation to the provision of Communications Hubs for testing?

EDF Energy agrees with the proposed approach and legal drafting in relation to the provision of communications hubs for testing; however, we note that the ability to test with comms hubs is dependant on the availability and access to test environments. Without this the provision of a comms hub for testing purposes has limited if any value. We are very keen to ensure that the communications are available for testing as soon as possible and suppliers are provided with access to test environments by the DCC to support their devices.

We would expect that support materials are provided to suppliers to help them install, commission, use and test the test devices and environments.

Security Governance

Q15. Do you agree with the legal drafting in relation to Security Governance?

EDF Energy is concerned that there are only spaces for six Large supplier representatives of the Security Sub-Committee when there are currently eight or nine suppliers that technically sit within this group. The key requirement for should be to ensure that all representatives, should have the necessary security expertise and skills to contribute to the tasks of the Sub-Committee to support the SEC Panel. We recommend that the legal drafting is changed to reflect that all suppliers, if they wish, can become a member of the Security Sub-Committee.

Security Assurance

Q15a. Do you agree with the Governments proposals in relation to Security Assurance? In particular on:

- **the proposal for the SEC Panel to procure a central CIO on an initial basis;**
- **the proposal for Users to meet the costs of security assessments that are undertaken at their organisation;**
- **the proposal for a three year rolling cycle of security assessments to be used to provide assurance on Users;**
- **the process for identifying and managing non-compliance; and**
- **the assessment arrangements proposed for DCC.**

EDF Energy accepts the principle that the costs of security assessments should be paid for by the party being assessed. However, these costs must be reasonable and not open-

ended. As such, we believe that a published rate-card should be agreed, as it is needed for reasons of forecasting and transparency.

We are concerned that there is a risk that the Central CIO will move from the risk management principle of ISO27001 that is mandated within the SEC to a more prescriptive "Security Controls Framework". ISO27001 already sets out a framework and therefore we do not believe there is a need for the CIO to create any new or additional requirements.

EDF Energy agrees with the principle set out in paragraph 132 of the consultation where it states; "As an example, a User who is certified to the ISO/IEC 27001 standard, to which the SEC security obligations are aligned, should find their assessment takes less time than if they did not have this certification in place. "However, this does not seem to be born out in the Legal text [G8.28] where it only suggests that" The Independent Security Assurance Service Provider: (a) may in its discretion, and shall where directed to do so by the Security Sub- Committee: (ii) in carrying out any User Security Assessment, take into account any relevant security accreditation or certification held by the relevant User". This should be re-drafted to give greater credence to appropriate ISO27001 certifications; we suggest the wording should include "The Independent Security Assurance Service Provider shall accept Certifications aligned with G5.17 as authoritative".

The proposals for three-year rolling supplier assessments by the CIO seem overly onerous. We do not believe that full assessments are required for years 2 and 3 if suppliers already have appropriate certification from UCAS Accredited Bodies/Organisations for the same scope. The Security Sub-committee should accept evidence of alignment or compliance for years 2 and 3 from existing certification visits, with potential for re-assessment where alignment or compliance cannot be demonstrated, or where there have been significant changes to supplier's systems or processes.

Finally, we are concerned that the subsequent report produced by the CIO [G8.21] would be shared with the Security Sub-Committee. We believe that sufficient protection should be in place prior to this report being shared, either through the use of a binding non-disclosure agreement or redaction of commercial sensitive material if no issues are identified.

Privacy Audits

Q16. Do you agree with our proposed approach and legal text for SEC in relation to Privacy Assessments?

EDF Energy believes it is necessary for a clear and robust Privacy Assessment approach, recognising the sensitive nature of the personal information that can be gathered from smart meters. Without such an approach, there would be potential impacts to customers and DCC Users if such information was used inappropriately. Such misuse could have a significant and negative impact upon the roll-out of smart meters and realisation of the potential benefits. We strongly believe that there should be a level playing field across each category of DCC User so that every party is subject to the same consistent approach to Privacy Assessments.

Q17. Do you agree with the specific proposals for undertaking random sample compliance assessments?

EDF Energy has demonstrated its commitment to the SEC security and privacy obligations by undertaking ISO 27001 certification. Whilst we welcome the proposals for random/ad-hoc Privacy Audits, we would expect the application of that approach to be tailored to individual Party's existing level of Certification or maturity. ISO 27001 already requires random compliance assessments. We would welcome that rigour to be extended to non-licensed or non-certified Parties to ensure customers receive the same levels of protection, regardless of which party is seeking access to their sensitive data.

Q18. Do you agree with the proposal for Users to meet the costs of the privacy assessments that are undertaken at their organisation?

EDF Energy accepts the principle of meeting the costs of privacy assessments undertaken at their organisation but these costs must be reasonable and not open-ended. As such, we believe that a published rate-card should be agreed as it is needed for reasons of forecasting and transparency.

Q19. What are your views on potential future changes to the SEC to provide for reporting the results of privacy assurance assessments bodies such as Ofgem, DECC, ICO and Parties generally?

EDF Energy recognises there is potential value in sharing 'lessons learnt' and 'key recommendations' associated with best-practice in the privacy domain. However, we do not believe that it is necessary or appropriate that complete privacy assessments should be shared on a more general basis. The information contained in these reports is likely to be confidential and may have future legal implications. Where a Party is found to be non-compliant there is a requirement for the Party to report on remedial action progress to the Panel, who can at that stage, make a decision on whether or not to refer the matter to the appropriate privacy assurance body as an escalation route.

We believe that SEC Parties should undertake routine independent privacy assessments and declare to the Panel that they have been undertaken. If a Party is found to be non-compliant, that Party should report that fact to the Panel, together with remedial plans to rectify the matter. At that point the Panel can decide whether or not it would be appropriate to escalate the issue to the relevant privacy assurance body.

Consumer Consent for Connecting Consumer Devices

Q20. Do you agree that the proposed legal drafting reflects the position reached in the SMETS2 consultation response, that Users should be required obtain consent and to verify the identity of the energy consumer from whom they have obtained the consent prior to pairing a CAD?

EDF Energy agrees that the legal drafting would appear appropriate to require Users to obtain consent and identify the consumer prior to pairing a CAD as this will help ensure a trustworthy and transparent approach.

Security Requirements

Q21. Do you agree with the proposed updates to the Security Requirements and the associated legal drafting?

When the scope of the User Systems was originally set, the functionality of the Self Service Interface (SSI) was not understood a worst case scenario had been assumed for security requirements. Now that the functionality of the SSI has been established it is clear that no services are critical to the operation of the smart meter infrastructure, and as such, the SSI should not be in scope of User Systems *[A change to the definition of User Systems is required, as discussed and agreed at TSEG on 31st July 2014].*

EDF Energy supports the principle that no single points of vulnerability exist within the system as a whole. We also support an enhancement to the current obligations to ensure separation is extended to personnel designing and developing critical aspects of the Information Systems well as the physical components.

We believe the other proposed updates and legal drafting are acceptable. However, the operational processes associated with many of the Security Requirements have yet to be defined and developed, therefore making it difficult to understand whether they are actually fit-for-purpose. It would make sense to review the proposals and legal drafting alongside the definition and development of processes to remove the need for further changes.

Q22. Do you agree that we should also include in the SEC obligations on the DCC and Users which limit the future dating of commands to 30 days?

EDF Energy agrees that it would be sensible to include SEC Obligations on the DCC and Users to limit the future-dating of commands to 30 days.

Further Restrictions on Parties Eligible to Subscribe for Certain Certificates

Q23. Do you agree with the proposed approach and legal drafting in relation to which parties are eligible to subscribe for specific Organisation Certificates?

EDF Energy agrees with the proposed approach and legal drafting in relation to which parties are eligible to subscribe for specific Organisation Certificates.

Requirements on DCC to Establish Certain Certificates to Facilitate Installation

Q24. Do you agree with the proposed approach and legal drafting in relation to the Organisation Certificates the DCC must subscribe for in order to support installation of Devices?

EDF Energy agrees with the proposed approach and legal drafting in relation to the Organisation Certificates the DCC must subscribe for in order to support installation of Devices.

Q25. Do you agree with the proposed approach and legal drafting in relation to the date on which the DCC must start providing live certificates, in particular the proposal to turn off the DCC's response time obligations until the Stage 2 Assurance Report (see section 6.6) has been produced?

EDF Energy agrees with the proposed approach and legal drafting in relation to the date on which the DCC must start providing live certificates. We are content that the Performance Standards will not be enforced for up to 12 weeks after the commencement of Interface Testing. However, we would expect the DCC to take 'all reasonable steps' to maintain the Performance Standards prior to this point.

Requirements for Certain Certificates to be Placed onto Devices

Q26. Do you agree with the proposed approach for all Network Parties to have established SMKI Organisation certificates?

EDF Energy does not intend to pre-allocate devices to specific Distribution Networks during the manufacturing phase. That would constrain future flexibility and might add unnecessary logistical complexity and cost to the roll-out. We plan to assign devices to the correct Distribution Network at, or shortly after, device installation. Hence, an approach which allows supplier to install their Organisation Certificates instead of those of the Network Party during manufacture is a sensible compromise.

We agree with the obligation that suppliers must ensure that the correct Network Party Certificates are placed on relevant devices (Smart Meters and Gas Proxy Functions) within seven days of commissioning.

Q27. Do you agree with the proposed approach for Non-User Suppliers to have established SMKI Organisation certificates?

EDF Energy recognises the need for an interim arrangement to cope with User to non-User churn. The solution is consistent with the Transitional Change-of-Supplier procedures; hence, we agree with the proposed approach. We would, however, like to understand how the secure Non-Gateway Interface would operate and provide support to non-Users

Q28. Do you agree with the proposed approach and legal drafting in relation to specific SMKI Organisation Certificates placed on specific Devices?

EDF Energy agrees with the proposed approach and legal drafting in relation to specific SMKI Organisation Certificates placed on specific Devices. This approach reflects the approach that has been shared in design forums. We also agree with and recognise the need for the refinement of the legal drafting once GBCS is issued at Version 1.0.

SMKI Test Certificates

Q29. Do you agree with our proposal to require DCC to provide Test Certificates to Test Participants (who, in the case of non-SEC parties, will have to be bound by an agreement entered into with the DCC) only for the purposes of Test Services and testing pursuant to Section T of the SEC, and to not require DCC to provide a Test Repository? Please provide a rationale for your view.

EDF Energy does not believe that we have enough contextual information to respond to Question 29 confidently. The DCC has not presented a Change Request to TBDG to remove the obligation to provide an SMKI Test Repository nor has it provided sufficient context here for stakeholders to respond appropriately.

Test facilities are an important component of robust development processes. They support design assurance activities which deliver stepping-stones in the development of operating processes and enduring solutions. Once the designs are mature, it is normal to retain the test environment and run it in parallel with the production system, so that it can be used to replicate and investigate operational defects. If the DCC does not deploy a Test Repository, it is reasonable to presume that aspects of future defect investigations will be performed using the live solution. This is not good practice, particularly within a component of Critical National Infrastructure.

DCC User Gateway Services Schedule

Q30. Do you agree with the proposed approach and legal drafting in relation to the DCC User Gateway Services Schedule?

EDF Energy broadly agrees with the proposed approach and legal drafting in relation to the DCC User Gateway Services Schedule. We note that this schedule is dependent on both, the GBCS and on the DCC User Gateway Interface Specification which are not yet finalised. It is therefore likely that this schedule will need to be updated further as a consequence of updates being made to these other documents. On this basis we regard this schedule as being work in progress.

We are pleased to see that the Target Response time for the Update Security Credentials (CoS) has been amended to 30 seconds from 24 hours. Suppliers will need to be able to configure a smart meter that churns to them as quickly as possible after the start of their registration. The response to the Update Security Credentials (CoS) is required in order to initiate this process so it needs to have as short a response time as possible.

We also have the following comments on the current drafting of this schedule:

- We believe that the Read Instantaneous Export service (ref 4.2) should be made available as a scheduled service. Export Suppliers will need to access regular reading data for the Export Registers on the smart meter for the purposes of managing their relationship with the customer. As there is no equivalent of the Billing Log for export data this will need to be retrieved periodically from the meter, the Export Supplier should be able to schedule such requests with the DCC rather than having to manage the regular retrieval of this data via a schedule that they manage.

- We believe that the Add Auxiliary Load to Boost Button service (ref. 7.9) should have a target response time of 30 seconds and not 24 hours. It is likely that the installation of a boost button will occur as part of the installation and commissioning on an electricity smart metering system, and therefore the successful addition of the boost button will need to be confirmed during the installation visit. We believe that the Target Response should be amended to 30 seconds to align with the other services that are required as part of the installation and commissioning process.

- Note 1 on page 14 of the schedule references Section H3.17, however, based on the proposed SEC 4 drafting this should be Section H3.23. We also note that section H3.23 states that the DCC Services Schedule will determine which services are available on an 'On-Demand', 'Future-Dated' and 'Scheduled' basis, and this note states that this detail will actually be provided by the DUGIS. We believe that for clarity this detail should either be included in the DCC Services Schedule, which does already include references to which services can be scheduled, or that section H3.23 should refer directly to the DUGIS instead.

- On page 17 of the schedule 'shall by the month' should read 'shall be the month'.

User IDs, DCC IDs and Party IDs

Q31. Do you agree with the proposed approach to centrally procure a EUI-64 Registry Entry?

EDF Energy agrees with the proposed approach to procuring EUI-64 compliant IDs for use by Users and by the DCC, this central approach will reduce the complexity and the cost to users for procuring such IDs. We note that the SEC 4 drafting refers to a new "ID Allocation Procedure" being created that will set out the detailed process steps, it must be ensured that when developed this procedure sets out clear obligations on the timeliness of provision of IDs.

Q32. Do you agree with the intention to create a 'Party ID', enabling access to the Self Service Interface at a Party level?

EDF Energy does not believe that sufficient clarity has been provided, either within the consultation document, or within the proposed SEC drafting, as to the role that the new Party ID will have and the benefits that this will deliver. The consultation question notes that this will enable access to the Self Service Interface at a Party rather than at a User level, which is a principle that EDF Energy Supports. However, it is not clear how the proposed introduction of the new Party ID achieves that outcome.

We believe that there is a need to more clearly articulate the relationships between Party IDs, User Ids and the Market Participant IDs that Parties use for the purposes of the MRA and the UNC. We require further clarification on how these relationships work and how they will ensure that User entry and registration based access control are implemented appropriately. This is specifically a concern in regards to the process described in Section H4.20 relating to CoS Update Security Credentials service requests, it is not clear how the CoS Party will be able to map the User ID for the Service Request to the Market Participant IDs held in registration data, which according to the legal text are associated with Party IDs and not with User IDs.

Provision and Use of User Gateway Connections

Q33. Do you agree that the proposed legal drafting accurately reflects the process by which the DCC will provider connection the DCC User Gateway?

EDF Energy agrees that the proposed drafting accurately reflects the process by which the DCC will provide connections to the DCC User Gateway.

Q34. Do you agree that the drafting meets the needs of both DCC and its Users in establishing, maintaining and terminating connections? Please provide a rationale for your views and include any supporting evidence.

EDF Energy believes that the drafting meets the needs of both the DCC and its Users in establishing, maintaining and terminating connections. The dispute process provides sufficient protection for Users requesting or upgrading connections, where Users can escalate issues to the Authority if the costs proposed by the DCC are deemed by the User to be inappropriate.

Processing Service Requests

Q35. Do you agree with the proposed approach and legal drafting in relation to Processing Service Requests?

EDF Energy has a number of concerns with the proposed approach and legal drafting in relation to Processing Service Requests. We remain concerned that many of the operational processes associated with the DCC User Gateway Interface Specification (DUGIS) are still to be defined and developed. Therefore, it is difficult to understand how the obligations will be enacted or whether they are actually fit for purpose. We believe that it would be prudent to continue review the legal drafting alongside the definition of processes and these are clarified to remove the need for further changes at a later date.

We also have the following specific comments in relation to the revised text in section H4:

We do not agree with the drafting of section H4.2. As worded this places an absolute obligation on a User to not send Service Requests to a 'suspended' device. We believe that this needs to refer to the User taking all reasonable steps to not send Service Requests to a 'suspended' device as it may be the case that they do not yet know that that device is suspended, as no specific timescales for such a notification are set out in section H6.13.

We also believe that the drafting of section H4.2 is incorrect. The intention of this section as set out in the consultation is to allow a device to be unsuspended through the application of a firmware upgrade. This Service Request will not result in the Panel adding the corresponding Device Model to the Certified Products List as stated in the draft legal text. We therefore believe that section H4.2 should read:

> "A User shall take all reasonable steps to only send Service Requests in relation to Devices which have an SMI Status of 'suspended' where the User reasonably expects that (as a result of the successful execution of such Service Requests) the Device will have a correct Device Model that is on the Certified Products list."

Also, as noted in the response to question 32 it is not clear how the CoS Party will be able to map the User ID for the Service Request to the Market Participant IDs held in registration data for the purposes of the required validation checks. According to the legal text the Market Participant IDs are associated with Party IDs and not with User IDs.

Smart Metering Inventory and Enrolment Services

Q36. Do you agree with the proposed changes to the approach and legal drafting in relation to Smart Metering Inventory and Enrolment Services?

EDF Energy largely agrees with the approach and legal drafting in relation to the Smart Metering Inventory and Enrolment Services. However, we note that the SEC sets out the obligations on Users and on the DCC, but not the detail of how these obligations will be achieved. The detail of these processes will need to be set out in the relevant SEC subsidiary documents (for example, the User Gateway Interface Specification) to ensure that all parties are able to meet their obligations in a timely and consistent manner.

We have significant concerns regarding the obligations that are set out in section H5.34 and H5.36 of the legal text. These sections relate to the obligations on the DCC or Supplier to ensure that the relevant device regenerates its Private Keys and that at least one of the Organisation Certificates on the that device is replaced. The legal drafting states that, where one or both of these actions fail, that the Lead Supplier must replace the device within seven days of the commissioning of the device.

EDF Energy considers these obligations to be overly onerous and disproportionate to the potential impact that such a failure has on the individual smart metering system and on the end to end smart metering system. It needs to be recognised that, in order to replace any device within a customer's premises, that an appointment will need to be made with the customer. The Lead Supplier is not in full control as to when the device is able to be replaced and so an absolute obligation to undertake such a replacement within a set number of days is not appropriate. This obligation should instead refer to taking all reasonable steps or similar wording.

We also consider the timescale of seven days to be overly restrictive and not reflective of the impact that such failures have. Where such failures occur the potential risk is to the confidentiality of data related to a single device, not to a wider group of customers or to the end to end smart metering system including the DCC. While this impact could be significant for an individual customer, their smart metering system is providing the customer facing functionality and so any requirement to stay home for another appointment could be regarded as being inconvenient or onerous. We believe that a more reasonable timescale for such replacements should be considered, alongside the proposed change to oblige the Lead Supplier to take all reasonable steps to undertake the replacement.

Problem Management

Q37. Do you agree with the proposed approach and legal drafting in relation to Problem Management?

EDF Energy broadly agrees with the proposal to include obligations regarding Problem Management in the SEC. However, we do not believe that the obligations set out in section H9 fully reflect the necessary requirements and obligations in regards to Problem Management.

The changes to the legal drafting provide visibility of Problems to Users, but do not detail how Problem Management processes will be used to prevent problems and resulting incidents from occurring, to eliminate recurring incidents, or to minimise the impact of incidents that cannot be prevented. We believe that further detail in this regard should be included, either in the SEC or within the relevant subsidiary documents, for example in the Incident Management Policy.

Service to allow consumers to find out which users have accessed their consumption data

Q38. Do you agree with the proposed approach and legal drafting in facilitating provision of a service to consumers to allow them to find out which Users have accessed consumption data from their meters?

EDF Energy agrees with the proposed approach and legal drafting in regards to the provision of a 'transparency service' through the DCC's Self Service Interface. Customers need to be able to understand who has been provided with their personal data to ensure that all access is legitimate. The 'transparency service' will support the identification of inappropriate access to personal data, and help to promote consumer confidence in smart metering.

Q39. Do you agree with the proposed approach of not requiring any User to offer a transparency service to consumers at this stage?

EDF Energy agrees that there is no clear case for requiring any User to offer to provide the 'transparency service'. We believe that Users, and specifically Suppliers, will want to offer this service to their consumers as part of their normal relationship with the customer, and as this service will be accessed via the DCC's Self Service Interface the cost of providing such a service should be very low.

As part of the introduction of this service it will need to be considered how consumers will be made aware that such a service exists and how they would access this service. The next steps to be taken by a consumer should they discover that a User has accessed their data without their permission also need to be made clear. This may be a subject that should be referred to Smart Energy GB for consideration for inclusion in their communications regarding smart metering and the services that are available to consumers as a result. The sanctions that would be faced by any User that does access a consumer's data without their consent also need to be made clear within the SEC.

Definition of a Large/ Small Supplier Party for the Purposes of Interface Testing

Q40. Do you agree with the proposal to provide for a date in the SEC when any assessment of whether a supplier is large/ small for testing purposes is made? If not, please provide evidence for why this approach would not work and what alternatives should be used.

EDF Energy agrees with the proposal to provide a date when the assessment of whether a supplier is large/ small for testing purposes is made. Suppliers that will need to be involved in User Interface Testing (UIT) in June 2015 will require a lead time in order to be able to achieve these requirements. The DCC also need to have early certainty as to the number of suppliers it will need to cater for as part of UIT.

We further agree with proposal included in the consultation that this date be set at the end of 2014, providing suppliers with six months' notice of the requirement to participate in UIT. We note that most suppliers who will be subject to the requirements regarding large suppliers will probably already be aware of that requirement but certainty should be provided via the SEC.

Registration Data

Q41. Do you agree with the proposed approach and legal drafting in relation to registration data text alignment?

EDF Energy agrees with the approach and associated legal drafting as we believe it delivers alignment to registration data text.

Provision of Data for the Central Delivery Body

Q42. Do you agree with the proposed approach and legal drafting in relation to provision of market share information to the CDB including Ofgem determining disputes between the CDB and the DCC?

EDF Energy agrees that the proposed approach in relation to provision of market share information to the CDB will help drive efficiency by using existing information that is already reported. We do not believe it appropriate to require parties to produce new reports which would add little new to that already being reported. In addition, we believe the proposal that Ofgem should determine any disputes is also sensible.

Connections Between the DCC and RDPs

Q43 Do you agree with the proposed approach to RDP/DCC connections and the associated legal drafting?

EDF Energy agrees with the approach and associated legal drafting relating to RDP/DCC connections.

Q44 Do you agree that Network Parties using the same RDP should be jointly and severally liable for failure of that RDP to comply with provisions relating to the RDP's use of the connection provided to it by the DCC?

EDF Energy agrees that the drafting of Section E3.13 it appears a sensible means of placing obligations on all parties. We believe it is appropriate that Network Parties using the same RDP should be jointly and severally liable for failure of that RDP to comply with provisions set out.

Explicit Charges for Certain Other Enabling Services

Q45. Do you agree with the proposed approach and legal drafting in relation to provision of Explicit Charges for Certain Other Enabling Services?

EDF Energy agrees with the proposed approach and legal drafting in relation to provision of Explicit Charges for Certain Other Enabling Services detailed in Section K7 of the legal drafting. We believe that it is important that explicit costs that can easily be attributed to a particular party and are charged that way rather than being smeared across the Party Category.

Q46. Do you agree with broadening the scope of DCC Licence Condition 20 to include the Other Enabling Services which attract an explicit charge?

EDF Energy supports the broadening the scope of DCC Licence Condition 20 to include the Other Enabling Services which attract an explicit charge as it will allow parties to raise a dispute against the explicit charges if they wish to do so. The requirement will also help ensure that costs are paid by the party that incurs them rather than being smeared across the Party Category.

Confidentiality

Q47. Do you agree with the proposed amendments to the legal drafting which introduce a new controlled category of DCC data, set out guidelines for types of data which may be marked as confidential or controlled and limit liability for breach of the latter category?

EDF Energy agrees with the proposed approach and legal drafting in Section M4. We agree that the DCC should be restricted in what documents can be marked as confidential. We agree with the suggested three categories of public, controlled and confidential with only an unlimited liability against the 'confidential' category.

Q48. Do you agree that liability for disclosure of controlled information should be limited to £1 million per event (or series of events) for direct losses?

EDF Energy recognises the use of a defined 'controlled' category of classification and agrees that liability for losses suffered due to a breach of this figure should be limited. The figure of £1M is widely used within the SEC and we consider is appropriate.

Q49. Do you think that SEC Parties other than the DCC may have a need to mark data 'controlled'? If so, please outline what, if any, parameters ought to apply?

EDF Energy does not believe that it would be appropriate to allow parties to mark data as 'controlled' as we do not feel that it is a category of sensitivity that would be useful to Suppliers. EDF Energy complies with the Government Protective Marking Scheme as a recognised standard which allows restricted information to be marked according to its relevant category when circulated.

Q50. Do you agree that liabilities if these controls are breached should be limited to £1 million (excluding consequential losses)?

EDF Energy would consider a threshold of £1M acceptable for losses caused by the breach of its controlled information as it is in line with all other limited liabilities on the subject.

SEC Consequential Changes: Alignment to DCC- and Supply Licences

Q51. Do you agree with the proposed approach and legal drafting in relation to the consequential changes to align the SEC with the proposed changes to the DCC and Supply Licences?

EDF Energy agrees with the proposed approach and legal drafting to align the SEC with the proposed changes to the DCC and Supply Licences. Parties will need to understand

which versions of each Device Specification will enable interoperability with other Devices in order to be able to effectively maintain services to a customer. To this end, a compatibility matrix will need to be rigorously maintained. It assumed that such a matrix will not include SMETS 1 as a Device Specification as this was not designed to be an interoperable specification.

We believe that the principle of backwards compatibility should always be followed wherever possible when creating new versions of Device Specifications. The introduction or replacement of a single smart metering device, which is of a later specification to one or more of the other smart metering Devices already operational within a smart metering system, should ideally not render any of the other smart metering devices obsolete. In effect following such a change, all smart metering devices should be capable of continuing to communicate and interoperate with each other as part a single smart metering system. The requirement for backwards compatibility does not apply to compatibility with the SMETS 1 Device Specification as this was not designed to be an interoperable specification.

Failure to meet this objective could lead to considerable expense and also lead to a poor customer experience brought about by the need to replace other fully functional smart metering devices following the introduction of a single smart metering device, which has been built to a later specification.

Charging Matters

Q52. Do you agree with the proposed approach and legal drafting in relation to the invoicing threshold?

EDF Energy agrees with the proposed approach and legal drafting in relation to the invoicing threshold. It is important the costs incurred by the DCC are minimised wherever possible. Where the cost of producing an invoice is not proportionate to the value being invoiced, we believe it is reasonable that charges are carried forward until this is the case, as long as at least one invoice is issued each year.

Q53. Do you agree with the proposed approach and legal drafting in relation to the credit cover threshold?

EDF Energy agrees with the proposed approach and legal drafting in relation to the credit cover threshold. As above, it is important that the costs incurred by the DCC are minimised wherever possible. Where the cost of administering credit cover is not proportionate to the value at risk then it is reasonable that these costs are avoided.

Q54. Do you agree with the proposed approach and legal drafting in relation to scope for an explicit charge related to Services within the DCC User Gateway Services Schedule of zero?

EDF Energy agrees that that the proposed legal drafting provides the scope for an explicit charge related to Services within the DCC User Gateway Services Schedule to be set to zero. As noted in the consultation document this amendment enables the DCC to set these charges to zero and recover the costs of these services through the fixed per meter charge, as proposed in their letter of 22 May 2014. We believe that if this is enacted then the DCC reporting should be expanded to include use of Service Requests by SEC Party Category. This will provide assurance to SEC Parties that there is no significant cross

subsidisation between SEC Party Groups, and also ensure there is sufficient information available to support a change to the charging methodology that is cost reflective.

Whilst EDF Energy appreciates the need for the DCC to minimise its administration costs, we do not believe that it is acceptable for certain Parties to be able to effectively access DCC User Gateway Services for free and even at the cost of other Parties who may be providing competitive service. This could be regarded as contravening the fourth General SEC Objective "to facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy".

EDF Energy recognises that the costs incurred by the DCC need to be appropriate and proportionate. However, the DCC's proposal regarding charges for DCC User Gateway Services would mean that Other Users would not incur any charges for accessing DCC User Gateway Services as they are not included in the Charging Groups set out in section K3.9 of the SEC. These charges would instead be incurred by Supplier and Network Operators, which contravenes the fundamental principle of Users paying for the DCC User Gateway Services they access.

Facilitating Charging for Meters where there is a live supply of energy only

Q55. Do you agree with the proposed amendment to the definition of 'Mandated Smart Metering System'? Views would be welcome whether this change has a material impact.

EDF Energy agrees with the proposed amendment to the definition of 'Mandated Smart Metering System' as this makes the definition more reflective of those metering points where smart meters will or may be installed. We do not believe that this change will have a material impact as we believe that the sites to be excluded from the definition as a consequence of the amendment should be allocated across suppliers in line with their market share.

Power Outage Alerts

Q56. Do you agree with the proposed approach and legal drafting regarding power outage alerts?

EDF Energy agrees with the proposed approach and legal drafting regarding power outage alerts, both Network Operators and Suppliers will need to know that such an outage has occurred for the purposes of managing that customer appropriately. It should be considered whether it may be necessary for other DCC Users such as Gas Suppliers or Other Users to be notified of a power outage where such an outage means that User is not able to successfully communicate with a communications hub. This may need to be considered as part of the Error Handling Strategy.

Proving Testing of Shared Systems

Q57. Do you agree with the proposed approach and legal drafting in relation to the testing of shared systems?

EDF Energy agrees with the proposed approach and legal drafting in relation to the testing of shared systems. This approach eliminates the need for testing to be repeated unnecessarily for shared system where they have already been successfully proven, thereby reducing the overall cost of the testing process. In assessing the evidence of previous

successful testing the DCC will need to assure that this evidence provides absolute proof that the Party going through User Entry Process Testing meets the relevant requirements of this testing.

Remote Testing and Testing Services

Q58. Do you consider the costs of remote access to the test SMWAN should be socialised across all Users or charged directly to those test participants who use the service? Please provide an explanation for your answer.

EDF Energy believes that the costs of remote access to the SMWAN should be charged directly to those test participants that use the service. Wherever possible, charges should be allocated on a 'User Pays' basis, especially where other Parties will not achieve any benefit (direct or indirect) as a result of incurring such socialised charges. This approach also recognises that this functionality may be utilised by non-Users such as meter manufacturers who would not get charged under the cost socialisation option.

In making this response we assume that Users who procure ADSL connections (Gamma supplied connections via the DCC) for their Smart Meter Gateway can use this same connection for their testing purposes. In addition, where a User's own test facilities have reasonable SMWAN connectivity (for example a consistent 3G mobile signal in the User's test lab vicinity); we assume that the DCC would not expect them to procure additional connectivity, for example additional dedicated femtocells. The assessment criteria for agreeing reasonable connectivity, for example 3G, should be via the DCC's SMWAN availability matrix.

Communications Hub Asset and Maintenance Charging

Q59. Do you agree with the proposed legal drafting in relation to Communications Hub Asset and Maintenance Charges?

EDF Energy believes that the current approach to charging premiums for dual band comms hubs could result in unintended consequences and a cross-subsidisation between suppliers that may be viewed as distorting competition. On this basis we believe that the costs of standard and variant comms hubs should all be socialised so that the costs are uniform.

We agree that the legal drafting in Section K5 reflect our understanding of the proposed policy.

Communications Hubs Charging following removal and/or return

Q60. Do you agree with the proposed legal drafting on Communications Hubs Charging following removal and/or return?

EDF Energy has reviewed the draft legal text in K7.5, K3.17 and F9, and believes that it generally reflects the decisions made by DECC. Categorising the return communications hubs by fault and allocating costs accordingly is a sensible solution.

We are concerned that some communications hub that are returned as faulty may when re-booted in a test environment appear to work perfectly, yet in situ, they work intermittently. Based on experience it is likely that this will result in high volumes of failed communications hubs being returned and the DCC levying a termination charge in the

early years. This may be a significant problem and subject to dispute. We recommend that an obligation is placed on the DCC for reporting the numbers, types, and common faults of returned communications hubs so that the industry can monitor these issues. We have experience of removing devices and testing them ourselves only to find no fault and so that they can be re-issued to a different property. The data contained on a communications hub means that we will be unable to recycle a device without it being returned to the DCC to have the data removed. We believe that these circumstances should be subject to a reduced charge.

We do not agree that a working SMETS 2 communications hub should ever be removed, from a non-domestic property, unless it is faulty. The view that a supplier choosing to opt out of DCC services removes and returns a communications hub is not acceptable to avoid a small rental charges as the unnecessary costs of ever re-enrolling the premises into the DCC will have to be borne by the supplier and passed on to the customer. This could be considered a barrier to switching and therefore anti-competitive. Obligations must be placed on suppliers to leave a compliant communications hub in situ during an opted out period.

We also do not agree that the return of a working communications hub installed in good faith based on the DCC's WAN coverage tool should be included within the 0.5% threshold of faulty communication hubs. We believe that these replacements should be subject to immediate liquidated damages as the Suppliers has installed in good faith and cannot be held liable.

Non-Domestic Supplier Opt Out

Q61. Do you have any views on the operation of SMETS 2 meters that are opted out of DCC services in light of:

- **the conclusions on SMKI set out above; and**
- **any other matters, including GBCS, that may affect two-way communications with an opted-out meter?**

EDF Energy agrees with the view that opted-out suppliers would have to create a DCC-type arrangement to enable two-way communication with a SMETS 2 meter. We cannot foresee a situation where it might become economic or attractive to create that arrangement. Therefore, we doubt that opted-out suppliers would operate SMETS 2 meters as it would be simpler to exchange the meter. This must be avoided wherever possible in order to protect the MAP's investment, and to minimise overall costs. The need to exchange the meter on churn to either opt out or opt in a customer will incur unnecessary cost and will create a barrier to customer switching.

It is therefore essential that the viability of the opt-out option is reconsidered by SMIP at the earliest opportunity so that stakeholders, particularly MAPs, have sufficient certainty to deploy assets into this sector.

Requirements on Subscribers and Relying Parties

Q62. Do you agree with the proposed legal text with respect to the DCC's, Subscriber and Relying Party obligations and associated liabilities?

EDF Energy agrees with the proposed legal text with respect to the DCC's, Subscriber and Relying Party obligations and associated liabilities proposed in L11 L12 and M2 of the SEC legal drafting.

Enrolment of SMETS1 Meters Installed During Foundation

Q63. Do you agree with proposed legal text in relation to the Initial Enrolment Project for SMETS1 meters installed during Foundation?

EDF Energy agrees with the proposed legal text with respect to the Initial Enrolment Project for SMETS1 meters in Section N of the code drafting. We believe that the text aligns to the intended policy.

Q64. Does the contents list for the Initial Enrolment Project Feasibility Report (para 401) cover the required issues for the DCC to address? Are there any additional areas which you consider the DCC should be specifically required to include?

We believe that any decision to undertake an EPFR must be informed by the costs to customers of these projects. We are therefore concerned that the EPFR does not include details of how much it will cost the DCC to support these SMETS 1 meters in a secure manner. In addition the solution proposed may also impact on supplier or network systems if these need to identify SMETS 1 meters and amend or re-configure service requests. This information and cost impact should also be included at a generic level in any EPFR report.

Without this information there is a danger that these projects are undertaken without any consideration of the costs and benefits to consumers. We do not believe that this is appropriate and any decision by the Secretary of State should require this information to ensure that the best solution for consumers is delivered.

We also believe that the Security Assessment Criteria for EPFRs should be agreed. It would be helpful for the SMIP to make clear how this work can be taken forward. Consideration should also be given to including a more general 'Operational Stability for SMETS 1 meters' assessment, so that where there are known problems with certain meter types, those problems can be addressed before enrolment to prevent unnecessary instability in the market more generally.

Charging for Foundation Meters

Q65. Do you agree with the proposed legal text in relation to charging arrangements for the ongoing communications costs of Foundation Meters enrolled in the DCC?

EDF Energy agrees with the proposed changes to the legal text of the charging objectives in the DCC Licence, relating to charging for the ongoing communications costs of SMETS1 meters enrolled in the DCC. We believe that the approach will ensure that those parties who establish communications contracts that are more expensive than the charge for a SMETS2 meter operated through the CSP communications service should bear the additional costs (assuming that the meter hasn't churned in from another Supplier).

User Supplier to Non-User Supplier Churn

Q66. Do you agree with the proposed approach and legal drafting in relation to User supplier to Non-User supplier churn?

EDF Energy agrees with the proposed approach in relation to User Supplier to Non-User Supplier churn. This approach ensures that a device that churns to a Non-User Supplier can continue to be communicated with via the DCC while at the same removing the losing Supplier's access to the device. This approach also ensures that User suppliers will be able to implement a single process for DCC enrolled devices that churn to other suppliers whether they are DCC Users or not. This will avoid the need to develop interim processes and related system changes.

It needs to be ensured that the technical solution that enables Non-Gateway Suppliers to notify the DCC to update the Device Security Credentials is delivered at an affordable cost. The proposed Non-Gateway Interface is only currently proposed to support one type of request from Non-Gateway Suppliers, and should only be required for a short period of time until all suppliers become DCC Users. We continue to believe that the period between ILO and all suppliers being DCC Users should be as short as possible and in any case no longer than six months , a period in which the number of smart meters enrolled in the DCC. On this basis the Non-Gateway Interface will be temporary and this should be reflected in the cost and complexity of any technical solution.

We note that sections O2.1 and O2.2 of the proposed legal text mandate that a Non-Gateway Supplier will update the Device Security Credentials within 24 hours of the start of their registration period. An equivalent obligation does not exist where the gaining Supplier is a DCC User and we believe that this should be included within the SEC. possibly in Section H. Other supplier obligations (such as the Operational Licence Conditions) imply that a Supplier should update their Security Credentials as soon as possible after the start of their registration period, in order to ensure the smart meter holds accurate tariff information. However, there is no explicit obligation to do so. We believe that there should be an explicit obligation on the a DCC User supplier to update the Device Security Credentials within the same 24 hour period as would apply to a Non-Gateway Supplier as defined in sections O2.1 and O2.2. The logic for this is the same as for requiring a Non-Gateway Supplier to place their credentials on a device in that it would be inconsistent with the enduring smart metering trust model to allow the losing supplier to remain in control of a device they are not responsible for.

We further note that the obligations on Non-User Suppliers in sections O2.1 and O2.2 to replace Device Security Credentials within 24 hours are absolute obligations. This does not take into account that issues such as problems with communications between the DCC systems and the communications hub may prevent such an update being made. On this basis we believe that the requirement should be re-worded to indicate that Non-Gateway Suppliers will take all reasonable steps to update the Device Security Credentials.

EDF Energy
August 2014