

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

Response from Energy UK

About Energy UK

Energy UK is the trade association for the energy industry. Energy UK has over 80 companies as members that together cover the broad range of energy providers and suppliers and include companies of all sizes working in all forms of gas and electricity supply and energy networks. Energy UK members generate more than 90% of UK electricity, provide light and heat to some 26 million homes and last year invested £10billion in the British economy.

Executive Summary

Energy UK and its members are pleased to see the good progress being made in the finalisation of the Smart Energy Code (the SEC), and recognise the need to deliver the SEC in stages to reflect the ongoing decisions being made under the Smart Metering Implementation Programme (the SMIP).

The general consensus amongst our members is that in the majority of cases, the proposals and associated legal drafting is sensible, and reflects the discussions and decisions made in the various Transitional Governance Groups as part of the SMIP. There are however a number of areas where subsidiary documents have either recently been published, or are continuing to be developed, such as the Communications Hub Support Materials, which will include much of the detail associated with the legal provisions as set out in the current SEC 4 drafting, or in the case of the DUGIS, delayed, and as such, it is impossible to have complete assurance that all of the arrangements provided for by the SEC and the associated subsidiary documents are, or will be fit for purpose.

One of the biggest concerns for Energy UK and its members is the need to keep an over-arching control of all costs associated with the provisions within the SEC, and to ensure that costs and any associated financial risks are allocated to Parties accurately and fairly. This is particularly relevant to the arrangements for the procurement and supply of Communications Hubs, where it appears that the proposals and legal drafting place the majority of the costs, and financial risk on Energy Suppliers. Whilst Government is clear that the charging arrangements for Communications Hubs should not be assumed to be the same as metering assets, Energy UK's members share a different view, and believe that costs should not begin to be recovered until a Communications Hub is installed and commissioned. Whereas currently, the SEC arrangements result in Energy Suppliers being charged from the moment Energy Suppliers have taken delivery of Communications Hubs.

More generally, Energy UK's members remain concerned with the number of charges associated with Communications Hubs that could be levied under the SEC arrangements. Of course, the proposals and legal drafting set out in this consultation are general provisions, with the detail to be finalised in the DCC's Communications Hub Charging Statement. Therefore our members may get

the necessary assurances once the Charging Statement is released for review to ensure that the costs in this area are appropriate.

Responses to the individual consultation questions:

Our responses to each of the consultation questions are provided below.

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?

Answer: In the interests of transparency, it is essential that the DCC must consult on all future procurement tranches for communications hubs. There are likely to be many factors that will need to be considered, such as the need for Dual-Band (2.4GHz and 868MHz) hubs, the need to keep physical size of equipment to a minimum, and any other pressures on suppliers that must be taken into account. Energy UK does note that the proposals as set out does not include one of the DCC's key objectives to ensure the DCC is operating as economically efficiently as possible. For example, Energy UK is already aware that technology vendors are suggesting that they have Dual Band communications hubs available in the market, and that their current cost is significantly lower than the first tranche of single band communications hubs expected from the DCC and CSPs.

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?

Answer: Yes, the proposals are entirely sensible and should provide sufficient flexibility for suppliers and their agents to manage and coordinate their internal supply chains as necessary. Care will be needed to avoid unnecessary stock-piling of devices, and it may also be sensible to put arrangements in place that will allow suppliers to transfer assets if there is an unexpected shortage in the DCC's supply chain.

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?

Answer: Energy UK and its members are concerned that there is a parallel process of developing the Communications Hub Support Materials (CHSMs), and the legal drafting of the relevant provisions within the SEC. This obviously makes it difficult for Energy UK and its members to comment on proposals when the detailed development behind them is clearly ongoing.

Whilst our members obviously appreciate the need for a certain level of parallel working, care does need to be taken to ensure that the principles intended from the legal drafting are appropriately translated and provided for in the eventual CHSMs once finalised. It may also be the case that consequential changes to the SEC provisions are necessary if the legal drafting is finalised prior to the delivery of the CHSMs. However, such consequential SEC changes should only be necessary if there is something fundamentally wrong with the original policy intentions.

Energy UK's members agree that it is important that CHSMs are under appropriate change control to ensure that there is the ability to modify and change the materials as we learn from the early stages of roll-out, and reflect learnings in materials accordingly.

Communications Hubs Forecasting

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

Answer: Energy UK and its members have some concerns with the proposals in relation to forecasting as it will be very difficult, particularly during the early stages of roll-out, for suppliers to accurately predict the volumes of communications hubs they might need 10 months ahead. This is particularly relevant in relation to the forecasting of WAN variant communications hubs during the period when the CSPs are in the process of rolling out the communications infrastructure, when there might be a need for more mesh-enabled hubs to be installed in certain geographical areas.

Even on an enduring basis, our members are concerned that it will be difficult to accurately forecast the volumes of communications hubs where there could be a number of HAN variants. In the vast majority of cases, suppliers will only know which HAN variant communications hub will work whilst on site. This does however strengthen the case for Dual-Band communications hubs being the standard type of communications hub that should be provided by the CSPs as soon as they are available.

Whilst there is a level of flexibility in terms of +/- tolerances, there does need to be a level of accuracy that suppliers have little confidence in at this stage. That said, the only consequence of inaccurate forecasting and ordering will result in suppliers either holding too much, or too little stock of communications hubs. The DCC will have the ability to over-see and manage the overall volumes of communications hubs being ordered, and it will be essential that the DCC has the flexibility to amend deliveries (with supplier permission) when the need arises.

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?

Answer: Suppliers will not be able to forecast how many of each device variant this far in advance with any level of accuracy, which is why Energy UK's members support the need for a Dual Band Comms Hub being the de-facto Communications Hub device at the earliest opportunity – with single band (2.4GHz) devices being the variant. If suppliers are to forecast demand 10 months in advance, then this is likely to result in the need for suppliers to hold excessive volumes of stock, and for installers to carry these at all times to cover all potential eventualities.

Communications Hubs Ordering

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

Answer: The major concern for Energy UK here is that the proposals as set out appear to shift all of the financial responsibility onto suppliers' balance sheets based on the ordering process and the communications hub charging regime that follows. The proposals for 'tolerances' are welcomed, but these need to have sufficient flexibility to accommodate the fact that suppliers will be ordering devices at least 7 months in advance, without knowing what volume of each variant they will need.

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?

Answer: The proposals for delivery and responsibilities surrounding handover are sensible and normal business practice. 5 days to confirm acceptance of deliveries appears sensible, although some of our members believe a 10 day period may be required to allow necessary checks to be made.

Communications Hubs Installation & Maintenance

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

Answer: In general, the proposals appear sensible. However, there are a number of areas where further clarification is required:

- In certain circumstances, the DCC (assumed via the CSP) may need to visit customer's premises to resolve issues/Problems. This is the first indication that CSPs will need Field-Based support services. As anyone carrying out this activity will be acting on behalf of a supplier (as a supplier agent), what assurances will suppliers get that the DCCs representatives have appropriate training to cover all regulatory/legislative obligations associated with site visits?
- Does the supplier make an appointment on behalf of the DCC Field Services Engineer (FSE)?
- Will GSS apply to these visits? If so, what is the mechanism for paying of compensation where the DCCs FSE misses an appointment?
- F7.6 of the SEC drafting suggests that suppliers must get the relevant permissions from customers to install specialist equipment that may be needed. The detail surrounding this will form part of the Communications Hub Support Materials, therefore it will be important that developments here are consulted upon etc.

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?

Answer: The majority of the proposals appear sensible with the exception of the following:

- The need for suppliers to return non-faulty communications hubs to the DCC - whilst our members appreciate the need to remove any sensitive personal data associated with the consumer at the premises for which the communications hub was removed from, it should be technically possible for suppliers to carry out this type of activity themselves. As such, Energy UK believes that the DCC (via the CSPs) should develop and provide this capability in order to improve efficiency by removing unnecessary costs associated with the transportation of communications hubs between suppliers and the DCC;
- More consideration is required where a communications hub has been returned as faulty, but the DCC subsequently determines there is 'no fault found'. Energy suppliers will be following the processes as set out in the CHSMs, and it would be inappropriate to then apply any early removal charges if the supplier has merely adhered to the proper processes; and

- *'Return of a Communications Hub to the DCC due to a Special WAN-Variant Installation'* - suppliers should be able to recover additional installation costs incurred (via the liquidated damages route) where a new communications hub is required due to the DCC's WAN Coverage checker being incorrect/out-of-date.

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?

Answer: The majority of Energy UK's members agree that an obligation of this manner appears sensible in order to meet the general principle of seeking to deliver the roll-out of smart metering equipment as efficiently as possible. They also agree that this should be normal practice in meeting the wider interoperability principles associated with the SMIP. One of our members does not support such an obligation due to the potential increase in costs they are likely to face if they have to spend (what could be) a significant amount of additional time on site, checking there is sufficient HAN connectivity to the gas meter before completing their own activities. That member is also concerned that this could lead to a situation where single-fuel gas suppliers delay their gas smart meter installations until the electricity smart meter and communications hub has been installed by the electricity supplier in order to reduce their own installation costs.

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?

Answer: Overall the proposals appear sensible, with the exception of the need for the DCC to carry out any investigation of faults associated with communications hubs, where the communications hub is either lost or destroyed. In these circumstances, how will the DCC carry out any fault investigation if there is no communications hub to work with?

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?

Answer: Yes, Energy UK's members agree with the proposed transitional approach requirements for communications hub forecasts and orders.

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?

Answer: Yes, Energy UK's members believe the changes to the DCC licence are essential. The drafting appears to meet the required objectives.

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?

Answer: Energy UK believes that the DCC should also notify SEC Parties by email when communications hubs for testing are made available early, rather than simply relying on the DCC announcing this on their website. F10.8 of the drafting also appears to suggest that 'Test Comms Hubs' only have a 28 day warranty period which is unacceptable. Whilst Energy UK and its members accept the period of warranty will have an obvious impact on the cost of Communications Hubs for testing, they should have a warranty period of at least 6 months.

Security Governance

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

Answer: One of the key requirements in terms of the Security Sub-Committee is the need to secure as much continuity as is possible from its membership. Energy UK does however have a concern that a 3-year term for the Chair of the Security Sub-Committee seems excessive, and may result in a lack of take up. A 2-year term is probably more appropriate.

Energy UK's members do have some concerns with using categories of Users as a principle for membership. The SEC arrangements continue to use Large/Small Supplier/s, and spaces for 6 Large Supplier representatives, when there are 8 or 9 suppliers that sit within the Large Supplier SEC Definition. The key requirement for membership should be to ensure that all representatives, regardless of the size of their customer base, should have the necessary expertise and skills to contribute to the tasks of the Sub-Committee.

Our members do however recognise the difficulties in measuring levels of expertise, and believe that this simply places greater importance on the need for a very knowledgeable, and strong Sub-Committee Chair, who must have the appropriate powers to dismiss those members who are not actively contributing to the Sub-Committee's work, or where it is clear that a member does not have the relevant expertise or skills to do so. These powers must be reflected in the Sub-Committee Terms of Reference so that all SEC parties understand the requirements for members, and the ability for the Chair to exercise certain powers.

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.

Answer: Energy UK's members have a number of concerns regarding the Security Assurance proposals.

- Whilst members accept the principles of meeting the costs of security assessments undertaken at their organisation, these costs must be 'reasonable costs', and not open-ended. As such, Energy UK believe that a 'standard rate-card' charging arrangement is needed for reasons of transparency. The SEC Panel should therefore investigate if there is an industry bench-mark that could be used to determine a rate-card approach;

- The CIO is required to establish a Security Controls Framework. All of Energy UK's members share the view that ISO27001 already sets this framework, so do not believe there is a need for the CIO to establish anything more;
- Any Security Assessments will need to be carried out on a case-by-case basis. Whilst ISO27001 delivers an assurance framework, each SEC Party will implement requirements and measures differently, therefore requiring a more flexible Assessment approach, as opposed to a single Assurance Assessment approach;
- The proposals for three-year rolling supplier's assessments by the CIO are overly onerous. Our members do not believe full assessments are required for years 2 and 3 as suppliers will already have appropriate certification from UCAS Accredited Bodies/Organisations. Instead, our members believe that suppliers should be allowed to simply provide evidence of alignment or compliance for years 2 and 3, with potential for re-assessment where alignment or compliance cannot be demonstrated, or where there have been significant changes to supplier's systems/processes.

Privacy Audits

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

Answer: Yes, Energy UK's members accept the need for a robust Privacy Assessment approach based on the sensitive nature of the information that can be obtained via smart meters, and the potential consequences associated with misuse of such information. Energy UK's members also support the need for a level playing field across each category of DCC User, so that regardless of User category, every party is subject to the same Assessment approach.

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

Answer: Energy UK welcomes the proposals for random/ad-hoc Privacy Audits, especially to concentrate on the area of ensuring that appropriate consent has been gained by SEC parties when accessing energy consumption data. However, such random/ad-hoc audits should be limited to 'Other SEC Parties', rather than Licensed Parties because 'Other SEC Parties' are not subject to the same assessments undertaken by the CIO on a fixed-term basis. It is also the case that energy suppliers have very specific licence obligations in this area, and these random/ad-hoc audits for non-licensed parties will provide comfort to suppliers that all SEC parties will be subject to the same obligations, and that customers receive the same levels of protection, regardless of which party is seeking access to very detailed personal data.

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

Answer: Energy UK and its members support the proposal for Users to meet the costs of privacy assessments undertaken at their organisation. This meets with the general principles of 'costs lie where they fall' and also delivers a fair and transparent charging and cost recovery mechanism.

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?

Answer: Energy UK and its members remain cautious of the need for sharing details of reports to privacy assurance bodies and other Parties more generally, as the information contained in those reports are likely to be commercially sensitive, and should remain confidential. 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 or to The Authority as an escalation route.

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?

Answer: The legal drafting appears sensible and reflects the overall trust models adopted by the SMIP.

Security Requirements

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

Answer: When the scope of the User Systems was originally set, the functionality of the Self Service Interface (SSI) was not understood by the security groups, and suppliers and industry alike had assumed a worst case scenario. Now that the functionality of the SSI has been established, Energy UK and its members can identify no services that are critical to the operation of the smart meter infrastructure, and as such, the SSI should now 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.

Whilst Energy UK's members believe the proposed updates and legal drafting are acceptable, there are still concerns that 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 at this stage. 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 at a later date.

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?

Answer: Energy UK's members agree 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?

Answer: Energy UK's members will respond to this question on an individual basis.

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?

Answer: Energy UK's members will respond to this question on an individual basis.

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?

Answer: Energy UK's members will respond to this question on an individual basis.

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?

Answer: Energy UK's members agree with the proposed approach.

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

Answer: Energy UK's members agree with the proposed approach.

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

Answer: Energy UK's members agree with the proposed approach.

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.

Answer: Energy UK's members will respond to this question on an individual basis.

User IDs, DCC IDs and Party IDs

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

Answer: Energy UK and its members agree that the proposed approach is sensible, and that there may need to be changes once the DUGIS has been finalised.

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

Answer: Yes, Energy UK and its members agree that the central procurement approach is the most cost effective solution.

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

Answer: Energy UK and its members agree that this is a sensible approach, however Energy UK believes that there is a need to understand more generally, the relationships between Party IDs,

User Ids and the Market Participant IDs that Parties use for the purposes of the MRA and the UNC. It would be useful for the SMIP to provide further clarification on how these relationships work and how they will ensure that User entry and registration based access control are implemented appropriately.

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 provide connection the DCC User Gateway?

Answer: Yes, Energy UK's members agree that the proposed drafting accurately reflects the process by which the DCC will provide connection 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.

Answer: Energy UK and its members believe that the drafting should meet the needs of the DCC and its Users. There is sufficient protection for Users requesting connections, where Users can refer matters to the Authority if the costs are deemed to be inappropriate.

Processing Service Requests

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

Answer: Energy UK and its members agree that the proposed changes and associated legal drafting in relation to Processing Service Requests appear sensible at this stage, however there is some concern that many of the operational processes associated with the DCC User Gateway Interface Specification (DUGIS) are still to be defined and developed, and as such, it is difficult to understand how obligations will be enacted and whether they are indeed fit for purpose. Energy UK would therefore recommend that this element of the legal drafting is put on hold until the DUGIS has been released which will give our members the opportunity to review both elements together.

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?

Answer: Yes, Energy UK and its members agree with the proposals and associated legal drafting.

Problem Management

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

Answer: The overall approach appears sensible. In section H9.2, does this need to make clear the DCCs responsibilities where Problems can be resolved via SM-WAN?

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?

Answer: Energy UK and its members fully support this approach. This could be extremely useful in helping resolve customer queries and also meets the principles of transparency. Whilst some parties might argue that this will 'alert' suppliers as to which competitors are accessing customer data, this service should only be used where customers have requested the information, and so should therefore be auditable provided there is a requirement for any party seeking this information has appropriate recording/logging processes in place.

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

Answer: Yes, Energy UK and its members agree with the proposed approach.

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.

Answer: Energy UK believes this is essential in order to provide clarification to suppliers, and also removes any uncertainty of when a candidate supplier needs to be ready for interface testing.

Registration Data

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

Answer: Energy UK and its members agree with the approach and associated legal drafting.

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?

Answer: Energy UK believes that the proposed approach will help drive efficiency by utilising information that is already reported, rather than requiring parties to produce new reports which might only be a slight variation to that already reported. The proposal for Ofgem to 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?

Answer: Yes, Energy UK agrees with the approach and associated legal drafting.

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?

Answer: Energy UK and its members believe that the proposed approach to place obligations on all parties is sensible.

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?

Answer: Yes, Energy UK and its members agree with the proposed approach and associated legal drafting.

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

Answer: Yes, Energy UK supports broadening the scope of DCC Licence Condition 20. This should help limit charges being smeared across all SEC Parties.

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?

Answer: Energy UK agrees with the 3 categories proposed. Energy UK also recognises the difficulties associated with defining the categories of DCC data, but the proposals appear to meet the objective stated.

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?

Answer: Energy UK supports the £1m figure based on previous use of this elsewhere in SEC.

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?

Answer: In general, the SEC Panel has a responsibility not to allow commercially sensitive information to be shared with other SEC Parties, so Energy UK and its members do not believe this is a concern. Where any SEC Party provides commercially sensitive information to the SEC Panel, or SECAS, for example as part of a submission or response to a SEC Modification, that Party has the ability to mark their response, or elements of their response as confidential, so that such information remains protected.

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

Answer: Energy UK supports the £1m figure based on previous use of this elsewhere in SEC.

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?

Answer: For Section F2.17, it has now been confirmed that this is based on Specification Compatibility, rather than Device Compatibility, and changes to the legal drafting will be made accordingly. Now that this has been clarified, Energy UK and its members support this addition to the SEC Panel's duties.

Charging Matters

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

Answer: All of Energy UK's members agree an invoicing threshold is needed in order to drive efficiencies within the DCC. There is limit risk associated with the approach based on the principle that any amount under £25 per month (inclusive of VAT) would simply be carried over to the next month until the £25 figure is reached. At the Legal Drafting Page-Turn session on 12th August, DCC representatives suggested amending the text to £20 plus the current VAT rate, which would remove any need to make subsequent changes to the SEC should the VAT rate change in future – the majority of Energy UK's members would support a change should this be made on this basis, and one member believes that the threshold should be set at £250 including VAT.

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

Answer: Yes, Energy UK's members support the proposed changes to the Credit Cover threshold and associated legal drafting to support it.

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?

Answer: Some, but not all of Energy UK's members do not agree with the proposed approach in relation to scope for an explicit charge related to Services within the DCC User Gateway Services Schedule of zero. There is a view that this proposal has the effect of certain SEC Parties/DCC Users picking up the costs of others, and does not meet with the overall Government policy principles of 'User Pays'. A simple example here is where Authorised Third Parties (ATP) are taking information from consumers' premises via the DCC (i.e. consumption information), and the ATP would not have to pay the transactional costs of the DCC commands/messages – instead, Energy UK understands that the charges that would have been made to the ATP will be picked up by Suppliers and Network Operators.

Whilst Energy UK and its members understand that these costs are not anticipated to be significant, and of the need to control costs of DCCs systems, the overall principle of individual SEC parties paying for the services (including the costs of commands/messages) they take is one that everyone has understood and accepted since the outset. With this in mind, our members believe it should have been abundantly clear to the DCC that they would need a billing system to deliver this capability as part of the DCC Licensee procurement process, and as such the DCC must have taken this into account as part of their initial service scoping exercise. The majority of our members share the view that to change this over-arching principle at this stage is not acceptable.

The proposal could arguably fail the fourth General SEC Objective *"to facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy"* in

that there isn't effective competition if one category of User is basically receiving services for free, and other categories of User are meeting the costs of their competitors.

With this in mind, the majority of Energy UK's members would urge Government, and the DCC to re-think this proposal and keep to the over-arching principle of 'User Pays'. If there are complexities relating to the costs of billing system capability, then Government should investigate the possibility of introducing an annual based transaction charge to those Parties acting as ATPs in order to remove any cross-subsidy by Licensed Parties (suppliers and Network Operators). This charge could be introduced on a tiered-pricing basis using anticipated or estimated message volumes, with an annual reconciliation if a Party has under or over-estimated message volumes.

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.

Answer: As the proposed approach is only relevant until September 2015, the proposals are sensible as they remove any need for new or additional system changes for such a short period of time.

Power Outage Alerts

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

Answer: Yes, the approach and proposed legal drafting is acceptable.

Proving Testing of Shared Systems

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

Answer: Yes, Energy UK's members agree with the approach and legal drafting.

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.

Answer: The majority of Energy UK's members support the principle of User-Pays to ensure that those not utilising the remote test access are not paying for those parties that choose to. Costs must be transparent and cost-reflective, and transparent for all parties.

Communications Hub Asset and Maintenance Charging

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

Answer: Yes, the proposed legal drafting is as expected.

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?

Answer: In general, the proposed legal drafting is acceptable, and recognise that the actual financial aspects associated with the general recovery of communications hub asset costs will be reflected in the DCC's Communications Hub Charging Statement, once published.

Energy UK's members remain concerned regarding the proposals associated with communications hub charging where a Non-Domestic suppliers opts-out of taking services via the DCC. The proposals suggest that any remaining asset costs where the opting-out Non Domestic supplier removes a Communications Hub are then smeared across all opted-in Non-Domestic suppliers. Energy UK's members are assuming that there would only be a cost to be recovered if the removed communication hub cannot be recycled (in line with the DCC's Communication Hub Recycling Policies).

Whilst our members can appreciate the need to recover remaining asset costs in such circumstances, it would seem unfair that the Parties that eventually pay those costs are Non-Domestic suppliers that are already contributing towards the DCCs costs. These Non-Domestic suppliers are therefore picking up additional costs to which they have no control over.

Energy UK's members firmly believe it would be in the best interests of the market for communications hubs to remain on site in the event that any opted-in supplier takes over that supply in the future. There doesn't appear to be any technical reason as to why the communications hub cannot stay in situ, as there should not be any interference with any other communications equipment that the opted-out supplier might choose to install.

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?

Answer: Energy UK's members share the view that all SMETS 2 meters should be subjected to the same security requirements. Our members remain concerned however on the how the process for suppliers to get the right security credentials back on to meters when moving from an 'opt-out' back to an 'opt-in' status. There is a view that in reality, it would be simpler to exchange the meter, but this should be avoided wherever possible in order to protect the MAP revenue, and to minimise overall costs. It will therefore be essential that this issue is addressed by the SMIP at the earliest opportunity so that our members have the necessary certainty that such an event can be managed via the DCC.

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?

Answer: Yes, Energy UK agrees with the proposed legal text.

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?

Answer: Yes, the legal text meets with Energy UK members' expectations.

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?

Answer: Energy UK's members have noted the need to agree the Security Assessment Criteria for EPFRs. 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?

Answer: Yes, this meets with the expectations of the majority of Energy UK's members.

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?

Answer: Yes, the proposed approach and legal drafting is as expected.