



Smart Metering Implementation Programme  
Department of Energy and Climate Change  
Orchard 3, LG Floor  
1 Victoria Street  
London  
SW1H 0ET

26th August 2014

Dear Sir / Madam,

Please find our SEC4 consultation response 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?

*Yes, especially considering that 868mhz and smaller comms hubs may be available. Suppliers need to be consulted on future tranches so we can align our deployment plans to utilise the type of comms hub that will be procured.*

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?

*Yes, suppliers and our agents should have complete control over comms hub stock management.*

### **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?

*Yes, we agree that parties should have the opportunity to propose changes to improve the support materials. This should be accompanied by a suitable change control process.*

## **Communications Hubs Forecasting**

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

*First Utility has concerns over the ten month forecasting for comms hub deliveries. As a growing organisation, forecasting over any significant period of time will be challenging and may result in over or under forecasting. If alternative comms hubs are to be made available, First Utility wouldn't want to hold large quantities of comms hubs that may not be suitable for certain properties and not used.*

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?

*First Utility will be unable to forecast device types that far in advance. Our suggestion is that Dual Band Comms Hubs are made available by default to ease the procurement and operational delivery chains.*

## **Communications Hubs Ordering**

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

*The major concern for First Utility 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?

*The proposals for delivery and responsibilities surrounding handover are sensible and normal business practice. 5 days to confirm acceptance of deliveries appears sensible, as is the proposal to place responsibility for the cost of returning orders once outside of that 5 day window – this appears to be the right level of incentive to ensure the 5 day acceptance window is adhered to.*

## Communications Hubs Installation & Maintenance

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

*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 FSE misses an appointment?*
- F7.6 of the draft SEC 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 Comms 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?

*Yes the approach seems sensible although First Utility assumes the DCC should only be able to request a supplier to remove a comms hub at the suppliers timescale i.e when the next planned visit is due to take place unless the current hub is preventing smart services for the customer.*

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?

*Yes, this appears sensible in order to meet the general principle of seeking to deliver the roll-out of smart metering equipment as efficiently as possible. First Utility believes that this should be normal practice in meeting the wider interoperability principles associated with the SMIP.*

## **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?

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

*No Comment.*

## **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?

*Yes, First Utility believes 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?

*First Utility believes that the DCC should also notify SEC Parties by email when comms 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 First Utility accepts 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?

*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. First Utility 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.*

*First Utility has 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 on 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.*

*We do 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.

*First Utility has a number of concerns regarding the Security Assurance proposals.*

*Whilst we accept the principles of meeting the costs of security assessments, these costs must be 'reasonable costs', and not open-ended. As such, First Utility 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. First Utility has the view that ISO27001 already sets this framework, so do not believe there is a need for the CIO to establish anything here;*

*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 a three-year rolling suppliers assessments by the CIO are overly onerous. We 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, we 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?

*No Comment.*

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

*First Utility 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 data.*

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

*No Comment.*

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?

*First Utility is 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, 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 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?

*No Comment.*

### **Security Requirements**

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

*We have 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. 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?

*No Comment.*

### **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?

*No Comment.*

## **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?

*No Comment.*

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?

*No Comment.*

## **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?

*No Comment.*

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

*No Comment.*

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

*No Comment.*

## **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.



*No Comment.*

## **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?

*No Comment.*

## **User IDs, DCC IDs and Party IDs**

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

*No Comment.*

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

*No Comment.*

## **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?

*No Comment.*

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.

*No Comment.*

## **Processing Service Requests**

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

*Clarification sought: With regards to PPMID, is the DCC getting suppliers to commit to a PPMID contract of sorts, or is it still separate contracts between interested suppliers who 'sign-up' to the notion of PPMID?*

## **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?

*No Comment.*

## **Problem Management**

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

*No Comment.*

## **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?

*No Comment.*

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

*No Comment.*

## **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.

At the time the original testing arrangements were established, the requirement to be ready by June 2015 appeared achievable. It is now apparent that this is not achievable for suppliers other than the big 6. This is partly a result of the delay in the publication of specifications that has prevented the development of products required by mid tier suppliers to comply with the license condition. We now consider that the 250k threshold is too low and recommend it should be set to 1 million for the following reasons:

- Until the DCC adapter market and the availability of a Managed Service matures we will not be in a position to progress selection of a preferred partner.
- This will directly impact our ability to be UIT ready in June 2015 and therefore ILO ready in December 2015.

We are concerned that the impact of our delayed ILO readiness will diminish our customer proposition, due to the inability to provide a Smart service to a gained Smart customer, therefore distorting the market. This compounds concerns around Supply License obligations that are/will enforce the installation of SMETS2 meters, ie no backward step and new or replacement.

## **Registration Data**

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

*No Comment.*

## **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?

*No Comment.*

## **Connections Between the DCC and RDPs**

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

*No Comment.*

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?

*No Comment.*

## **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?

*No Comment.*

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

*No Comment.*

## **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?

*First Utility agrees with the 3 categories proposed. First Utility also recognises the difficulties associated with defining the categories of DCC data, but the proposals appear to meet 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?

*First Utility 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?

*No Comment.*

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

*First Utility 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?

*No Comment.*

## **Charging Matters**

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

No Comment.

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

No Comment.

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?

No Comment

## **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.

No Comment.

Power Outage Alerts

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

*No Comment.*

## **Proving Testing of Shared Systems**

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

*No Comment.*

### **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.

*This charge should be socialised due to the likely high cost of direct charging.*

### **Communications Hub Asset and Maintenance Charging**

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

*No Comment.*

### **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?

*No Comment.*

### **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?

*First Utility has the view that all SMETS 2 meters should be subjected to the same security requirements. We 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 we 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?

*No Comment.*

## **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?

*No Comment.*

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?

First Utility raises 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?

*No Comment.*

## **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?

*No Comment.*

Please do contact me if you have any questions, and likewise I would be very happy to meet with you to discuss any of the issues covered this response.

Yours sincerely,