Smart Metering Implementation Programme
Regulatory Team
Department of Energy & Climate Change
Orchard 3, Lower Ground Floor
1 Victoria Street
London, SW1H 0ET

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Dear SMIP team

Smart Energy Code Stage 4 Consultation

The fourth tranche of SEC drafting contains subject matter that will directly drive the build and implementation of the Smart Meter programme across the industry. Drafting relating to DCC communication hubs will shape supply chains, logistics, installation and beyond. Additions to the charging methodologies will drive the commercial arrangements of the industry for years to come.

npower's responses to the questions in this consultation are built on a strong foundation of long term, strategic principles. Whilst we recognise and share the challenges in delivering this transformational Programme in a cost efficient and expedient manner, we believe that consistency of design to these principles is more crucial than ever.

The SEC brings together the policies discussed and decided in many of the Programme's areas. Npower strongly advocates a holistic approach to ensure that policies form a coherent end-to-end design. This view applies not just to transition and implementation but to overall regulatory design that is fit to support rollout and the market for years to come. We believe it essential to maintain clear sight of the underpinning principles as decisions are made, especially when the challenges of implementation become apparent.

In its holistic view of the Programme's design, npower continues to encourage DECC to allocate costs and risks where the benefits lie and management most effective across the new Smart market. Whilst it may not always be appropriate or economic to allocate these centrally in the DCC, it is equally not always appropriate or economic to allocate cost and risk to other industry Parties. In the case of the latter, the presence of multiple players in each party type generates an additional risk of duplicated effort and cost. In particular the placement of costs into fixed in preference to transactional, and thence allocation largely to suppliers and thence by whole (i.e. including non-smart) market share, has real risks of cost inefficiency as the accountability is lost.

RWE npower

Trigonos
Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire SN5 6PB

T +44(0)1793/87 77 77
F +44(0)1793/89 25 25
I www.rwenpower.com

Registered office:
RWE Npower plc
Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire SN5 6PB

Registered in England
and Wales no. 3892782

npower strongly advocates an even regulatory environment that does not favour a particular Party or Party Type over others of its kind. We recognise that Smart meters introduce a data services market that Government intends to encourage and nurture. However, we do not believe that existing market players should be put at technical or commercial disadvantage should this growth be cross subsidised, and inefficiently so, through inequitable arrangements.

The energy market continues to face significant pressure to communicate costs fairly and transparently and npower supports the work to do this whilst operating in a competitive environment. The Smart programme is not immune to these pressures from Government and consumers. Npower believes that the costs levied in customer tariffs should wholly relate to its customers and the activities required to provide products and services to them. As such, costs are carefully forecasted and charges robustly validated and challenged where appropriate on behalf of our customers. We note, with significant concern, that concepts portrayed in this SEC4 consultation undermine that principle and will bring cost opacity, loss of certainty and control. In turn, this erodes accountability to consumers.

During the walk-through sessions for SEC4 hosted by DECC, our concerns regarding cost control and DCC cost opacity were met by shifting accountability to Ofgem's "ex post" mechanism. This concern is increased given that the industry has already experienced a DCC cost shock, driven in part by the gap in governance as the jurisdiction moved from DECC to Ofgem. Given industry precedence in other regulated charges, we remain nervous of Ofgem's powers to validate the cost figures themselves,as Ofgem is required to retain discretion should their role as market arbiter be required. We therefore urge DECC and Ofgem to establish tangible vires to Ofgem's role for financial and commercial assurance on behalf of the industry given that the proposals in this consultation preclude Suppliers from performing this role.

Npower remains concerned that the national Programme strategy is creating a market framework that is vulnerable to some scenarios. Whilst Licence Conditions require rollout of Smart meters by Suppliers, there is no enforced requirement for consumers to take them. In essence, the rollout is voluntary on the part of the consumer. Our deployment plans concentrate on engendering consumer support and are predicated on that support developing in time and are exposed to changes to the broad groundswell of opinion. Whilst suppliers will use reasonable endeavours to ensure that forecasting is accurate, applying penalties based on forecasts required so far in advance of actual installation given the fluctuations in portfolio; potential customer refusals; and current technical constraints places an unreasonable degree of commercial risk on Suppliers.

Npower's responses to the specific questions follow this summary and where appropriate, are built on the above views and principles.

Yours sincerely,

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

Yes, in principle, we support the proposal that the DCC should consult on future Communications Hub (CH) procurement tranches.

Supporting Information

We are supportive of the proposal that the DCC should be obliged to consult SEC Parties on future tranches of Communications Hub procurement and that, at a minimum, such consultation should include:

a) the size and timing of such procurement;
b) the physical dimensions of the Communications Hubs to be procured;
c) the manner in which the Communications Hubs are to be financed;
d) the indicative costs of the Communications Hubs to be procured; and
e) further requirements as to functionality and compatibility not set out in the CHTS.

With regard to point (e) above, we question what "further requirements as to functionality and compatibility not set out in the CHTS" is envisaged and would welcome further clarity regarding this point.

In addition to the above points and bearing in mind that the Communications Hub Warranty is for the length of the contract not for the lifetime of the device, we believe that there would be benefit in also obliging the DCC to consult with SEC parties regarding arrangements that will be required to be put in place at the end of the service provider contract period. Whilst we note that the contracts that have been put in place are not due to end imminently, clarity regarding the arrangements that will be required to be put in place at the end of this contract term would be helpful "sooner rather than later" and, at a minimum, will be required sufficiently well in advance of the end of the contract term to enable SEC Parties to plan and act accordingly.

Whilst we are supportive of the proposal to oblige the DCC to consult SEC Parties on future tranches of Communications Hub procurement, we would like to see the Legal Drafting relating to this (F4.10) augmented to also place an obligation on the DCC to take into account and respond to the views provided by SEC Parties during the required consultation process. This mutual set of obligations represents a fairer and more equitable regulatory framework.

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?

No. We do not support the proposal that will allow certain SEC parties to be able to manage the CH supply chain as this undermines the supplier hub principle.

Supporting Information

With regards to the current SEC4 proposal to allow SEC Parties (which will include MOPs) to forecast, order, take delivery and return uninstalled Communications Hubs, we are not supportive of this approach. Whilst we acknowledge that this proposed approach is aligned to the decisions contained within the SEC3B Decision document regarding MOPs/ MAMs, just as we did not support those proposals on the basis that they undermine the "Supplier Hub" principle, we are also not able to support this proposal for the same reasons.

It remains our view that as, ultimately, responsibility for compliance rests with the Supplier any activity relating to the forecasting of, ordering of, taking delivery of and return of uninstalled Communications Hubs should also rest with the Supplier as per the Supplier Hub principle.

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

Yes, with caveats. We agree with and support the proposed approach and legal drafting to the development of the CH Support Materials, but have additional points that we wish to raise for consideration.

Supporting Information

The CHSM documents relate to key processes for Suppliers, (such as CH Forecasting and Ordering, CH Delivery, CH Installation and Maintenance) and as such it is important that:

- Suppliers are provided with the opportunity to work with the DCC to develop these documents;
- Suppliers are given the opportunity to comment upon these documents in a timely manner via a consultation process; and
- These key documents are subject to a formal governance process and change control process via which Parties will be able to have early sight of, and input into, any proposals that may come forward regarding the further development of these documents over time.

We are therefore pleased to note that such processes are being proposed within the SEC4 Consultation, and we are supportive of both the proposal that the Comms Hub Support Materials should be developed by the DCC (in consultation with Parties), and that these documents should then be incorporated into the SEC.

We have welcomed the opportunity to participate in the DCC's Comms Hub Design Forums, and note that these meetings are currently scheduled to continue into Q1/2 2015. We also note that a consultation on the Comms Hub Support Materials is currently planned to take place in mid January 2015. We welcome the opportunity to participate in these activities.

However, as the Communication Hub Support Materials (CHSM) will not be made available until January 2015 we believe that this relatively late delivery date is likely to have a detrimental impact on key developments such as logistics chains and training.

With regard to the related Legal Drafting we have the following comments for your consideration:

- Section X7.1 – As currently drafted X7.1 contains a circular reference to X7.1. We suggest that the reference is amended to refer to Section X7 rather than Section X7.1 for clarity.

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

Yes, we are generally supportive of the proposed approach to the forecasting of Communications Hubs. We do however have some additional comments for further consideration.

Supporting Information

Whilst we are supportive of the proposed approach we do have concerns around Initial Live Operations and force majeure events that could be outside of a suppliers' control. Suppliers are obligated to provide forecasts and initial orders over the first 6 months of DCC. However, these forecast obligations currently remain in place even in the event that something happens that is outside of a suppliers' control. For example, the DCC may require a reduction in the number of installs for a period of time in order to better manage system and process (in)stability across DCC, DSP or CSP systems. We believe that provision should be made to ensure that under such circumstances suppliers should have the ability to revise appropriate orders to allow them to manage their storage requirements and costs appropriately. We understand that this issue is being considered by the DCC with drafting to be incorporated into their handbook, but there is no equivalent legal drafting being considered for the SEC. We therefore wish to see this issue being appropriately considered.

In addition, we do not believe that suppliers are currently in a position to be able to accept the risks around having to forecast CH variants within their orders 10 (9 months) in advance. Such an approach is likely to lead to suppliers' over-ordering which will increase Programme costs overall. Suppliers need the CSPs to clearly identify where CH variants are required and this obligation should be place on the DCC before forecasting obligation are placed on Suppliers.

CH variant requirements could vary outside of tolerance ranges between subsequent forecasts without any direct correlation due to external effects outside of a suppliers control such as changes to WAN coverage, for example. This requirement has not been drafted into the Communications Hub Support Materials as a CSP requirement, we therefore suggest that further consultation is undertaken before agreement is reached that such a Supplier obligation is drafted into the SEC.

Whilst we accept that there will be obligations on Parties to submit CH Forecasts to the DCC on a regular basis, we have the following comments on the proposed Legal Drafting:

- We note that the SEC Legal drafting places an obligation upon Parties to "use its reasonable endeavours to ensure that the information contained in each CH forecast is accurate and up to date". It must be noted that our ability to accurately forecast our CH requirements will be heavily dependent upon the accuracy and completeness of the coverage information provided to us by the DCC;
- We note that each CH Forecast is to cover a period of 24 months, commencing with the sixth month after the end of the month in which the forecast is submitted to the DCC. This drafting implies that the CH Forecasting process detailed within Section F5 is to be an Enduring Process which will continue post 2020. We are supportive of this approach;

- SEC Section F5.4a – we believe that this sub-clause should be augmented to also explicitly capture Communications Hub Variants;
- F5.5 – We question whether this should read “each Other SEC Party” as opposed to “each other Party”? and
- We have some concerns that the SEC legal drafting that is being proposed is not aligned with the drafting of the CHSM. Whilst we accept that the CHSM are still undergoing development and are subject to change, it is important that the SEC and the CHSM are aligned in order that all Parties have clarity and certainty regarding their obligations. For example, SEC Section F5.4b states that each CH forecast shall “set out that forecast for each such month by reference to (i) the aggregate number of CHs to be delivered; (ii) the number of CHs to be delivered in respect of each Region”. This Legal Drafting implies that Parties must submit a singular CH Forecast which contains both the aggregate number of CH to be delivered and then the split of this aggregate number by Region. The CHSM however, as currently drafted, require Parties to submit a forecast for each region

In particular, we believe the following areas need further review and consideration/realignment:

- There appears to be a disparity of views regarding the definition of a “Region”. Within the SEC4 Legal drafting a Region is defined as: “each of the geographical regions of Great Britain that are subject to different DCC Service Provider Contracts, the exact boundaries of which will be as published by the DCC (or the Panel on behalf of the DCC) from time to time”. Within the CHSM however, one Service Provider (Telefonica) is defining a region as being a DNO region. Consistent terminology and definition needs to be used throughout all the documents, and we would request that the CHSM definitions are aligned with those contained within the SEC; and
- F5.12 states that “A Party that has not submitted a CH Forecast for a Region during a month in accordance with Section F5 shall be deemed to have submitted a forecast of zero for each of the months of the period to which that CH Forecast should have related”. The CHSM differs somewhat in this regard, as they state that if you do not submit a forecast (or you submit a non-standard forecast) then you will receive an alert to prompt you to do so. Our preference would be for the SEC to place an obligation upon the DCC to issue such alerts/notifications to Parties in a timely manner, as is detailed within the CHSM. Where a Party does fail to submit a forecast (despite having received an alert to that effect) we believe that it would be more appropriate for the applicable data contained in the previous forecast to be used where possible (zero to be used where no data is available) rather than “zeroising” the entire forecast as is suggested by F5.12.

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 below.

No. We are not supportive of the proposal to include the numbers of Device Models within the 'tenth-month' forecasts.

Supporting Information

With regard to the proposal 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.

Supplier ability to forecast is dependent on a number of factors, many of which are outside our direct control, which means that accurate forecasts of device types to the level of granularity outlined would not be possible so far in advance. The variables listed below are just some of the factors that have to be considered:

Firmware version – given that Suppliers are obliged to install equipment compatible with the firmware version prevalent at the time of installation, it is not possible to forecast this so far out, as any firmware updates applied in the intervening period would not be taken into consideration.

Dual Band Comms Hubs – it is not yet clear when these will be available to the market or which properties will require them, it would therefore be difficult to accurately forecast numbers 10 months out.

Customer Related Variables - the shape and size of a Supplier portfolio can change significantly through churn over the course of 10 months, which again makes a granular forecast at that stage. When factors such as Customer Pull, or Customer Refusals are also taken into consideration it makes the application of thresholds unreasonable.

DCC Related Variables – suppliers cannot forecast for instructions from the DCC to replace comms hubs.

Additionally, the SEC4 Definition of "Device Model is "means, in respect of a Device, the Device's manufacturer, model, hardware version and firmware version, including, where applicable, the Meter Variant (as defined in the SMETS)." We believe that this definition should be updated to also capture Comms Hub Variants.

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

Partially and with caveats. We recognise the requirement but have several detailed comments on the drafting with regard to CH ordering.

Supporting Information

We have concerns that the SEC legal drafting that is being proposed is not aligned with the drafting of the CHSM being developed by the DCC. Whilst we accept that the CHSM are still undergoing development and are subject to change, it is important that the SEC and the CHSM are aligned in order that all Parties have clarity and certainty regarding their obligations.

In particular, we believe the following areas need further review and consideration:

- Clause F5.7b and F5.7c – the drafting of these clauses differs to the drafting of the equivalent clauses within the CHSM. In order to avoid confusion, we suggest that the drafting of the SEC and the CHSM should be aligned and our preference would be to align the CHSM documents to the SEC.
- Clause F5.7c – We are comfortable with the SEC Drafting of this Clause, and would request that the CHSM are aligned to this drafting;
- Clause F5.7d – This Clause refers to "Device Model". As we stated within our response to Question 4, we believe that the definition of Device Model needs to be augmented to also capture CH Variants;
- Clause F5.9 – We note that Clause 5.9 details tolerances that are to be applied to Comms Hub Orders (based upon CH Forecasts). As we have stated within our response to Question 4, our CH Forecasts will be heavily dependent upon the Coverage Information provided by the DCC. If the Coverage Information were to updated by the DCC, and we were then to revise our forecasts based upon this new information, will some account be taken of this fact when applying the tolerances specified within Clause F5.9 in order that Parties are not penalised for utilising the most up to date information? In addition, subsequent impacts to deployment profiling at the postcode level must also be considered;
- Clause F5.14 - We note that Parties should submit their Order by no later than the fifth Working Day prior to the last Working Day of the Month, however we can envisage certain situations when a Party(ies) may, on occasion, fail to meet this deadline (eg unexpected system outages). Given that we believe this situation could occur, would there be benefit in detailing a process for "late orders" within the SEC at this time?
- Clause F5.17 – We believe that this Clause should be extended to also make reference to non-standard orders and how these are managed. It is our view that the DCC should endeavour to fulfil non-standard orders **only once** all standard orders have been fulfilled. We believe that this requirement should be captured within the SEC Legal Drafting;
- Clause F5.19 – Without knowledge of what the proposed charges are we do not believe that it is possible for Parties to determine whether or not this Clause is likely to be of assistance or not, however it must be noted that "any applicable Charges" must be reasonable, and the SEC Legal Drafting of this clause should be updated to capture this requirement;
- Clause F5.20 and F5.21 – We question whether the legal drafting here should read "each Party" (as it does in F5.22) rather than "other Parties". Given that

"Other SEC Party" is a defined term, we would request that usage of the drafting "other Party" is avoided wherever possible in order to avoid confusion;

- The CHSM Documentation currently makes reference to Parent and Child Orders, however this concept does not appear to be captured/reflected within the SEC4 legal drafting; and
- Definition of Delivery Location, Delivery Month, Delivery Quantity – all of these 3 terms are defined as "having the meaning given to that expression in Section F5.9 (Communications Hub Orders). We believe that this cross reference is incorrect and should actually relate to Clause F5.7, although ideally we would prefer less circular definitions for these terms to be developed.

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

No. We do not support the proposed CH delivery and handover approach or the legal drafting.

Supporting Information

As currently drafted, the CHSM assign responsibility for unloading the delivery vehicle to Parties not to the DCC, and the SEC4 Legal drafting then details that the risk of loss or destruction of or damage to the Comms Hubs will transfer to the Party that ordered the CHs upon their commencement of their unloading of the delivery vehicle.

We are not comfortable with this proposed approach, and question how, under this arrangement, Parties would be able to prove that goods were damaged in transit (for which DCC is responsible) rather than being damaged during unloading (for which the Party would be deemed to be liable), without boarding the delivery vehicle to check the stock prior to its unloading, which we do not believe would be either feasible or safe.

In addition, it must be borne in mind that if such an approach were to be followed, it would be necessary for the DCC to ensure that the delivery vehicle was loaded in such a manner that a Party could gain access to their Order without having to disturb any other Orders on the delivery vehicle.

It is our firm view that the DCC should be responsible for unloading the delivery vehicles, and that the risk of loss or destruction of or damage to the CH products should transfer to the Party that has ordered the CH upon completion of unloading of the delivery vehicle by the DCC.

In addition, we have the following specific comments on the Legal Drafting:

- Clause F6.7 – this should make reference to “5 Working Days or as agreed between parties” not “5 days” as currently specified;
- Clause F6.9 – we do not believe that this clause is consistent with the CHSM. As currently drafted, the CHSM state that the pallet of Comms Hubs cannot be unwrapped. Clause F6.9c requires Parties to undertake a visual inspection of the Comms Hub Products in order to determine whether the order is damaged or has been tampered with. We question how we will be able to undertake such a visual inspection without being able to remove the pallet packaging? We would request that the CHSM drafting is amended to enable Parties to undertake appropriate inspection of the Comms Hubs prior to accepting the delivery. In addition, we note that discussions that have taken place at the Comms Hub Forum suggest that the CSPs are proposing different methods of packing pallets. Our strong preference would be for all such operational requirements to be standardised across the CSPs;
- Clause F6.9 – we believe that this Clause should be augmented to also capture that inconsistency with the ASN is a valid grounds for non-compliance;
- Clause F6.12 – We do not believe that it is appropriate, or reasonable, that the Party that has rejected the Communications Hub Products (because the goods that have been delivered are incorrect, faulty, damaged etc) should be

responsible for (and bear the cost of) loading the rejected goods onto the DCC's vehicle. The DCC should be responsible for, and accept the liability for, loading onto the lorries any products that are rejected by the Party;

- Clause F6.13 – It is not acceptable, nor reasonable, that the DCC should only be required to replace Comms Hubs "as soon as reasonably practicable thereafter". In this situation, the DCC should be obliged to replace Comms Hubs products within 5 Working Days, as their failure to replace these products in a timely manner could have significant, negative repercussions upon Supplier's deployment activity and upon consumers' experience. Further, this approach could lead to suppliers incurring penalties associated with missed roll-out targets. We would expect the SEC Panel to undertake monitoring of the DCC's performance in this area; and
- Clause F6.17 – The applicable Charges that are referenced within this Clause need to be "Reasonable", and these charges also need to be transparent and published in advance.

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

No. We do not support the proposed CH installation and maintenance approach or the legal drafting.

Supporting Information

We are unable to support the proposed approach and proposed legal drafting in relation to Installation and Maintenance of Communications for the following reasons

- Clause F7.3 – This clause clearly states that upon completion of the installation of a CH the risk of loss or destruction of or damage to the CH shall cease to vest in the Party which ordered the CH. Clause F7.4 proceeds to detail that the risk transfers to the Supplier Party that removes the CH or the Supplier Party that notifies the DCC of a CH's loss or destruction. The Legal Drafting is not clear with regards to where the risk lies during the period between completion of installation of the CH and its removal or its being reported as lost or destroyed. It is our firm belief that this Clause should be further augmented to capture this information;
- Clause F7.4 – this clause references "Supplier Party", however we question whether the drafting should really refer to the "Registered Electricity Supplier"? Also, should "destruction" and "damage" be defined terms in order that Parties are clear when a CH can be defined as "damaged" as opposed to "destroyed"?
- We note that within the SEC4 consultation document DECC state the risk of loss, destruction or damage (including where caused by the Consumer) should cease to lie with the Installing Supplier upon completion of the installation of a CH and any auxiliary equipment. It must be noted that whilst Suppliers can actively encourage consumers not to damage equipment, that customer behaviour is ultimately not within our control, and that sadly on occasions consumers do, either accidentally or on occasions intentionally, damage metering equipment. Consideration of this fact should be undertaken. That stated however, the legal drafting of Section F7 does not explicitly make reference to damage caused by the Consumer.

DCC Visits to Consumer Premises

We note that DECC are proposing that the DCC may, on occasions, need to attend premises to facilitate the successful connection of a CH to the WAN, and that DECC are proposing that in such instances the DCC will act as a contractor to the responsible Supplier, and be required to comply with any regulations applicable to the Energy Supplier or its representatives. Furthermore DECC advise that in such instances the Supplier would be responsible for obtaining any required consents prior to the visit.

We are unable to support the above proposed approach, and the related Legal Drafting, for the following reasons:

- We do not believe that it is appropriate for the DCC, with whom the consumer has no relationship, to attend consumer premises, even if "acting as a contractor to the responsible Supplier". The majority of consumers are not likely to be aware of the DCC, and visits by this unknown entity are likely to cause

inconvenience to the consumer, as well as potentially being a source of concern and confusion;

- We note that DECC state that the DCC would be required to comply with any regulations applicable to the Energy Supplier or its representative. Such obligations are many and numerous, and we question what processes and procedures the DCC has in place to ensure that any of their personnel who would be undertaking this role are suitably trained and what assurance would be provided by the DCC to Suppliers regarding their involvement in this activity? For example, Suppliers have GSOS obligations regarding appointments – if the Supplier were to obtain consent for the DCC to visit a consumer premise at an agreed time, and the DCC failed to turn up within that time frame, we would expect the DCC to pay any GSOS charges that may arise as a result – as a Supplier we would not wish to be liable for the DCC's failure to attend as agreed;
- We note that DECC state that the DCC may need to attend consumer premises to "facilitate the successful connection of a CH to the WAN", however it is our firm view that Supplier Parties will facilitate such connection, liaising with the DCC as required, and that visits by the DCC to Consumer Premises as part of this process should not be required. In the unlikely rare event that such a visit was deemed to be required then the DCC should only be able to visit consumer premises when accompanied by the Registered Supplier Party, with whom the consumer has a relationship. If the DCC were to undertake such a visit, and were to undertake work during that visit, then clearly the liability regarding this work would rest with the DCC and the SEC would need to be drafted accordingly;
- We note that some initial discussions have taken place at CH forums regarding DCC auditing the work undertaken by installation engineers and that during these discussions the DCC have suggested that they may need to visit consumer premises for "audit reasons". We would like to reiterate at this time that installation engineers are already audited by Supplier Parties and that if the DCC have concerns regarding the performance of any installation engineer(s) then they should contact the relevant Supplier regarding their concerns and agree an appropriate way forward (eg reviewing the Supplier's audit records if applicable) rather than visiting consumer premises and thereby causing undue inconvenience and potentially concern for consumers. Discussions regarding this matter have not yet concluded at the CH Forums, and it is our view that further consideration is required in this area; and
- We note that under their proposal DECC state that it would be the Supplier's responsibility to obtain any required consent prior to the visit. Legal requirements relating to consumer consent are very specific, obtaining a blanket consent would not be sufficient for these purposes, and we envisage that obtaining such consent on behalf of the DCC could be overly onerous upon Suppliers. Advice from our legal team is that this type of visit would require explicit consent to be gained from the consumer and that blanket consent, such as via Ts&Cs would not meet the new EU regulations in this area.

<u>Preventing Unauthorised Access to Data</u>

Clause F7.8 – We note that the DCC and "each other Party" shall use reasonable endeavours to ensure that Personal Data held on that CH is protected from unauthorised access during their period of responsibility". It is our belief that "each other Party" can only ever be the Registered Supplier or an agent working on their behalf and question whether the redrafting of this Clause to explicitly state who "each other Party" may be would provide greater clarity. It must be borne in mind that all Parties must comply with the DPA.

Furthermore, given that this clause refers to “unauthorised access” we seek further clarity regarding whether specific processes are going to be put in place to grant the relevant Parties with authorised access in this situation, or whether responsibility for creating such processes is deemed to rest with each applicable Party?

Ownership of and Responsibility for CH Auxiliary Equipment

F7.9 – this drafting implies that if the CH is returned, then any auxiliary equipment that is also attached at the premises should also be returned, even if this is not thought to be faulty or damaged? Is this the intent? The CHSM documents do not capture this requirement.

F7.10 – We believe that the intention of this clause is to clarify who has legal title in what and therefore who bears the risk of additional equipment. We would suggest that this clause is re-worded to make the intent clearer.

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

No. We are not supportive of this approach and legal drafting.

Supporting Information

With regards to the proposed Legal Drafting relating to removal and returns of Communications Hubs, we have the following comments for your consideration:

- Clause F8.1 is currently drafted very loosely, and gives the DCC an open-ended right to request Parties return to the DCC one or more CH at any point in time, with no prior notice and without any reason being provided. It is our firm view that this Clause needs to be much more tightly drafted to specify the strict criteria, and timescales, in which the DCC can make such requests to Parties eg we accept that the DCC may need to request Parties return CHs if they are found to be faulty and need to be subject to a product recall, however the DCC should not have the blanket ability to request Parties to return CHs at any time and for any (or indeed no) reason;
- In addition to the above, Clause F8.1 should also be further augmented to include obligations upon the DCC to send Parties replacement CHs within a timely manner, where such requests are issued. Unless such an obligation is inserted into this Clause (or Section F8 more generally) then it is likely that were such a request to be issued during smart rollout that this request could have a serious impact upon smart meter rollout, and could lead to Parties being unable to fulfil their licence obligations through no fault of their own;
- Clause F8.9d - all "applicable Charges" must be "reasonable" and the SEC legal drafting should be updated to capture this requirement;
- Clause F8.14 – We note that the DCC "shall take all reasonable steps" to redeploy each CH, and we are reasonably comfortable with this approach providing that the DCC fulfils their obligation to ensure that all Data relating to one or more Energy Consumers is permanently erased from the CH as part of the reconditioning process, and subject to the following comments; and
- We understand that the ASN is to detail whether or not the CH is reconditioned, however further information regarding the processes relating to reconditioned CHs is required. For example, Are reconditioned meters going to be equally distributed across all Parties or will Parties have a right to elect to take (or not) reconditioned CHs? Are reconditioned CHs going to be made available at a cheaper rental rate than brand new CHs? What information will be provided to Parties regarding reconditioned CHs (eg if they were returned due to a fault, what action has been taken to address the fault)? We request the further information regarding reconditioned CHs is provided as soon as possible.

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?

No. We do not agree with the proposed 'first installer' obligations.

Supporting Information

Clause F7.2b states that "*the Supplier Party knows (or should reasonably know) that the premises will also require a Communications Hub Function to form part of a Smart Metering System with a Smart Meter for which the Supplier Party is not a Responsible Supplier*".

We seek clarification as to why this obligation is required, given that suppliers are under numerous licence obligations to install interchangeable and interoperable equipment.

Further, we question how a Supplier Party could be reasonably expected to know this information, particularly given that:

- Supplier Parties can only review data held in the Registration Databases (eg ECOES) for MPxNs for which they are the Registered Supplier or are in the process of becoming the Registered Supplier via a Change of Supplier?
- At present with the current Comms Hub Zigbee 2.4GHz solution we have no ability to ensure that other devices (Primarily GSME) will be able to be commissioned by the other supplier. There are technical barriers relating to CHs that prevent Suppliers from selecting the optimum 2.4GHz Zigbee HAN channel that could successfully reach all Smart Devices in the home. Without the ability to manually select the optimum channel we do not believe that this requirement is feasible.

In addition to the above issue, it must be noted that the above clause would create logistical issues for Suppliers, particularly with regards to the ordering of, and carrying of, stock levels. We question how processes that would be required to support Clause F7.2b are envisaged to work in practice?

Furthermore, we would request that further consideration is given to the customer impacts of such drafting. As currently drafted, there is a risk that at split fuel sites a Supplier may have to cancel a Smart Installation because they are unable to install a CH which will also support, or which they reasonably believe would support, the equipment required by the Supplier of the second fuel. We do not believe that such an approach would be either advantageous to the consumer, or the rollout of smart metering overall.

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

Yes, in principle and with the following caveats, we are supportive of the Governments proposals to determine the reasons behind the early return of CHs

Supporting Information

With regards to the Government's proposals in relation to the processes to determine the reasons for early return of Communications Hubs, and the legal drafting relating to these proposals, we have the following comments for your consideration:

Clause F9.3 – We note that "the reason specified by the relevant Party {*for the CH return*} pursuant to Section F9.2 shall be subject to any contrary determination in accordance with this Section F9". It is our firm view that any such "contrary determination" should be made by an independent body not the DCC in order to provide Parties with assurance that responsibilities for returned CHs are being allocated fairly.

Clause F9.8 – This Clause refers to a "CH Fault Diagnosis Document" of which we are currently unaware, but which we note from the SEC4 consultation document (para 35) is destined to become a SEC Subsidiary document. Without further information regarding this document (including who is developing the document and how/when SEC Parties will be consulted upon its contents), it is difficult to meaningfully comment on the CH Fault Diagnosis clauses within the SEC.

We are supportive of the proposal that an obligation should be placed on the DCC to report to the Panel and other Parties on the number of Communications Hubs that have been returned due to a DCC fault, as detailed within Clause F9.15. We believe that there would be benefit in also including information regarding the total sample size within this report, in order to provide Parties with an indication of the number of faults that are under dispute and for which the details are therefore not included within the report.

We envisage that there are other reports regarding CH Faults that could also be useful to Parties going forwards, eg It would be useful if the DCC were to publish a CH Fault Report which provided Parties with high-level information regarding reported CH Faults from which Parties could potentially establish whether any faults that they are experiencing are "one-offs" or part of a trend. Without such a report a Party will only know that they have returned x CHs with y faults, but will be unaware that this will be a fault that is also being encountered by z other parties, which could be useful information. Provision of a rolling 3 month report to enable trend analysis regarding CH faults could also be useful.

With regards to the proposals, and legal drafting relating to, Compensation for CH Type Faults and Compensation for Batch Faults, we question how Parties are going to know whether the threshold detailed within F9.17 and F9.20 respectively have been exceeded. Our preference would be for an obligation to be placed upon the DCC to submit a CH Type Fault and a CH Batch Fault report to the SEC Panel on a monthly basis via which the SEC Panel, and Parties, will be able to have visibility of

CH Type Faults/CH Batch Faults and the related potential liquidated damages payments that may be forthcoming.

We are supportive of the proposal that the DCC should be liable to each other Party for the reasonable costs and expenses incurred by that Party in relation to any corrective action that that Party has to take, and any communication with Energy Consumers that that Party has to take, regarding Product Recalls or Technology Refreshes. We note that F9.23a refers to “withdrawal” and would request further clarity regarding what is meant by this term within this context. Given that there are number of clauses related to liabilities, it may be more appropriate to have a specific limitation of liabilities section within the code.

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

Yes. We support the proposed approach and legal drafting for transitional requirements for Communications Hubs forecasts and orders

Supporting Information

We are generally comfortable with the proposed approach and Legal Drafting in relation to the transitional requirements for CH forecasts and orders, as detailed within SEC Section X3.3.

We note that within paragraph 98 of the SEC4 consultation document itself, DECC outline the current expected timetable for forecasts and deliveries as per the Legal Drafting contained within X3.3. This timetable matches our current understanding. We note that DECC advise (para 99) that this timetable "may be subject to change" and that any change "would be managed through the Joint Industry Plan process". We request that if changes to this timetable are envisioned that this information is shared with Parties, via the appropriate SMIP governance bodies, in a timely manner.

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. We support the proposed change to the DCC Licence Conditions to require the DCC to offer services to non-SEC parties.

Supporting Information

We are supportive of the proposed changes to the DCC Licence, as these changes will clarify that the DCC is obliged to provide certain enabling services (eg Testing Services) to persons who are not SEC Parties, such as SMDA Limited.

This is critical to the success of UIT and ILO as it will enable early testing of the smart meter assets via the test house/SMDA.

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

Yes. We support the proposal that the DCC should provide test CHs, and that details regarding these CHs (including when they will be available for ordering) should be provided within the E2E Testing Approach Document. However, we have a number of specific comments regarding the related Legal Drafting for further consideration.

Supporting Information

Clause F10.3 relates to the provision of Prototype Communications Hubs by the DCC. We note that DECC's intent is that these are offered "in advance of the availability of fully compliant CHs", and it is therefore our belief that where Prototype Communications Hubs are provided and utilised, processes need to be developed and put in place to enable these prototype devices to be "swapped out" for Test Communications Hubs as soon as such devices become available. Also while providing prototypes, it will be beneficial if the DCC could make available the specifications of the CHs available and the reason why it is not 'fully compliant'. We believe that the drafting of Section F10 should be augmented to capture these requirements.

F10.8a – the "applicable charge" should be "reasonable" and the legal text should be updated to capture this requirement.

F10.8d – This sub-clause makes reference to the CH Handover Support Materials; however this document currently makes no reference to Test Communications Hubs. It is important that the SEC drafting and the drafting of relevant related SEC Subsidiary documents are aligned.

F10.8e – As we have stated within our response to Question 7, we are not comfortable with the proposal that the Party that orders the CHs (or Test CHs in this instance) should be responsible for unloading the delivery and that they should take legal and beneficial ownership of (and responsibility for loss or destruction or damage to) the Test CH upon their commencement of the unloading of the delivery vehicle. Please see our response to Question 7 for further details.

Clause F10.8g makes references to Test CH Defects; however there appears to be no defect support mechanism in place. It is our belief that a Test CH Defect Support Process needs to be developed in order to ensure that Test CH Defects that are identified are managed appropriately.

It would be beneficial if relevant timescales for key activities could be inserted into this Section F10. For example, the inclusion of maximum timescales for the provision of offers of terms within Clause F10.5 would be helpful, as would the provision of SLAs relating to delivery of Test CHs etc.

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

Yes, in principle. We are generally supportive of the legal drafting that is being proposed in relation to Security Governance, subject to the comments below:

Supporting Information

Clause G7.11 – This Clause allows the Secretary of State to send a representative, who will be entitled to speak without the permission of the Chair and shall be provided with copies of all agenda and supporting papers, to each and every Security Sub-Committee meeting. We question whether this is required on an enduring basis, or whether it would be more appropriate for an end date for this requirement (perhaps aligned with the end of smart rollout) to be inserted.

Clause G7.14a: This Clause states that the Security Sub-Committee will be responsible for developing and maintaining a "Security Controls Framework" document. We note that, during discussions that have taken place at STEG and TSEG regarding this document, DECC have stated that whoever is hired as the CIO will be responsible for developing the "Security Control Framework", with the Security Sub-Committee then being responsible for maintaining it going forwards. Given that the Security Sub-Committee is not due to be convened until December 2014, we do not believe that they will have sufficient time to develop the document, and publicise it to Parties prior to User Entry, and therefore believe that the approach discussed at STEG/TSEG (ie that the CIO develops the Security Controls Framework" would be more appropriate and request that the SEC legal drafting is updated to reflect the STEG/TSEG discussions.

Clause G7.14b: This Clause states that the Security Sub-Committee is to review the Security Risk Assessment at least once each year. Given that, to date, neither STEG or TSEG have been allowed to have copies of the Security Risk Assessment as it is considered to be a document with national security implications, we question whether it is appropriate for this document to now be passed over to the Security Sub-Committee.

Clause G7.14e: This Clause states that the Security Sub-Committee will be responsible for developing and maintaining the "Risk Treatment Plan". Given that this document is currently owned by DECC, and has not been made visible to other Parties, we question whether it is appropriate for responsibility for this document to be passed to the Security Sub-Committee. We would welcome further clarity regarding the scope of this document, in particular is it DECC's intention that this document captures ALL risks for ALL Users, or is the document intended to capture "national" risks only? We note that the definition of "Risk Treatment Plan" is currently a circular one, and we would request that the definition is reviewed and updated to be more meaningful.

With regards to Security Assurance, we believe that all information/reports relating to a Party's Security Assurance should be shared only with the Panel, the Security Sub-Committee and the relevant Party. All Panel members and SSC members should treat all such Security Assurance information as confidential. Furthermore, Parties should have the right to see, and reply to, a Security Assurance report relating to them prior to it being submitted to the Panel and the SSC. We would request that the SEC Legal Drafting is updated to capture the above requirements.

We note that under SEC Clause 6.11 the Security Sub-Committee should conduct its business in accordance with the requirements applying to the Panel in accordance with Section C5, which include requirements in relation to Conflicts of Interest. Given that the Security Sub-Committee's proposed role will cover Security Assurance, we believe that there may be merit in making explicit reference within the G7 drafting to the requirements relating to Conflict of Interest (as detailed in C5.24 – C5.26).

With regard to G7.16e, we question whether it is appropriate for the Security Sub-Committee to be responsible for advising the Authority with regards to any modifications to Energy Licence Conditions that the SSC considers may be appropriate.

With regard to G7.16(f) – if the Security Sub-Committee were to respond collectively to a consultation, we assume that this would not impact upon the ability of individual Security Sub-Committee members from submitting individual responses or contributing to the response submitted by their Party?

We believe that Clause G7.16(h) should be appended with the words "in regard to security matters".

With regard to the SSC's role in the Modifications process, we believe that, in practice, the Security Sub-Committee will need to review all Modifications in order to be able to determine whether or not they have an impact upon security. We note that Modification Reports must include any comments submitted by the Security Sub-Committee, but question what the process would be should the comments submitted by the Security Sub-Committee state that, in their view, the Modification should be withdrawn for security reasons. We are not clear whether the current SEC drafting would provide for the withdrawal of a Modification for the reasons outlined above, and believe that further consideration of this issue may be beneficial.

Q16(x) 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**
- **the assessment arrangements proposed for DCC.**

Partially. We have mixed views with regards to the Security Assurance proposals, as detailed below.

Supporting Information

We do not support the proposal that the SEC Panel should procure a central CIO on an initial basis, for the following reasons:

- Based on our experience of the Foundation Security Assurance processes, we believe that it would be more efficient, and less costly for Parties, if Parties were allowed to procure their own CIO. We have noticed an Order of Magnitude difference between the costs of the Foundation Security Auditor that we independently procured when compared to the costs that are being discussed in relation to a centrally procured CIO.
- Given the detailed, and onerous, independence obligations that are detailed within the SEC we believe that it will be difficult to find a single CIO who is able to undertake this role.

We are supportive of the proposal that Users should meet the costs of security assessments that are undertaken at their organisation, however, as stated above, our preference would be that each Party should be able to procure their own CIO as this would enable us to have greater control over of our costs.

We note DECC's proposal that there should be a 3 year rolling cycle of security assessments, with Large Supplier Parties being subject to a Full Security Assessment every year, and Smaller Supplier Parties, Network Parties and "Other Users" being subject to a Full Assessment in Year 1 and then at a minimum every 3rd year of the cycle, with either Verification Assessments or Self-Assessments in the meantime. In our view, the assessments that are required should be based upon the findings of the previous report (as is the case for ISO audits) rather than being "set in stone" as per the proposals, and we are therefore not able to support the proposals in this area.

We are generally comfortable with the proposals regarding identifying and managing non-compliance, however we believe that the related legal drafting should be further augmented to also capture details regarding the timings relating to this process and also to provide for a dispute mechanism.

We note that there is a risk that during 2015 we may have to undertake both a Foundation Security Assessment and an Enduring Security Assurance Assessment for User Entry.

We believe that there would be benefit in explicitly clarifying that the Security Assurance process is restricted to systems captured via the SEC4 definition of “User Systems”.

There would be benefit in augmenting the legal drafting of this section to capture relevant timings for key activities eg it would be helpful if Clause G8.21 specified the timescales in which the Independent Security Assurance Service Provider must submit the Report to the SSC and the User. It would be helpful if the Events of Default process captured relevant timings.

The legal drafting is currently silent regarding the process that should be followed if the User disagrees with the report and the User and the Panel/Assessor are unable to reach an agreement. It would be helpful if further clarity regarding this scenario could be provided.

Clause G8.47 - the reference to “all applicable Charges” within this Clause should be amended to read “all applicable reasonable Charges”.

With regard to the assessment arrangements that are being proposed for the DCC (as detailed within SEC Section G9), we have the following comments:

- We do not support the proposal that the DCC shall “establish, give effect to, maintain and comply with the DCC Independent Security Arrangements” as detailed within Section G9. It is our firm belief that the SEC Panel should be responsible for these arrangements, in order that the required levels of independence and assurance are provided, and in order to ensure that the DCC processes in this area are aligned with the equivalent process for Users.
- There would be benefit in augmenting the legal drafting of Section G9 in order to capture relevant timings for key activities eg detailing of the timings relating to the Events of Default section would be beneficial.

Q17(16) Do you agree with our proposed approach and legal text for SEC in relation to Privacy Assessments?

No, as currently drafted we are not supportive of the proposed approach and legal text covering Privacy Assessments

Supporting Information

There is a lack of clarity both within Section 4.3 (Privacy Audits) of the SEC4 Consultation document and within the related Legal Drafting (Section I2) with regards to the scope of the proposed Privacy Audits. For example, the title of Section I2 suggests that this process is only applicable to "Other Users" however the legal drafting makes multiple references to "Users". Section 4.3 of the SEC4 consultation document (Privacy Audits) refers to both relevant Users and "Other Users". Our understanding is that section I2 does relate to "Other Users" only (as the Heading of the section implies) and on the basis of that assumption we are comfortable with the proposals. We do believe that there would be benefit in reviewing the legal drafting of Section I2 however to ensure that the entire drafting of this section is explicitly clear that this section relates to "Other Users" only (eg Section I2.3b references Users not Other Users which creates confusion.

Q18(17) Do you agree with the specific proposals for undertaking random sample compliance assessments?

Partially, if in respect of Other Users only.

Supporting Information

As stated within our response to Question 17(16), we believe that both the consultation text and the legal drafting relating to Privacy Audits lack clarity, particularly with regard to scope. However, we assume that, as the section heading implies, Section I2 only relates to "Other Users". Providing that our assumption is correct, and that "Random Sample Privacy Assessments" will also therefore only apply to "Other Users", we are comfortable with the proposal that Random Sample Privacy Assessments should be undertaken.

We are not comfortable however with the proposal that the costs associated with such Random Sample Privacy Assessments should be met from fixed DCC Costs. It is our firm view that the costs associated with such Random Sample Privacy Assessments should be picked up entirely by "Other Users" and that all Users should not be expected to meet these costs.

Q19(18) Do you agree with the proposal for Users to meet the costs of the privacy assessments that are undertaken at their organisation?

Partially. We do not support all of the proposals in respect of random sampling

Supporting Information

We are in agreement with the proposal that the costs associated with "Other User Privacy Audits", as detailed in Section I2, should be met by the organisations who have been subject to those audits.

We do not support the proposal that the costs associated with Random Sample Privacy Assessments upon "Other Users" should be met from fixed DCC Costs. It is our firm view that the costs associated with such Random Sample Privacy Assessments should be picked up entirely by "Other Users" and that all Users should not be expected to meet these costs.

Q20(19) 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?

Supporting Information

With regard to the proposal that additional requirements for reporting the results of privacy assurance assessments should be incorporated into a future version of the SEC, in order to enable the provision of monitoring data to bodies such as Ofgem, DEC, ICO and Parties generally, we have the following comment.

Given that consumers have concerns regarding smart metering and privacy, we accept that there may be merit in giving this proposal further consideration, providing that:

- all such information were to be suitably anonymised and aggregated (to maintain commercial confidentiality);
- appropriate consideration is given to "double-jeopardy" implications; and
- strict rules are put in place regarding the usage that recipients may make of any data provided to them.

Q21 (20) 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. We do not agree with the stated position.

Supporting Information

We do not believe that the proposed legal drafting reflects the position reached within the SMETS2 consultation response, as the proposed legal drafting refers to "Type 2 Devices", which by definition include IHDs. We do not believe that the intent was for IHDs to be captured via this legal drafting, and believe that with regards to the provision of IHDs an implied consent process needs to be applicable ie if the customer consents to receive an IHD during the installation of their smart meter, then we will capture this fact within their records and the customer's implied consent will be assumed.

It must be noted that the only way that a Supplier will become aware that an Energy Consumer has purchased a CAD is if that Energy Consumer elects to contact us and make us aware of that fact. Should that be the case, then we would ensure that we gained the consumer's Explicit Consent during that contact

Q22 (21) Do you agree with the proposed updates to the Security Requirements and the associated legal drafting?

Yes, we broadly agree with the stated proposals.

Supporting Information

We agree with the proposals in G2.23 to ensure that individuals working on DCC systems can not simultaneously work on DCC Users systems. This follows security good practice in ensuring that individuals do not have access to multiple parts of the end to end system, whilst still allowing DCC organizations the flexibility to provide additional services.

G2.38: we support the requirement for the Commissioned Communications Hub Functions to all use an Independent Time Source. However, whilst the DCC Total System is required to identify where a time source no longer has accurate time, there is no requirement for any other part of the DCC Total System to maintain accurate time. We believe that in order for diagnostic and audit trailing to be effective, all of the systems in the scope of the DCC Total Systems should maintain accurate time.

G5.22: Whilst we agree with the intent of the requirement, it must be recognized that there are certain individuals within an organization that have the ability to compromise individual systems, even if they can not compromise the end to end system. Examples would be “root” administrators who can reformat disk partitions to render systems unusable until recovered from backups; or network administrators who could make devices unroutable. Both of these examples would Compromise a User System, even if they would have no material impact on the end-to-end security of the whole system.

G5.25: we are supportive of the use of Shared Resources, however we believe that once the SSC has been notified that resources are being shared, the 6 monthly reporting requirements are already captured by the exist reports and are a duplication of effort.

G6.1: We support the measures that are required to put in place to notify the DCC of detection thresholds, and to notify Users that messages have been quarantined. We note however that whilst there is an obligation on the DCC to delete a quarantined message if the User requests, there is no matching requirement to correctly process the message if the User confirms that it is a valid message.

We acknowledge that this consultation only covers the message counting Threshold detection functionality, as the message inspection functionality is still out for Impact Assessment at this time. We look forward to a revised version of G6 once this additional functionality is confirmed.

In earlier drafts of the SEC, the SSI portal was expected to be a feature rich web portal that would allow staff of a User to perform a multitude of activities, many of which were expected to be supply affecting. As such it was appropriate to include it as part of the User Systems in order to protect the end-to-end system. Since then the scope of the SSI has been dramatically been cut down, so that it is not much more than a repository of information. As such we believe that it is no longer appropriate for the SSI to be part of the User Systems and we would suggest that it be removed

as it adds additional overhead to both security controls and assurance for little benefit.

Q23 (22) 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?

Yes. We support the proposed approach

Q24(23) Do you agree with the proposed approach and legal drafting in relation to which parties are eligible to subscribe for specific Organisation Certificates?

Yes. We agree with the proposed approach

Q25(24) 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?

Yes. We agree with the proposed approach

Q26(25) 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?

Yes. We agree with the proposed approach

Supporting Information

In order to have devices ready to be installed at ILO, Suppliers will need to procure these devices beforehand. Depending on where in the world these devices are manufactured, there may be a lengthy shipping process (if the devices are shipped around the world by boat), along with potential delays at customs along the way. We support the availability of certificates significantly before ILO.
We accept that it is not appropriate for the DCC to be subject to the full set of performance metrics before the service has gone fully live, and the governance of those metrics was not in place. However as the SMKI service is live at the point at which it starts to issue certificates we would expect it to be operating to the required SLA levels, even if it is not being bound by them.

Q27(26) Do you agree with the proposed approach for all Network Parties to have established SMKI Organisation certificates?

Yes. We support the proposed approach.

Supporting Information

We support Network Operators being required to have established Organisation Certificates in time for ILO. During Transitional CoS, only the Supplier certificate slots will be updated with the gaining suppliers' certificates, the Network Operator's certificate will not be updated. However, it is unclear from the SEC, by which date the Network Operators are required to generate these certificates.

If the Network Operators are not required to provide certificates then it will require changes to the Transitional Change of Supplier process within the DCC. It will also require additional obligations on gaining suppliers to track which devices do not have Network Operator certificates on them and be able to update them when those certificates become available (regardless of how many times the Device is churned between Suppliers). It will also require that changes are made to section H5.35 as the Supplier will not be able to meet it's obligation to replace the Network Operator's certificates

Q28(27) Do you agree with the proposed approach for Non-User Suppliers to have established SMKI Organisation certificates?

Yes. We support the requirement for Non-DCC Users to ensure that their certificates are placed onto devices.

Supporting Information

In the case of a Non-DCC User gaining a Device through industry churn, if the certificates are not exchanged then the losing Supplier's certificates will remain on a device that is no longer under their control. This will place a burden on the losing supplier and unnecessary complication to DCC processes to clear up at a later date. We support the requirement that regardless of whether a Supplier is a DCC User, or a Non-DCC User, they are always responsible for the certificates on devices under their control.

Q29(28) Do you agree with the proposed approach and legal drafting in relation to specific SMKI Organisation Certificates placed on specific Devices?

Yes. We support restriction that only specific User Roles can create Device Certificates for certain types of Device.

Q30(29) 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.

Partially. We support the provision of test certificates to non-DCC Users, however we do not support the removal of the Test Repository.

Supporting Information

The addition of non-DCC Users who can make use of test certificates will broaden the range and amount of testing that can be done on devices, and it will benefit the programme as a whole.

We also appreciate the strict segregation of the Test and Live certificates. However we believe that a Test Repository is a vital part of interface and acceptance testing. The repository not only holds the certificates, but it is also used for machine to machine interfaces for the generation and retrieval of certificates. Without a test repository, how will we be able to generate new Device certificates, or test that we can retrieve a Device certificate for a device that we have not yet seen.

Q31(30) Do you agree with the proposed approach and legal drafting in relation to the DCC User Gateway Services Schedule?

Yes. We support the proposed approach and legal drafting with regard to the DCC User Gateway Service Schedule.

Supporting Information

We are in agreement that the DCC User Gateway Services Schedule should be incorporated into the SEC as an Appendix (Appendix E), and believe that the inclusion of this document within the SEC, along with the DUGIS (which we note from Page 16 of the consultation document is destined to become a SEC Subsidiary Document) will be of use to SEC Parties, and will benefit from being subject to formal SEC Governance and Change Control Processes.

We note that the changes that have been made to the User Gateway Services Schedule within SEC4 are consistent with those discussed at the DUGIS forum. We also note however, that the User Gateway Services Schedule captured within SEC4 does not reflect the @ 10 to 20 service request variants that have been discussed at DUGIS and which we understand are currently being/shortly to be incorporated into DUGIS. Our preference would be for these service request variants to also be captured within the SEC for completeness and consistency. In addition, we note that discussions are ongoing regarding the Job Completion Report, and that during these discussions (which have not yet concluded) there has been mention of this Report (if it were to be approved) being a new Service Request. If this were to be the case, then this information should also be captured within the User Gateway Services Schedule.

With regard to SR6.23 (Update Security Credentials (COS)), we note that discussions regarding this Service Request have recently taken place at the DUGIS Forum, and there has been some suggestion that the SLA of 30 seconds may need to be increased in order to cater for the "CoS Party" requirements. If this were to be the case, then we would not expect the SLA to increase by more than a few seconds (eg 35 seconds), and it should at an absolute maximum be no more than 60 seconds.

Q32(31) Do you agree with the proposed approach to centrally procure a EUI-64 Registry Entry?

Yes. We support the central procurement of a EUI-64 Registry Entry

Supporting Information

We are supportive of DECC's proposal that User Ids and DCC Ids should be IEEE 64-bit Extended Unique Identifiers, and also support the proposal that the SEC Panel (acting via SECAS) should be responsible for centrally procuring an EUI-64 Registry Entry.

Q33(32) Do you agree with the intention to create a 'Party ID', enabling access to the Self Service Interface at a Party level?

Yes, in principle. We support the intention to create a Party ID, however we don't think that the legal drafting delivers what we thought it would.

Supporting Information

We note from Paragraph 230 of the SEC4 consultation document, that DECC believes that there is a need for the DCC to be able to map User Ids to SEC Parties so that access to the Self Service interface can be provided at the Party level where the SEC allows this. We are supportive of this intent.

We note that the revised Legal Drafting of Section H1.5 will enable a Party wishing to act as a User in one or more User Roles to use the same identification number when acting in the User Roles of Import Supplier, Export Supplier and Gas Supplier.

Whilst we believe that this revised drafting will be of use, we believe that this drafting needs to be further augmented in order to achieve DECC's intent of creating a "Party ID" for accessing the Self Service Interface at a Party level. As we stated within our SEC3 response, we believe that the SEC needs to allow Parties who have multiple Supplier IDs to be able to have a common/corporate Party ID. For example, if a company has 3 Supplier IDs (SUPA; SUPB; SUPC) we believe that there would be benefit in the SEC allowing these 3 Supplier Ids to be grouped together as under one corporate Party ID (SABC) for purposes such as comms hub ordering or testing. We would therefore request that consideration is given to all of these scenarios, not just usage of the Self Service Interface.

Q34(33) Do you agree that the proposed legal drafting accurately reflects the process by which the DCC will provide connection the DCC User Gateway?

Yes. We are generally comfortable with the proposed legal drafting, subject to the following specific comments:

Supporting Information

Generic Comment: - all references to "applicable Charges" (eg H3.9c) within this section, and indeed with the SEC drafting more generally, should be amended to read "applicable reasonable Charges".

Generic Comment: - all references to "days" within this section, and indeed within the SEC drafting more generally, should be amended to either reference calendar days or working days. At present the SEC refers to both days and working days and this lack of consistency may lead to confusion.

We note that the legal drafting of Clause H3.8b is proposing a 28 day SLA for provision of Low Volume Gateways. We would request that the equivalent drafting for the High Volume Gateway (H3.9) is amended to also include a 28 day SLA. As currently drafted H3.9b requires the DCC to confirm a request to a Party within 14 days, however no SLA for the next steps in the process is currently provided.

H3.10(d) - The DUGIS CoCo does not mention Bandwidth Options as it still refers to Means of Connection which is defined as :

The DCC shall provide at least two DCC User Gateway Means of Connection options to the DCC User Gateway, as follows:

a High Volume Connection for DCC Service Users who expect to carry out a large volume of Service Request processing; and

a Low Volume Connection for DCC Service Users who expect to carry out a smaller volume of Service Request processing.

In addition to the above a lower speed back up connection provision shall be available. We can see no reference to "limit the use of the Connection" in the latest draft DUGIS March 2014 V.014. With the above in mind we seek clarification as to the intent of this clause and the vires under which it has been included.

H3.17 – We question why different dispute routes are being prescribed depending upon whether a Party has a Low Volume or a High Volume Connection?

Q35(34) 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.

Yes. We are in general agreement with the proposed drafting.

Supporting Information

Subject to the comments submitted against our response to Question 34, we are generally comfortable that the drafting meets the needs of both the DCC and its Users with regards to the establishment, maintenance and terminating of DCC User Gateway Connections.

Q36(35) Do you agree with the proposed approach and legal drafting in relation to Processing Service Requests?

Yes. We are in general support of the proposed approach and legal drafting. However, we do have some points to raise for further consideration and clarification.

Supporting Information

We are generally comfortable with the proposed approach and legal drafting in relation to Processing Service Requests, subject to the following specific comments:

H4.9e – we note that the DCC is to notify Users of their intention to upgrade to a new firmware version at least 7 days in advance of sending the Command. Clarification regarding whether this is working days or calendar days would be helpful. In either event, 7 days notice of such a requirement provides very little notice to the supplier of such an event.

H4.11j – the drafting of this sub-clause implies that the DCC will "open up" "Cos Update Security Credentials" Service Requests in order to confirm whose Certificate is contained within the Request. Our understanding was that the DCC would not be able to open up such requests.

We note that in the Legal Text Box on Page 76 of the SEC4 Consultation Document it states that "Reference should be made to Annex 3 for the changes in relation to this area" however the SEC4 consultation document contains no Annex 3. We would request visibility of this additional information as soon as possible, and reserve the right to amend our response to this question should we need to do so in the light of the additional information provided.

Q37(36) Do you agree with the proposed changes to the approach and legal drafting in relation to Smart Metering Inventory and Enrolment Services?

Yes. We are generally supportive of the proposed approach and legal drafting.

Supporting Information

We are generally supportive of the proposed approach and legal drafting, subject to the following comments:

Section H5 makes multiple references to "Type 1" and "Type 2" devices. The SEC definition of both of these terms is somewhat circuitous and requires cross referencing through to SEC. For clarity, we believe that there would be benefit in capturing a more detailed and meaningful definition of "Type 1" and "Type 2" devices within the SEC document itself.

H5.16 includes the new term "Trust Anchor Cell" however this term is not defined within the SEC.

H5.21 – This clause, as do a number of other clauses, makes reference to the CH Status of "installed not commissioned". As we stated within our SEC2 and SEC3 responses (eg our response to Q21 in SEC3) our position is that if there is "No WAN" we may choose not to proceed with the installation.

Q38(37) Do you agree with the proposed approach and legal drafting in relation to Problem Management?

Yes. We agree with the proposed approach and legal drafting with regard to Problem Management.

Supporting Information

We support the inclusion of legal drafting relating to Problem Management within the SEC, and are reasonably comfortable with the approach that is being proposed, however we have a number of comments regarding the legal drafting in this area:

The approach that has been taken with regard to the legal drafting relating to Problem Management, is to "slot" the drafting into the existing section H9 (Incident Management). Whilst all required activities may have been captured during this process, the approach that has been taken to the drafting does not aid readability and lacks consistency. For example, a number of sub-clauses relating to problem management have been inserted in to Clause H9.1, however the section Heading still just refers to Incident Management Policy - should this (and the name of the policy) not be updated to Incident and Problem Management Policy to align with the approach taken for Clause H9.2? We would request that further consideration is giving to the legal drafting of H9 in order to ensure that "Problem Management" requirements are consistently captured throughout the section.

Q39(38) 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?

Yes, in principle.

Supporting Information

We support the proposal that consumers should have access to such information, subject to an appropriate mechanism for retrieving such data from the DCC.

Q40(39) Do you agree with the proposed approach of not requiring any User to offer a transparency service to consumers at this stage?

Yes, in principle.

Q41(40) 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.

Yes, with caveats. We support the proposal that there should be a date in the SEC upon which a supplier shall be determined to be a Large Supplier for the purposes of subsequent assessment by the DCC. However, we have a number of specific comments for further consideration.

Supporting Information

Whilst we accept that provision of/publication of a date could provide some certainty, in particular to the DCC with regards to the volume/scale of testing provision, the date needs to provide sufficient lead time to enable the DCC to ramp up to provide the required level of support to all the Interface testing participants.

Also where a party exceeds the small supplier threshold, the SEC currently does not mandate it to update its Party Details within a defined timeframe. We believe that the drafting of Section M6.2 should be amended to place an obligation on a Party to update its Party Details in relation to the small/large supplier categorisation within a calendar month of any change taking place.

Finally, we also feel that there are some risks associated with the proposal - please see below. Implications of such instances would need to be considered within the SEC Governance.

- Publication of a date for determination of whether a small or large supplier could result in parties holding back their registrations until after the date has passed in order to be exempt from testing.

- A party could have acceded to the SEC as a Small Supplier but upon the agreed date when the “count” is undertaken they could be found to be a Large Supplier.

Q42(41) Do you agree with the proposed approach and legal drafting in relation to registration data text alignment?

Yes. We are supportive of the proposed Legal Drafting in relation to registration data text alignment.

Supporting Information

We note that within Clause E2.2(g) an obligation has been placed upon the Gas Network Parties to provide the DCC with the address, postcode and UPRN for the Supply Meter Point. We are supportive of the inclusion of this UPRN requirement, which is aligned with the obligation on Electricity RDPs, and note that an industry change proposal to introduce the new obligations relating to UPRN is currently in progress with the relevant gas governance bodies.

Q43(42) 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. We do not support the provision of market share information to the CDB

Supporting Information

Given that the CDB is currently invoicing Parties for their share of CDB costs, based on market share information that the CDB has sourced from Gas Transporters and Electricity Distributors, we are not clear what benefit will be gained from amending the current arrangements that the CDB has already put in place. We therefore question whether there is a requirement to introduce the proposed new DCC Licence Condition and the proposed new SEC Clause (M4.22), and our preference would be for this drafting not to be implemented. Furthermore, we would query what type of disputes are likely to arise between the DCC and the CDB that would require Ofgem intervention.

If DECC conclude that drafting relating to the provision of Market Share information from the DCC to the CDB is to be included within the SEC however, we strongly agree that DCC Licence Condition relating to this requirement must restrict the information that the DCC provides to the CDB to market share information only, and that the CDB must be prohibited from using this Market Share Information for anything other than CDB Invoicing purposes.

Q44(43) Do you agree with the proposed approach to RDP/DCC connections and the associated legal drafting?

And

Q45(44) 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?

Supporting Information

This drafting is primarily of interest to Network Parties and RDPs, and as a Supplier Party we have no comments on the proposed legal drafting.

Q46(45) Do you agree with the proposed approach and legal drafting in relation to provision of Explicit Charges for Certain Other Enabling Services?

Partially. We have specific concerns in regard to the proposal to set the charge for gateway services to zero. Otherwise, we generally we support the principle that DCC should only be able to levy explicit charges where these are explicitly allowed for within SEC. However, we do have some further specific comments to make for clarity.

Supporting Information

Npower believes that the costs levied in customer tariffs should wholly relate to its customers and the activities required to provide products and services to them. As such, costs are carefully forecasted and charges robustly validated and challenged where appropriate on behalf of our customers. We note, with significant concern, that concepts portrayed in this SEC4 consultation undermine that principle and will bring cost opacity, loss of certainty and control. In turn, this erodes accountability to consumers.

Specifically, we do not support the proposal outlined in K7.6(d) to set explicit charges to zero. Whilst it may be argued that, currently, these charges are expected to be of low materiality, we believe that, as well as undermining the charging methodology that was consulted on and determined, it will effectively remove any constraint on usage. We note that this may result in effective cross subsidisation of either other suppliers or network businesses with no incentive for any party to prudently monitor usage or costs. Further detail on this point is provided in our response to the specific question 55 that has been posed

In general terms we would ask that the DCC remain mindful of the need for the provision of consistent and transparent charging information in all instances. We believe this approach better supports the concepts of 'pay now dispute later' and 'user pays' that underpin the DCC's approach to charging.

SEC Section K7.5 provides reference to 18 different types of explicit charges that are going to be explicitly allowed for under the SEC. We would ask that clarification is provided as to how this range of scenarios will be monitored and audited as some of these charges do not appear to be readily traceable from a Users perspective, making invoice validation in this regard difficult to achieve.

Specifically we have the following points to make for clarification:

K7.5(b): Random Sample Privacy Assessment – how will the independent Privacy Auditor determine the random nature of these assessments and why are they needed?

K7.5(e): Detailed evaluation activity – whilst we understand the intention behind this clause we would again ask that costs associated with this should be both transparent and consistent;

K7.5(h): additional testing – it would be useful at this stage to better understand what level of testing is envisaged here, for example how detailed or extensive it may be and how this approach would work going forward;

K7.5(j): cancellation charges – it is proposed that charges should be levied where a Party cancels all or part of one or more Communications Hub Orders pursuant to Section F5.19 (Cancellation or Orders). The relevant clauses have been drafted from the perspective of a cancellation relatively late in the process. It would therefore be beneficial to understand if this charge equally applies at anytime during the period between the DCC's acceptance of the order to the proposed delivery date. We would envisage that an early cancellation would not have the same financial impact to the DCC and its Service Providers and so would not incur the same charge, if any?

K7.5(l): This particular charging metric considers several scenarios and combines them into one overall charge - how will the CH movements and associated charges be monitored, audited and communicated to DCC Users? For example, this charge considers accounting for equipment that will have been installed and removed for a range of reasons. How will we as a DCC User know, on taking a CH off the wall, whether or not it will be (or is able to be) reconditioned. How will DCC Users be able to validate this?

K7.6(a) – Why is the Panel referenced here? Is it because there is a SEC obligation to order the Privacy and Security Assessments?? Is this paragraph saying that the DCC will send the SEC Panel an invoice for [20] Privacy Assessments which were undertaken at Party 1, 2 and 3 and that the costs for these will then be passed through to Party 1, 2, and 3? Should it read Party not Panel?

K7.6(e) – how will uniform monthly charges be achieved in practice? – for example, is the intention to establish charges based on calculations of historic data?

K7.6(f) – we seek clarification as to what is meant by variant CH in this context. For example, if it is to distinguish between single and dual band HAN technologies then we believe that the legal drafting will cover this distinction. However, if cost variance for differing WAN technologies is introduced then we believe that this will result in market distortion for some suppliers where specific customer densities require certain technologies in order to successfully install a smart metering system. The choice of WAN technology then is not a commercial one as suppliers will be following the recommendation of the CSP.

K7.8 – we seek clarification as to the inclusion of references to clauses K7.5(d) and K7.5(f) within this clause that reference High Volume Gateway Connections and Parse and Correlate services respectively. We would not expect the need to establish a SEC provision for a 'second-comer contribution' in these instances. We therefore ask for further clarification as to the scenarios envisaged when drafting these provisions in order to better understand the proposed extended scope of second-comer contributions.

DCC Licence Condition 17.23 - what non-SEC Parties is this drafting intended to capture? Is it the CDB?

Q47(46) Do you agree with broadening the scope of DCC Licence Condition 20 to include the Other Enabling Services which attract an explicit charge?

Yes. We are in general support of the proposal but seek clarity on one aspect.

Supporting Information

We support the introduction of the legal drafting to allow Parties to be able to dispute terms offered by the DCC for "Other Enabling Services" to Ofgem. However, we would wish to see any such dispute managed within reasonable time-scales so as not to disadvantage the disputing party. Enabling services are to aid and support rollout. Therefore, if a dispute is raised all installing parties would want to see swift resolution in order to limit uncertainty.

Whilst we agree with and support the concept of a 'second-comer' we do not believe that this concept should apply to Enabling Services where they are common to all installing parties, for example, User Gateway Connections and Parse and Correlate Services.

Q48(47) 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?

No. We do not support the proposed amendments.

Supporting Information

It is highly unusual to create a two tier system with regards to confidentiality with a legal document, in terms of classifying data as either "confidential" or "controlled". We believe that the approach that is being proposed would be complicated to manage and administer, and will require subjective decisions to be made regarding the categorisation of data. On balance we are therefore of the view that this two tier approach, whereby data is marked as either "confidential" or "controlled" should not be adopted.

Q49(48) 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?

No. We do not support this proposal.

Supporting Information

Please see our response to Q48, in which we have stated that we do not believe that the new category of "controlled information" should be adopted.

Q50(49) 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?

And

Q51(50) Do you agree that liabilities if these controls are breached should be limited to £1 million (excluding consequential losses)?

No. We do not support this proposal.

Supporting Information

Please see our response to Q48 (47), in which we have stated that we do not believe that the new category of "controlled information" should be adopted.

Q52(51) 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?

Yes. The proposed approach, and the accompanying legal drafting, both seem sensible and we support the proposal.

Q53(52) Do you agree with the proposed approach and legal drafting in relation to the invoicing threshold?

Yes. We support the proposed approach with regard to invoicing thresholds, but suggest an alternative threshold value.

Supporting Information

In principle we are supportive of this concept however we believe a more appropriate value for the invoice threshold needs to be assessed to take account of the costs of raising and processing invoices. This would therefore determine an economic value for the industry and not just the DCC.

We are assuming that the DCC will not charge interest for these sums (we would not consider this reasonable) nor would we consider it reasonable that they should count this figure in the calculation of a party's indebtedness for credit cover purposes. More clarity on how invoicing of parties is envisaged to work practically would be beneficial.

Q54(53) Do you agree with the proposed approach and legal drafting in relation to the credit cover threshold?

Yes. We support the approach and legal drafting

Supporting Information

The proposal that the "Value at Risk" Credit Cover Threshold should be increased from £500 to £2k, as the latter figure more accurately reflects the administrative costs involved, appears to be a pragmatic one and as such we are supportive of the approach.

We have no concerns with the related legal drafting that is being proposed, and are supportive of the drafting amendments that have been made within this section with regards to changing "User" to "Party" throughout.

We note from discussions that have taken place at a number of smart industry meetings that DECC are currently undertaking a Credit Cover review across all Codes, and we would welcome further information regarding this review.

Q55(54) 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. We do not agree with the proposed approach and legal drafting that is designed to set an explicit charge related to Services within the DCC User Gateway Services Schedule to zero

Supporting Information

Policy change rationale – the proposals represent fundamental undermining of the charging policy principles that DECC set with the input from the Commercial Working Group. This policy stated that transactional charges would be charged per instance so that the costs fell where they lay. This consultation document does not set out the rationale for this movement before the mechanism was put into use and any flaws in the design exposed.

Cost recovery – the proposals state that the charge value would be set to zero but it is not clear where the costs would be recovered; we assume fixed charges. Unless usage is forecasted accurately years in advance, confidence in cost forecasts would be lower and could affect consumer tariffs.

Cost certainty and cost control – we recognise that transactional costs may be a comparatively small component of the total DCC charges. However, the Authority and consumers rightly expect Suppliers to control and minimise costs and provide stability in tariffs. We believe the proposal in this question does not provide a mechanism by which costs can be certain or controlled.

Network use of data – in 2012 and 2013, DECC undertook analysis via the Commercial Working Group to calculate approximate transaction volumes to support the contract award process for the DCC and its Service Providers. This was an

iterative process. Prior to indicative, synthesised cost information availability, Network Operators had included a significant data requirement. This was scaled back almost entirely once cost implications were added in. While the proposals in this consultation would result in a portion of cost being levied across Charging Groups, the majority would be levied at Suppliers. We therefore do not believe there is sufficient cost accountability in the regulatory arrangements to ensure that requirements are proportionate and necessary according to business need.

Control mechanisms – We do not agree with suggestions that excessive use of the system could be controlled via transaction forecasts. In this mechanism, no sanctions would be levied as long as actual data take matches the forecasted take by a User. The forecasts would provide the DCC with certainty of Service Request traffic but would have no control. We do not believe the Government intends to design a mechanism whereby transaction levels are entirely uncontrolled.

DCC access for Authorised Third Parties – in the Government response to the consultation on Data Access & Privacy, DECC made provision for Authorised Third Parties to access consumer data via the DCC with consumer consent. The controls for this is to be set out in the SEC. Their data retrieval would have been recovered via transactional charges. Authorised Third Parties do not have market share in the energy market and as such are not a Charging Group paying fixed charges. The combination of these arrangements and the proposals in this consultation will result in free data to Authorised Third Parties, at the expense of Suppliers and Networks who will not be able to explain or control costs on behalf of consumers.

Longevity of zero charge – we recognise that the market conditions for data analytics by Authorised Third Parties are very limited at present. It could therefore be argued that the SEC would contain the methodology and the value changed later to positive charge values. However, we are concerned that the lack of incentive to build the right solutions now will result in significant lead times on this later change when the market will require it.

Q56(55) 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.

Yes. We agree with the proposed amendments to the definition of 'Mandated Smart Metering System.

Supporting Information

We are generally supportive of the proposed approach, which seems to be a pragmatic one. We have no comments on the proposed revised definition of "Mandated Smart Metering System", and do not believe that making this change will have a material impact.

Q57(56) Do you agree with the proposed approach and legal drafting regarding power outage alerts?

Yes, in principle. We are generally supportive of the approach and legal drafting with regard to power outage alerts, with caveats.

Supporting Information

We are supportive of the proposal that the SEC should be updated to capture a new obligation on the DCC to send a copy of the Alert to the relevant Import Supplier and Electricity Distributor. It must be noted however that in order for these Alerts to be of use, they must be received by the Supplier and Distributor in a very timely manner, and we therefore believe that there would be benefit in further augmenting Clause F4.9 to detail that the DCC should send a copy of such Alerts to the relevant recipients within a defined maximum.

Q58(57) Do you agree with the proposed approach and legal drafting in relation to the testing of shared systems?

Yes. We are supportive of the proposed approach, and are generally comfortable with the proposed legal drafting subject to clarification that the term "systems" only refers to systems interfacing with the DCC.

Supporting Information

The term "Systems" is used within this section (eg Clauses H14.20 and H14.29), with this term being defined as "System means a system for generating, sending, receiving, storing (including for the purposes of Back-Up), manipulating or otherwise processing electronic communications, including all hardware, software, firmware and Data associated therewith". It is our understanding that the systems that are intended to be covered by this area of Legal Drafting are only those that communicate with the DCC or that create/ receive service request/responses from the DCC. We believe that the actual definition of "Systems" potentially covers more systems than that is intended for this area and would therefore request that the term "Systems" is replaced with the term "User Systems", which we believe more accurately captures the intended systems.

Q59(58) 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.

Yes. We support an approach whereby costs associated with remote access to test SMWAN should be charged to those that use the service.

Supporting Information

Our preference would be that Option 2 (introduction of an explicit charge) is progressed to directly charge the test participants who use the SMWAN service. We believe that this "user pays" type approach is fair, with those Parties that use the service picking up the costs for their usage.

We are also supportive of the proposal that the SEC should be updated to capture a new requirement for the DCC to produce an Enduring Test Approach Document setting out the requirements relating to the provision of remote access to the test SMWAN and test certificates. However, we would request this information to be captured in the End to End Testing approach document as well.

The provision of SMWAN and test certificates are also essential for the execution of End to End testing, so we request that this information is also captured in the End to End Testing approach document and reflected in the SEC4 legal drafting section T4.4.

Q60(59) Do you agree with the proposed legal drafting in relation to Communications Hub Asset and Maintenance Charges?

No. More clarity is required to understand how the proposals in this consultation are intended to work with other charges levied at other stages of the Communication Hub lifecycle to ensure alignment and proportionality.

Supporting Information

Charges across the asset lifecycle – we are concerned that the SEC does not contain sufficient clarity regarding the charges levied to Suppliers at the various stages of the lifecycle of a Communications Hub. The lack of clarity has reduced our confidence in the assumptions backing the cost of Communications Hubs listed in the Government's Impact Assessment. We have set out our understanding of the arrangements below:

- At order / in DCC Supply chain – Suppliers pay 3 months' rental as a "float". A one-off variant fee would also be payable where dual HAN comms hubs are ordered. This would also affect rental and asset cost.
- Upon entering Supplier logistics – asset rental commences as soon as the delivery is accepted by the Supplier. An explicit Stock Level charge is also due to cover the cost of the asset and its financing.
- Installation – asset rental continues
- Removal – if the asset has not reached the end of its life and is not subject to a DCC-related fault, a Premature Replacement Charge is levied to recover the remaining cost of the asset and associated financing.
- Reconditioning – in some instances, the DCC may recondition and redeploy an asset. In this instance, the explicit Stock Level charge would be levied in addition to the re-commencement of the rental charges.

Control of HAN development – we welcome Government's recent activity to take a leadership role to consolidate and coordinate work to develop HAN solutions. This is essential if costs of technology and deployment are to be controlled and tightly linked to the Impact Assessment.

Installations in "twin fuel" premises – we strongly disagree with Government proposals to place a requirement on the first supplier installing at a "twin fuel" premises to order and install a communications hub that will serve both meters. The Impact Assessment recognises that up to 30% of premises will require an alternative HAN solution to the standard 2.4GHz. As the Zigbee Alliance will not support an 868GHz solution as a single band solution, the IA is being updated to recognise that 30% of installations could require a dual band hub. Given the charges listed above, this could levy significant cost on a Supplier to facilitate the installation of a competitor. This creates cost for a Supplier and its consumers that it cannot link to its own services. We are concerned that this is contrary to regulatory design in a competitive and commercial market.

Q61(60) Do you agree with the proposed legal drafting on Communications Hubs Charging following removal and/or return?

No. We do not agree with the drafting of the charges levied following removal and / or return of a Communications Hub, given the context of asset charging over the lifecycle of the asset.

Supporting Information

See also response to Q60 (59).

Asset removal on churn – for non-domestic premises that churn to a Supplier who has opted out of the DCC services, we note that the consultation suggests that the Communications Hub would be removed and returned to the DCC. We challenge this assumption given the recent progress made by Government in transitional arrangements where "User to non-User Churn" processes may apply. Given the potentially poor customer experience of asset swapping and site visits on churn, we would welcome the Government consider the application of the transitional arrangements discussed in this context.

Smearing of costs to enrolled meters – we do not agree that the cost of a Supplier who has opted out of the DCC and removed a Communications Hub early should be levied to the Suppliers remaining in the DCC. This is contrary to Government's previous principles that costs fall where they lie and creates cost for Suppliers who had nothing to do with the commercial decision by a competitor.

Identification of chargeable faults – we continue to be concerned that faults that result in the removal of the Communications Hub are diagnosed by the DCC. We do not believe there is sufficient control and oversight in the process whereby the DCC decides whether it should be liable for Liquidated Damages. However, we also recognise that in the instance of DCC liability, the costs would be recovered through charges to Users.

Q62(61) Do you have any views on the operation of SMETS2 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?**

Supporting Information

We believe that all Devices should be fully SMETS2 compliant regardless of whether they are operated inside or outside of the DCC. Part of this compliance should be to ensure that all devices can be transitioned into and out of the DCC without breaking any of the trust anchors.

To achieve this continuation of trust, it will be required to use the same Root certificate for all Certificates, otherwise it will not be possible to put a new DCC issued Organisation Certificate on a device if it has a non-DCC Root certificate. The full implications of managing such certificates whole outside of the DCC environment need to be fully understood. We would anticipate that the SMKI for Non-User Suppliers would be a key part of this.

Q63(62) Do you agree with the proposed legal text with respect to the DCC's, Subscriber and Relying Party obligations and associated liabilities?

Yes. We support the legal text with regards to the Subscriber and Relying Party obligations.

Supporting Information

The legal drafting in L11 and L12 represent good practice for using Organisation and Device certificates.

Q64(63) Do you agree with proposed legal text in relation to the Initial Enrolment Project for SMETS1 meters installed during Foundation?

Yes. The proposed text is robust and adequately supports the intent and discussions that Industry has had with DECC with regards to the Enrolment of SMETS1 meters into the DCC.

Q65(64) Does the contents list for the Initial Enrolment Project Feasibility Report (para 406) 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?

The contents list detailed is thorough and robust however, whilst there is reference that the purpose of the EPFR is to allow the SoS to "evaluate reasonable options" based on "the feasibility and estimated cost of each option" The contents referenced in both section N4.4 of the proposed legal text & para 401 of the consultation do not reference the cost of each option.

We would like to see that cost of each option is included in the Initial EPFR and therefore added to section N4.4 of the proposed legal text.

Q66(65) 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?

Yes. Npower supports the proposed wording, which reflects the Industry discussions and DECC intent with regards to the charging arrangements for ongoing communications costs relating to enrolled SMETS1 meters

Q67(66) Do you agree with the proposed approach and legal drafting in relation to User supplier to Non-User supplier churn?

Yes. We support both the approach and the legal drafting that is proposed to implement it.