SEC4 Consultation Response

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

Yes. Allowing MOPs to participate in this process will offer greater flexibility for installation programmes.

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

The drafting obliges Suppliers to remove and return Communications Hubs in premises where they have opted out from DCC services. When another Supplier takes on this site in the future they will have to install another Comms Hub in order to opt in to DCC services. This process will require multiple site visits, causing disruption to consumers. Alternatively, the gaining Supplier may choose to continue to operate the site as opted out because there is no Comms Hub installed – the requirement to remove the Comms Hub may result in less sites being opted in to DCC. Having fewer sites that use DCC services reduces the benefits case of the service.

What consideration has been given to other options that would result in the Comms Hubs remaining in place? Either:

- giving the opted out Supplier the choice of whether to remove the Comms Hub or keep it in place and pay the associated charges. Or;
- requiring that the Comms Hubs remain in place and socialising the charges.

Mandating that the Comms Hub remains in place and requiring the Opted Out Supplier pay the associated charges would incentivise them to Opt In to the DCC, but we understand that this is not in the spirit of offering an Opt Out option.

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

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

Where the Users are using shared systems this should be taken into account by the CIO. Shared systems should not be subject to multiple security assessments for different Users within an assessment cycle. For the shared system element of a User's solution the CIO should use evidence gathered during a previous security assessment of that shared system where appropriate. The costs of assuring a shared system should be shared between the Users of that system.

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

Yes. Allowing the Supplier certificate slot to be populated with a DSP placeholder or another Supplier's certificate will allow greater flexibility for device ordering and installation.

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

We consider the requirements for publication of details of elective communication services (H7.18 – H7.12) to be anticompetitive.

Organisations should have the right to recover the costs of (and earn a return on) developing Intellectual Property. In no other industry would this be tolerated for a moment, and it should not be supported by statutory obligations (there is a risk that this, because this is so patently egregious, it could provoke judicial review). Loss of any competitive advantage after six months means there will be no incentive to invest in innovation. That means that Suppliers cannot differentiate themselves with the services they offer to consumers. This cannot be part of regulatory ambition of government. In fact surely this is in conflict with government policy.

Anyone listening to the messages coming from Smart Energy GB will have heard about the possibilities for consumers from Smart. The very sort of innovation being trumpeted by Sasha Deshmukh on Radio 4's You and Yours earlier this month referred to the very type of innovative services that would be stifled by this policy. Having regulations that only support homogenisation of service provision will be at demonstrable cost to the consumer whilst protecting the vested interest of those Suppliers who want to suppress competitive activity.

The SMIP also envisages that DCC services will be used by organisations other than gas and electricity Suppliers to offer services to consumers. These organisations will be looking to differentiate themselves and provide unique services; this will be effectively curtailed if their IPR is to be shared publicly. Neither established Suppliers nor other organisations will be interested in investing in new services leaving much of the potential benefits of the DCC infrastructure unrealised for consumers.

However, recognising that DCC should not duplicate effort, we agree with the principle of second comer pricing for both elective and enabling services as described in the consultation. There are established norms for achieving similar outcomes in the commercial world; the originator has to give consent, if offered reasonable compensation, such consent not to be unreasonably withheld (the test of reasonableness being well established in law).

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

Yes. Receiving power outage alerts will increase the benefits Network Operators will gain from engaging with the DCC. Facilitating better network management will be beneficial for consumers.

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

Yes. TMA are planning to offer shared services to Users and are working with the DCC to establish an approach to User Entry Process Testing for shared services that will provide the required assurance around the shared system and each of its Users.

Q65: Do you agree with the proposed legal text in relation to charging arrangements for the on-going communications costs of Foundation Meters enrolled in the DCC?

Agree that a Supplier who takes on a churned SMETS1 meter should not pay additional communications charges.

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

Yes, as long as the Non User process is only a short term option. Mandating the Non User to become a SMKI User and placing an obligation on the Non User to notify the DCC when they gain a DCC meter will have the least impact on the DCC and other Users compared with any of the other options discussed.

When a consumer switches from a DCC User to a Non User they will lose much of the smart functionality, reducing the benefit to them and adversely affecting the customer experience (possibly impacting the public view of smart metering in general).

Ideally a Non User process would not be required but practically there is a need for this option at ILO. Hopefully the commercial drivers of not being able to offer full smart services to customers, paying Comms Hub charges and the costs of other methods of data retrieval will mean that Non Users transition quickly to becoming Users. However, DECC should consider whether an end date should be put in place for being able to operate as a Non User.

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