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Smart Metering Implementation Programme
Department of Energy & Climate Change
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By email only to: smartmetering@decc.gsi.gov.uk

22 August 2014

Dear Sirs

Smart Metering Implementation Programme: New Smart Energy Code Content (Stage 4) and Consequential/Associated Changes to Licence Conditions

Thank you for the opportunity to respond to the above consultation. This letter should be treated as a consolidated response on behalf of UK Power Networks' three distribution licence holding companies: Eastern Power Networks plc, London Power Networks plc, and South Eastern Power Networks plc. Our response is not confidential and can be published via the DECC website.

Our answers to the consultation questions are set out in the appendix to this letter. In addition we would like to draw DECC's attention to the following points:

- We note from the consultation document that the DCC is currently developing its Business Continuity and Disaster Recovery processes as part of its Incident Management Policy and that stakeholders will have an opportunity to comment on these processes at a later date. We have reviewed the corresponding provisions within the SEC and consider that these are reasonable.
- We note that DECC has not asked any questions in relation to section 12.6 (Additional changes not captured elsewhere). We have reviewed this section and consider that the proposed changes are reasonable.

We hope that you will find our comments helpful. If any part of our response requires further explanation or clarification please do not hesitate to contact me.

Yours faithfully

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Appendix

Smart Metering Implementation Programme: New Smart Energy Code Content (Stage 4) and Consequential/Associated Changes to Licence Conditions

Question 1: Do you agree with the requirement for the DCC to consult SEC Parties on future tranches of Communications Hubs procurement?

Not applicable – Network Operators and Registration Data Providers have no direct involvement with the supply and installation of Communications Hubs.

Question 2: 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?

Please see our answer to question 1 above.

Question 3: Do you agree with the proposed approach and legal drafting in relation to the development of the Communications Hub Support Materials?

Please see our answer to question 1 above.

Question 4: Do you agree with the proposed approach and legal drafting in relation to forecasting of Communications Hubs?

Please see our answer to question 1 above.

Question 5: 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?

Please see our answer to question 1 above.

Question 6: Do you agree with the proposed approach and legal drafting in relation to ordering of Communications Hubs?

Please see our answer to question 1 above.

Question 7: Do you agree with the proposed approach and legal drafting in relation to delivery and handover of Communications Hubs?

Please see our answer to question 1 above.

Question 8: Do you agree with the proposed approach and legal drafting in relation to installation and maintenance of Communications Hubs?

Please see our answer to question 1 above.

Question 9: Do you agree with the proposed approach and legal drafting in relation to removal and returns of Communications Hubs?

Please see our answer to question 1 above.

Question 10: 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 Hub that would work with both the smart meter that is installing and the smart meter of the other fuel type?

Please see our answer to question 1 above.

Question 11: Do you agree with the Government's proposals in relation to the processes to determine the reasons for early return of Communications Hubs?

Please see our answer to question 1 above.

Question 12: Do you agree with the proposed approach and legal drafting in relation to the transitional requirements for Communications Hubs forecasts and orders?

Please see our answer to question 1 above.

Question 13: 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?

Please see our answer to question 1 above.

Question 14: Do you agree with the proposed approach and legal drafting in relation to the provision of Communications Hubs for testing?

Please see our answer to question 1 above.

Question 15: Do you agree with the legal drafting in relation to Security Governance?

While we generally agree with the legal drafting in relation to Security Governance, we would like to draw DECC's attention to the following points:

- Clause G7.5 – we believe that it would be prudent to also have a deputy for the Security Sub-Committee Chair in the event of the Chair being unavailable.
- Clause G7.15(e)(ii) – to ensure it is more balanced to the needs of all or any Parties, we propose that this clause is amended to read:

  > 'either accept the proposal to take those steps within that timetable or seek to mutually agree with that User (or Party) such alternative steps or timetable as both Parties may consider appropriate'

QX: Do you agree with the Government's 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.*

We note that this question is labelled 'QX' in the consultation document and assume this is an oversight.

We agree with the proposal for the SEC Panel to procure a central CIO on an initial basis. However, we note that in a time of significant costs for energy consumers, it may be prudent to establish an obligation of cost efficiency, both in terms of procurement and in terms of the costs for security assessments.

We are supportive of the Government's proposal for Users to meet the costs of security assessments that are undertaken at their organisation. However, in a time of significant costs for energy consumers and increasing DCC charges, we would expect to see obligations of cost efficiency and cost transparency imposed on the SEC Panel and the CIO. Such obligations should apply to the CIO procurement and to the security assessments for which Users bear the costs.

We agree with the proposal for a three year rolling cycle of security assessments to be used to provide assurance on Users. Annual security reviews balance the need for regular reassessments of the security risks and the security stance of Users with the overheads of such reviews.

We agree with the proposed process for identifying and managing non-compliance. We note that the Security Assessment Reports could be strictly confidential in nature and would like to understand if additional security controls will be put in place by SECAS for the transmission, storage and distribution of these reports.

We are supportive of the assessment arrangements proposed for DCC. The proposed assessment standard and frequency are suitable for the DCC role.

Question 16: Do you agree with our proposed approach and legal text for SEC in relation to Privacy Assessments?

We agree with the proposed approach and legal text for SEC in relation to Privacy Assessments. This appears to strike the right balance of risk and controls.

Question 17: Do you agree with the specific proposals for undertaking random sample compliance assessments?

Yes, we agree with these proposals due to the reasons set out in the consultation document.

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

Yes, we agree with the proposal for Users to meet the costs of privacy assessments due to the variety of costs that could be incurred and in the interests of avoiding unfairly penalising smaller SEC Users who may not be collecting the data.

Question 19: What are your views on potential future changes to the SEC to provide for reporting the results of privacy assurance assessments to bodies such as Ofgem, DECC, ICO and Parties generally?

To ensure the success of the overall smart metering programme, it is essential that all parties involved are open and transparent in their activities. As such, UK Power Networks supports the reporting of privacy assurance assessments to a wider 'named and pre-agreed' audience of Government departments and parties. This will ensure that all parties are aware of the level of compliance in this important area.

Question 20: Do you agree that the proposed legal drafting reflects the position reached in the SMETS2 consultation response, that Users should be required to obtain consent and to verify the identity of the energy consumer from whom they have obtained the consent prior to pairing a CAD?

Yes, we agree that the proposed legal drafting reflects this position.

Question 21: Do you agree with the proposed updates to the Security Requirements and the associated legal drafting?

We are supportive of the proposed updates to the Security Requirements and the associated legal drafting, but would appreciate clarity on the following points:

- Clause G5.25(b)(ii) – as currently worded, this clause is potentially confusing. It is not clear who makes the judgement on whether or not Shared Resources present more security risk; nor is it clear how this judgement is objectively made.
- Clause G5.28 – when extending this obligation to a situation whereby a DNO procures RDP services from a Shared Resource, would such an obligation for reporting on the volume of Smart Metering Devices – and the frequency of such reporting – be useful, appropriate and proportional to the risk incurred by a Shared Service RDP?

Question 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?

There may be challenges associated with modifying the SEC should the time limit for future dated commands need to be changed. It may be more appropriate to have the time limit for Future Dated Commands as a threshold which is part of the Anomaly Detection Thresholds. This would allow for variation of the time limit both as the DCC matures and across SEC Users and Systems.

Question 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 and legal drafting.

Question 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?

We have no specific points to make in this regard.

Question 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?

The Stage 2 Assurance report is an external audit of the quality of the SMKI implementation. It does not appear to specifically mark the successful completion of Operational Acceptance Testing. The exit of Operational Acceptance Testing and associated Non Functional Testing is the milestone by which the Service is determined to have met the performance criteria and service levels defined. Therefore, the Service should deliver the defined service to the users to the agreed service levels prior to any assurance report.

Should DECC be minded to loosen the obligations on the DCC during early life support then a more appropriate manner to do so would be to adjust the Service Levels down, cap the volume of transaction for which Service Levels apply or reduce the penalties associated with breach of the SLA.

Question 26: Do you agree with the proposed approach for all Network Parties to have established SMKI Organisation Certificates?

We agree with the proposed approach and consider that it is cost effective and simple.

Question 27: Do you agree with the proposed approach for Non-User Suppliers to have established SMKI Organisation Certificates?

We agree with the proposed approach and consider that it is cost effective and simple.

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

Yes, we agree with the proposed approach and legal drafting in this respect.

Question 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.

We have no specific points to make in this regard but agree that the proposal is reasonable.

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

We agree with the proposed approach and consider that it is an efficient and cost effective solution.

Question 31: Do you agree with the proposed approach to centrally procure an EUI-64 Registry Entry?

Yes, we agree with the proposed approach.

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

UK Power Networks operates a single IS directorate which provides IT services across its three DNO licence areas – this creates operational and cost efficiencies. As such, we continue to require the ability to operate and view DCC services across all our three DNO licence areas, without having to log in multiple times to view incidents which affect more than one part of our network. We are supportive of access to the SSI at a Party ID Level as long as there remains the ability to access the SSI at an Organisation (or group of Parties) level.

Question 33: Do you agree that the proposed legal drafting accurately reflects the process by which the DCC will provide a connection to the DCC User Gateway?

Yes, we agree that the proposed legal drafting accurately reflects this process.

Question 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.

We note that the legal drafting allows parties which leverage another user's Gateway Connection to view incidents relating to that User Gateway Connection. In the case of Registration Data Providers the Shared Service provider will be required to view incidents relating to the Data Transfer as well as the User Gateway Connection. Therefore, we would propose that Shared Service providers have access to categories of incidents which the SEC User deems appropriate for the Shared Service Provider to perform their job.

Question 35: Do you agree with the proposed approach and legal drafting in relation to Processing Service Requests?

We have no specific points to make in this regard as the changes primarily affect Suppliers and the DCC.

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

We broadly agree with the proposed changes to the approach and legal drafting, but would appreciate clarity on the points set out below.

We believe that more information is required which clarifies how Network Operators will identify which certificate is installed on which meter.

In order to manage the challenges associated with mass certificate replacement on expiration, it is likely that UK Power Networks will maintain multiple versions of its Organisation Certificate. This will reduce the challenge which would be faced should all devices contain the same Network Operator's Certificate with the same expiration date. Potential dimensions across which certificates might be split include location and time.

When a Supplier is mandated to place the Network Operator's certificate on the meter, they will need to know which of the multiple certificates to place on the meter. Once the certificate is placed on the meter, the Network Operators will need to be able to determine which certificate is on the meter.

Question 37: Do you agree with the proposed approach and legal drafting in relation to Problem Management?

We agree with the proposed approach and legal drafting. The addition of Problem Management to the SEC will facilitate the identification and resolution of issues raised with the DCC.

Question 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?

We agree with the proposed approach and legal drafting, which will facilitate the service to consumers to allow them to find out which Users have access to consumption data from their meters. This is an important step in building customer confidence in the secure handling of their metering data.

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

Yes, we agree with the proposed approach. We recognise that Users' systems and processes will be at different stages of development at DCC Go Live.

Question 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.

We have no specific points to make in this regard – Network Operators and RDPs have no direct involvement in the split between large/small suppliers and which suppliers should be involved in testing.

Question 41: Do you agree with the proposed approach and legal drafting in relation to registration data text alignment?

We agree with the proposed approach of describing registration data in plain English. For electricity, this removes the problem of alignment to the Master Registration Agreement, which holds the technical specification for this data.

In general we agree with the legal drafting; however, for added clarity, we propose that 'person' is replaced with 'Electricity Supplier Party' and the following sections are amended as follows:

> 'E2.1 (c) whether or not the Metering Point has a status that indicates it is energised or de-energised (identified in the MRA as 'traded') and the effective date of that status'
>
> 'E2.1 (i) details of whether an objection/withdrawal has been received regarding a change to the person who is to be Registered in respect of the Metering Point, and whether that objection has been upheld (as at the date the Registration Data is provided)'

Question 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?

We agree with the proposed approach and legal drafting in relation to the provision of market share information to the Smart Meter Central Delivery Body. We also agree that Ofgem should determine disputes between the parties.

Question 43: Do you agree with the proposed approach to RDP/DCC connections and the associated legal drafting?

We broadly agree with the proposed changes to the approach and legal drafting, but would appreciate clarity on the point below.

There is an issue with the use of the Self Service Interface (SSI). Shared Service Providers would be required to use the SSI on behalf of the Organisation that holds the contract with the Shared Service Provider. In the case of the Registration Data Provider, Network Operators would expect to use the SSI to manage incidents which relate to Smart Systems other than Registration Data, while there is an expectation that the RDP would manage incidents relating to Registration Data.

Question 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?

Yes, we agree that Network Parties using the same RDP should be jointly and severally liable for failure of that RDP to comply with the provisions relating to the RDP's use of the connection provided by the DCC.

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

We agree with the proposed approach and legal drafting in this respect. These provide additional clarity to the DCC and SEC Parties on application of the charges.

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

We have no specific points to make in this regard.

Question 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?

We agree with the proposed amendments which reduce the potential volume of data marked as confidential and limit user liability.

Question 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?

We have reviewed the confidentiality provisions in the consultation document and have no issues with the proposed drafting.

Question 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.

No – in relation to a Network Operator's role, we do not envisage a need to mark a Network Operator's data as 'controlled'.

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

We have reviewed the confidentiality provisions in the consultation document and have no issues with the proposed drafting.

Question 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?

While we broadly agree with the drafting, an understanding of the mechanism by which the SEC Panel would judge the compatibility of any one specification with any other specification would provide confidence that the SEC Panel retains the correct Subject Matter Experts to operate in such a role.

Question 52: Do you agree with the proposed approach and legal drafting in relation to the invoicing threshold?

Yes, we agree with the proposed approach and legal drafting in this respect.

Question 53: Do you agree with the proposed approach and legal drafting in relation to the credit cover threshold?

Yes, we agree with the proposed approach and legal drafting in this respect.

Question 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?

Yes, we agree with the proposed approach and legal drafting in this respect.

Question 55: Do you agree with the proposed amendment to the definition of 'Mandated Smart Metering System'? Views would be welcome on whether this change has a material impact.

Yes, we agree with the proposed amendment to the definition of 'Mandated Smart Metering System'. Given the very small number of registered MPANs at any time compared to the number of traded MPANs this is not a material change.

Question 56: Do you agree with the proposed approach and legal drafting regarding power outage alerts?

Yes, we agree with the proposed approach and legal drafting in this respect. Clause F4.9 allows an Electricity Distributor to receive the data required to manage their network in the event of a fault.

Question 57: Do you agree with the proposed approach and legal drafting in relation to the testing of shared systems?

We agree with the proposed approach and legal drafting in this respect. This will result in a more efficient and cost effective process.

Question 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.

Given the potentially significant variations in the volume and frequency of use of the test environment, as well as the manner in which test participants will pay for the use of test Communications Hubs in their own labs, it is appropriate and fair that an explicit charge is made to each Party that utilises the enduring testing services.

Question 59: Do you agree with the proposed legal drafting in relation to Communications Hub Asset and Maintenance Charges?

We have no specific comments to make in this regard as Network Operators and RDPs have no direct involvement with the supply and installation of Communications Hubs.

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

We have no specific comments to make in this regard as Network Operators and RDPs have no direct involvement with the supply and installation of Communications Hubs.

Question 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?

We would be interested to explore whether Network Operators would receive data from a SMETS2 meter that has been installed by an opted-out supplier. Specific questions remain outstanding about how a Network Operator's Certificate is placed on the Meter during the Commission phase in such a situation.

Question 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 agree with the proposed legal text.

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

We have no specific points to make in this regard as this is a supplier/DCC process.

Question 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?

We note that this question incorrectly refers to paragraph 406; the correct paragraph reference is 401.

We believe that the EPFR should include a cost benefit statement which compares the lifetime cost of enrolment and operation of SMETS1 meters to the cost of replacing them with SMETS2 meters. This will ensure that SMETS1 meters are enrolled only where it is efficient to do so.

Question 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?

We consider that the proposed legal text is reasonable.

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

We agree with the proposed approach and legal drafting. This will allow Network Parties to continue to access the meter and receive Device Alerts.