



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

30th October 2014

Dear SMIP team

Smart Energy Code Transition

Thanks for the opportunity to respond. Our answers to the questions are enclosed. We would also like here to raise a few points.

Transparency – It is somewhat disappointing that the delay to key DCC deliverables is apparent in the consultation but not in the working groups. Working groups have been convened at an industry level through transition for the purposes of discussing and understanding the issues that may arise so that all stakeholders have the opportunity to consider and potentially develop alternative strategies and processes. We would therefore suggest the development, maintenance and transparent communication of a detailed plan showing key deliverables, milestones, dates and any slippage. Further, we believe that this information should be regularly maintained and communicated, via the Implementation Managers Forum (IMF). For example, with a provision being made to allow Suppliers the ability to question and challenge any information provided.

Ability to forecast – the timing of the proposed transitional arrangements severely impacts the ability of suppliers to develop accurate forecasts of equipment requirements in-line with their roll-out strategies. The imposition of the set tolerances and time-scales present significant challenges, but we have not had sight of convincing rationale for the figures.

Tolerances – We request that consideration is made to the fact that forecast levels may fluctuate more than envisaged for some suppliers dependent upon their rollout strategy and the prevailing issues and practices that may reside within their chosen area(s) of deployment and customer portfolio. For example some suppliers may be more reliant on a the features within a particular geographical area within which they begin rollout. Different Network Operators have had different practices such as the use of metal cut-outs and asbestos meter boards. These create different smart meter installation issues and will impact any developed strategy when identified. These uncertainties will now be further compounded by the lack of accurate WAN coverage information which will impact suppliers' ability to accurately forecast its Communication Hub requirements. This is particularly true where the need to be able to identify mesh-variants is required. We therefore suggest that consideration is given to the possibility that large step-changes may occur between subsequent forecasts as increasing accuracy is required and an acknowledgement that the lack of detailed information may disproportionately impact some suppliers.

Secretary of State Powers on SEC full implementation – Secretary of State Powers should be used sparingly and not avoid governance processes. The consultation (paragraph 39) argues that an increase in the powers of the Secretary of State is required in order to rapidly deal with unexpected issues that could arise during the lead up to Initial Live Operation (ILO). The argument centres on the fact that the SEC is not fully implemented and so any alternative approach has not yet been established. We therefore seek clarity as to the current status of the Urgent (SEC D4.6) and 'fast-track' (SEC D2.8) approaches that have been consulted on, developed in agreement and now drafted within the current, designated



version of the SEC and why these are deemed not to be sufficient in this regard. These agreed modification approaches have the advantage of being open and transparent, involving all key stakeholders and so better ensuring that appropriate and workable solutions are developed. Further, it would be useful to understand at what point DECC believes that the SEC will be fully implemented as we believe that this is when the SEC is designated at ILO. If this is not the case then we ask that some form of definition or specified criteria is developed as without this there is uncertainty around establishing when the SEC will be fully implemented and so the ability of industry parties to be able to raise necessary change in order to develop and manage the SEC going forward.

Interim Wide Area Network (WAN) coverage information – if suppliers are to develop the level of forecast detail that they are being obliged to provide then unambiguous WAN coverage information to a meter is required. The consultation states that the interim WAN coverage information will be to GB postcode level – It is not clear whether this will be at post outcode level. This is a particular concern given the Ofgem requirement for a draft deployment profile in August that will be the yardstick by which our January 2016 profile will be assessed. As of January 2016 the deployment profile will be enforceable. Extending the timescale over which to be able to submit a forecast does not provide a useful or realistic alternative for coverage information.

Testing – if suppliers are to progress with their system and process developments further regression testing will be required in order to thoroughly test any subsequent implementation. This will add time and cost.

Incident Management and Business Continuity and Disaster Recovery – As ‘smart’ becomes part of critical national infrastructure, the importance of this will increase in all parts of the system. We seek clarity as to how the DCC will manage and prioritise incidents and what criteria need to be developed in order to establish how to prioritise incidents. For example, severity may depend on the number of customers impacted and/or the Health and Safety aspects of a particular incident. It is not clear by which process the DCC will take into account the varying impacts on Industry Parties that may occur as a result of a particular incident. Similarly it will be important to establish clearly the proposed timescales for resolution and how these activities will be monitored. We would expect that these questions be resolved via the DCC Service Management Design Forum (SMDF) as this will ensure that there is consistency and parity with the Enduring processes wherever possible.

Service Management - We assume that the transition Service Management processes outlined in the consultation will apply only up to DCC ILO and will not cross over into DCC Early Life Support as currently being discussed in SMDF. We do not believe that having two Service Management processes in operation after ILO is a viable option.

Yours sincerely

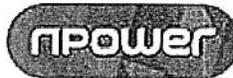
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Q1. Do you agree with the proposed transitional measures support Communications Hubs forecasting for an interim period? to
In particular: Do you agree that the proposal to submit forecasts via email for an interim period (until June 2015) is acceptable?

Yes

• Do you agree that the DCC should provide certain WAN information via spreadsheet (CSV format) in advance of the full WAN information being available in June 2015?

No

We support the proposed e-mail approach as a pragmatic solution, until such time that the DCC can provide

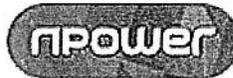
We do not support the envisaged level of information, timing or time-scales around the provision of this late WAN coverage information.

Whilst we agree with the proposed e-mail communications method and the need to develop an interim solution. We do not expect that this approach to extend beyond the proposed 6 month period and would ask that impacted industry parties are appraised as to progress on this issue on a regular basis. However, the fact remains that no consideration has been given to the Supplier obligations that have not changed or been relaxed in any way. We are disappointed that the DCC have failed to deliver an important tool that Suppliers require in order to facilitate the development of their forecasts.

In practice we do not believe that it will be possible to forecast accurately our Communication Hub requirements, this consideration is particularly true where mesh-variant communications hubs will be required. The industry needs to better understand the CH ordering process for variants that are required for Telefonica's Central and South Regions. Only the CSPs have knowledge of the circumstances under which suppliers should install communications hub variants. It is therefore extremely unreasonable to ask suppliers to forecast this without the provision of alternative advice as suppliers will be bound by some of the forecasts that they provide. The forecasts that Ofgem require Suppliers to deliver in August 2015 will be used as 'yardsticks' against which any subsequent rollout activity will be measured. Variations to these forecasts could therefore put suppliers in breach of their Licence Conditions, through no fault of their own. It is not sufficient to have the information available at the point of order, as suggested in section 25, as suppliers will only be able to correct within the allowed tolerances and the overall accuracy of the forecasts provided will not be known.

We suggest that an appropriate way forward may be to relax the specified tolerances around forecasts to enable suppliers to provide to +/- 50% accuracy at least until April 2015, or that detailed forecasts are relaxed until such time as all required information becomes available. Either way we suggest that further consultation on this is required in order to develop an appropriate workaround for all stakeholders.

We would suggest that as we currently have no way of monitoring the status of our forecasts and orders that the ability to cancel or submit changes to these (for example, changes to volumes, delivery locations and dates) must also be clearly defined and catered for whilst the full systems and processes have not been delivered. Further, we do not want to see suppliers incurring any additional expenses as a result of the proposed interim solution, such as penalties associated with cancellation of, or making changes to, orders previously submitted.



Q2. Do you agree with the proposed transitional measures to support transitional service management for those services that the DCC will be offering prior to the commencement of its full service management arrangements?

Yes

We wish to understand better any impact that may arise from the proposed lack of weekend coverage.

We support the development of a proportionate, interim service management process until such time that the DCC is capable of meeting its obligations in this regard. We would envisage that these form the key processes that DCC Service Users require as a minimum and build on the detailed work defining the Enduring processes completed by the DCC SMDF. In addition, we believe that it is appropriate to develop an appropriate set of Service Levels that are designed to help monitor and manage these processes.

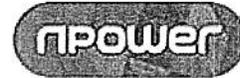
Further clarity is required around the anticipated deliverable in general. We believe that there is a need for a clear plan, at a suitably granular level, to be developed that clearly identifies what is to be delivered and when. References such as that provided in paragraph 27 to "late 2015" are not helpful when other stakeholders' planning considerations are taken into account. Such a vague approach only serves to generate speculation and so uncertainty.

Interim Incident management processes should be established with transparency and consistency in mind. We do not feel that it is appropriate for the DCC to be able to determine how it will prioritise incidents prior to ILO. We therefore suggest that agreed prioritisation criteria are developed within the existing Service Management Design Forum to allow for input from DCC Service Users, who are after all the customer in this case.

Such an approach is more likely to provide a rigorous and agreed structure around incident management, and replicates the process used to develop the Enduring Incident Management Policy & Processes with priority given to those incidents that fulfil set criteria that should include elements of impact assessment and resolution time-scales. If a different processes is adopted it could become increasingly difficult for DCC Service User to manage their delivery of smart meters and customers' expectations, during the early stages of the Programme.

We also note that the proposed interim measures do not include any weekend coverage, how then does DECC and the DCC anticipate incidents being managed that may arise during these periods, particularly where they may be classed as high priority incidents based on severity, for example Health and Safety or equipment failure within the Data Centre.

Whilst we agree that the volumes of customers with Smart Meters may be relatively low during this interim period, there still remains the obligation on Suppliers to be able to service these customers' requirements. We therefore need assurance that this can continue in all aspects.



Q3. Do you agree that the DCC Licence and SEC should be modified so that updated versions of SEC subsidiary documents may be re-designated by the Secretary of State and incorporated into the SEC?

No

We do not currently support this approach as it is not clear what the approvals process is and how it will work in practice.

First and foremost we seek clarity as to the approvals process that is currently envisaged. We do not believe that the proposed approach facilitates an open and transparent decision-making process for the designation of key documentation that will affect all industry parties. Whilst the powers of the Secretary of State remain 'open' there is also the distinct possibility that base-lined and agreed documents could be changed without the ability for all stakeholders to be involved in the decision-making process. Such an approach leads to uncertainty, generates instability and ultimately results in increased cost for the Programme and implementation time-scales where redesign may be required to facilitate changes to re-designated SEC subsidiary documents. This is a cost that will be borne by all energy consumers.

There is also a need for greater transparency around the proposed delivery of key documents that will need to be designated between now and ILO. We would therefore suggest that a complete list of these documents is drafted and circulated that indicates when the documents are expected to be designated, progress as to their development and any slippage to proposed delivery dates together with any proposed alternative approaches or dates. This information will then allow industry parties to be able to better plan their activities, identify issues arising and be able to develop alternatives, as and when necessary.

Arguments are made that the Secretary of State (SoS) may need to be able to rapidly amend already designated documents in light of unforeseen issues that may arise during early deployment. This will require the provision of additional powers to the SoS. However we would like to understand why the urgent or fast-track modification provisions already within the SEC are not sufficient for this purpose. These processes ensure that changes can be made over appropriate time-scales whilst still ensuring that all interested parties can participate. Without this aspect of change control, amendments could be made that do not consider the Smart Metering Implementation Programme holistically, leading to unforeseen and disproportionate impacts for some stakeholders or inappropriate system and process developments.

It would appear that another argument for increasing Secretary of State powers revolves around a potential need to be able to bypass Parliament in order to hasten the resolution of an issue. If this is the case then we still do not see why such an approach should exclude impacted stakeholders. Indeed, we would argue that their involvement would be even more appropriate in order to ensure the development of a more robust and agreed solution that can be more readily taken forward by the Industry.

With these points in mind, we would ask for further clarification as to the rationale behind requiring increased powers and the underlying process(es) that would support this approach.