



RESPONSE TO CONSULTATION ON THE DRAFT DCC LICENCE AND LICENCE APPLICATION REGULATIONS

Date:
1 June 2012

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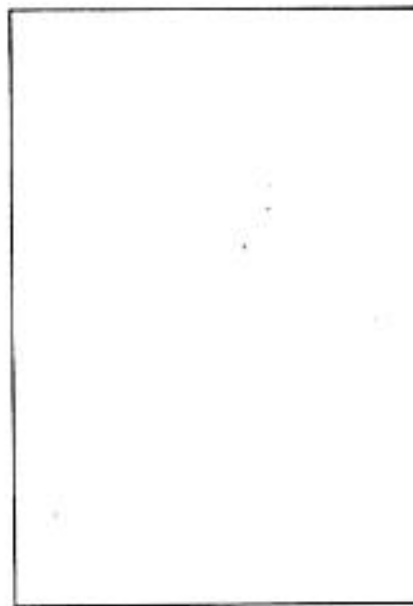
INTRODUCTION

This document is presented in response to consultation on the draft DCC Licence and Licence Application regulations.

This document includes the following:

- Section 1 Executive Summary
- Section 2 Responses to Questions 1-14

would like to thank DECC for the opportunity to respond to this Consultation. For any further information, please contact:



1 EXECUTIVE SUMMARY

1.1 Executive Summary

We very much welcome the opportunity at this stage raise a few observations regarding your current proposals. Where possible rather than just raise a concern we do try to offer alternative perspectives and recommendations on other options DECC may choose to consider as you finalise the key elements of the SEC and DCC Licence. We also hope that some of our concerns may be resolved following discussion and a greater understanding of the intention behind some of the words which at times were not always clear from the documentation provided.

We have broken our key concerns down into three areas:

DCC as a Prime Contractor

Our understanding of the documentation is that DECC see the DCC as a Prime Contractor for the External Service Providers and holding the service contracts with the Energy Suppliers. There are a number of concerns with this sort of model, particularly where the Prime Contractor is potentially a minority party in terms of service revenues:

- a) All External Service Provider revenues will be channelled through the DCC and therefore will be subject to some level of mark-up and will have a diluting impact on the DCC margins and add to the overall costs.
- b) Flow down of liabilities and credits are always likely to leave gaps which the DCC would be left responsible for. We recognise certain efforts have been made to protect the DCC but given it is a minority revenue stream these would still be of concern. In addition the DCC is being expected to take ownership of contracts that it will have not negotiated after it has agreed to the terms of the DCC Licence and SEC.
- c) It is usual for limitations on liabilities to be based on revenue and if the revenue includes that of all External Service Providers the risk for the DCC could be disproportionate to its profits.

believes that before committing to the above approach, DECC should consider whether other arrangements, such as appointing the DCC as a Managing Agent where the contract/invoice flow remains with the DECC, could provide the function that DECC requires and make the role more attractive to bidders. This would also have the advantage that if the DCC

were not performing and its licence was revoked, that the contracts with the External Suppliers would remain in place with DECC.

Restrictions on Business Opportunities

is as yet unclear as to what extent may be prohibited by the restrictions set out in the code and the Licence from providing services. To some extent this is dependent on the exact nature and scope of the DCC; however our current view at this point is that the DCC is essentially a management and procurement function, which pulls in resources and capabilities from other parts of the group to carry out some of the functions of the Licensee itself. Our interpretation at present is that the restriction on the services that the DCC itself could provide, as opposed to procuring, would be quite significant thus limiting its ability to deploy assets, capability and infrastructure (shared or otherwise) to ensure the successful delivery of the service. An example of this might be QA or testing services, or even operational BPO services to monitor quality and identify/trigger work orders to remedy issues with the smart metering system

Outside of the immediate scope of the SMIP, we are also unclear as to whether would be constrained in business in the energy sector as a whole, for example services to the supplier to support the deployment of smart meters during mass rollout or implementation of in-home devices and or smart applications. The more restrictions that DECC place on the DCC (& its owning company), the less attractive the opportunity is likely to be to prospective suppliers.

DCC as an Independent Company

We understand and fully support the need for the DCC to be independent given the arbitration aspects to its role. believes it may be difficult to achieve the credit ratings for a newly established company and feels that the overheads of setting up a separate company with independent directors is not an appealing proposition (for a relatively small concern – particularly if it is unable to pull in capability of other parts of the group). Clearly many of the corporate reporting and financial security requirements are arguable better served by the DCC operating as a separate company, however does feel that if DECC could find a way of allowing suppliers to ring fence the DCC from within their existing organisations, then it might be more attractive to bidders.

These are the main points we have highlight from the responses that follow. We have only answered questions where we feel that we have either a specific contribution to make. Despite these concerns

: We would welcome the opportunity for dialogue with DECC to discuss some of the potential constraints that might be imposed on service providers given the current wording in your documentation. We hope that you find our perspectives helpful and constructive, whilst challenging and that this will help you to finalise your position prior to initiating the selection process for the Licensee later on in the summer. Should you have any questions on any of the information contained within our responses please do not hesitate to contact us.

2 RESPONSES TO QUESTIONS 1-14

2.1 Question 1

QUESTIONS		
<table border="1"><tr><td data-bbox="247 573 300 1711">1</td><td data-bbox="300 573 1390 1711"><p data-bbox="311 580 1214 616">Do you agree with the structure and content of parts 1 and 2 of the licence?</p><p data-bbox="311 627 1372 696"><i>broadly supports the structure of Part 1 and 2 of the Licence. In terms of the content Capgemini would like to add that:</i></p><p data-bbox="311 707 403 739">• <i>Part 1</i></p><p data-bbox="311 750 1355 909"><i>Article 4 may need additional clarification as to the exact responsibilities of the licence holder; the current text can be interpreted in a limiting way and it is not clear that this is the intent. As an example it states ... 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The implication of setting up a separate company to fulfil the obligations of the DCC would be significant and believes there are alternative ways of ring fencing the activities of the DCC within an existing company.</i></p><p data-bbox="311 1093 1342 1191"><i>Articles 16-17 allows the government to amend the terms of the licence and believes the licensee should be given some comfort that any additional material costs incurred as a result of those changes would be recoverable.</i></p><p data-bbox="311 1202 410 1234">• <i>Part 2</i></p><p data-bbox="311 1245 1372 1375"><i>Broadly speaking understands the necessity for having conditions for revocation of the licence, although the details of whether a partial revocation should be allowed (as set out in article 2) need further discussion since it may not be viable for the licensee to continue to provide just part of the service;</i></p><p data-bbox="311 1386 1390 1485"><i>Class B Events: further discussion may be needed to understand the intent leading to the constrained notice period related to Class B events and the lack of compensation where significant expense has been incurred by the licence holder.</i></p><p data-bbox="311 1496 515 1527"><i>Class C events:</i></p><ul data-bbox="322 1538 1390 1711" style="list-style-type: none"><li data-bbox="322 1538 1390 1637">• <i>In application of the events listed for the purposes of class C would like to understand the conditions for rectification of any applicable event prior to the execution of a revocation.</i><li data-bbox="322 1648 1390 1711">• <i>You may consider giving further consideration to Article 13; for example it may be the case that the parties may wish to mutually agree to waive the timeframes.</i></td></tr></table>	1	<p data-bbox="311 580 1214 616">Do you agree with the structure and content of parts 1 and 2 of the licence?</p> <p data-bbox="311 627 1372 696"><i>broadly supports the structure of Part 1 and 2 of the Licence. 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2.2 Question 2

Question 2	
2	Do you agree with the proposed list of licence revocation events, in particular do you agree with the inclusion of revocation triggers linked to:
	Yes.
i)	A failure of the DCC to comply with an enforcement notice issued under Section 40 of the Data Protection Act;
	<i>No comment at this time.</i>
ii)	A contravention of the licence condition or statutory requirement in a manner so serious as to make it inappropriate for the licensee to continue to hold the licence;
	<i>No comment at this time.</i>
iii)	A contravention of the independence Condition 9; and
	<i>No comment at this time.</i>
iv)	The licensee no longer being, or never having been, a fit and proper person to carry out the Authorised Activity?
	<i>No comment at this time.</i>

2.3 Question 3

Question 3	
3	Do you agree that the DCC licence should be issued for a fixed-term only?
	<p><i>It is entirely appropriate that the DCC licence be offered for a fixed term. The ability for the Authority to extend the licence for up to six years gives sufficient flexibility to re-let the licence in whatever circumstances prevail. The intention to avoid co-termination of the licence and a major service provider contract will significantly reduce the risks in transition to either a new DCC or new service provider.</i></p> <p><i>A twelve year term enables the DCC to plan investments in such a way as to provide the most commercially attractive proposition. The term reflects the complexity and duration of any subsequent transition to a new licensee.</i></p>

2.4 Question 4

Question 4	
4	<p>Do you have any comments on Chapter 1 of the licence conditions, in particular do you have any comments on the drafting of the definitions?</p> <p><i>At this stage has no comment to make on the drafting of the definitions contained within Chapter 1 of the licence conditions. However we would like to express some reservations regarding the ability of the Secretary of State to amend the DCC licence until 2018, which would obviously be after the initial DCC was appointed. We welcome that these amendments would only be done "with caution and only following discussion with the licensee", but would like to see some protections with regard to the DCC if the amendments resulted in major changes to objectives and/or costs to delivery of the required service.</i></p> <p><i>notes that the Licensee payments to the Authority are based upon various estimated costs together with an adjustment for actual costs in the case of the Competition Commission. It is not clear whether the Authority is able to reset these forecast charges through the term but if they are then the Licensee would require a facility to adjust its charges if the estimated Relevant Costs were to change.</i></p>

2.5 Question 5

Question 5	
5	<p>Do you have any comments on Chapter 2 of the licence conditions, in particular do you have any views on:</p>
i)	<p>The general objectives of the DCC;</p> <p><i>agrees with the general objectives of the DCC as set out in Condition 5 of the draft DCC Licence, however we would like to see greater clarity from DECC when distinguishing between the responsibilities of the Licensee itself and those of the external suppliers e.g. DSP and CSP. Therefore a certain degree of ambiguity has developed from the consultation documentation when reference is made to the DCC in so far as we are at times unsure whether this means the collective community of DCC Licensee, together with the selected external suppliers or whether in fact this is solely referring to the DCC licensee in isolation.</i></p> <p><i>We do also agree that setting out DCC objectives in the DCC licence (rather than in legislation) provides more flexibility, which could be important as the new market arrangements are implemented.</i></p> <p><i>Furthermore, also concurs that the DCC should not have explicit objectives relating to consumers as it will have no direct relationship to them. The general objective (1) implicitly covers consumer interests, which is sufficient in our view.</i></p>
ii)	<p>The way in which the Mandatory and Permitted businesses of the DCC have been constructed;</p> <p><i>considers that the way Mandatory and Permitted businesses of the DCC have been constructed is reasonable. The proposed regulatory threshold for Minimal Services (less than £0.5m turnover per annum in total) appears low. We consider a total figure of £1m per annum to be a better de minimus threshold for regulatory intervention.</i></p>

iii)	The interaction between the mandatory and permitted businesses;
	<p><i>considers it reasonable that the DCC must gain consent from the Authority prior to providing a Value Added Service. However, the interaction between the mandatory and permitted businesses needs further clarification before we can comment fully. At this stage in market development it is reasonable to assume that there may be Value Added Services that do not necessarily reduce the cost of the Mandatory Business. From the drafting it is unclear how these types of Value Added Services would be considered by the Authority. There needs to be scope to have Value Added Services that reduce Mandatory Service costs and Value Added Services that do not (but provide some other benefit).</i></p>
iv)	The proposed general and security controls for the DCC?
	<p><i>The general controls proposed in Condition 7 appear to be broadly acceptable in the current draft, however the requirement to produce Corporate Governance Statements (CSGs) is only feasible where the DCC is a separate company with its own legal identity and ownership structure (which may not be the preferred mechanism by the market for maintaining independence).</i></p> <p><i>The proposed security controls in Condition 8 appear prudent, but given that more detailed obligations are yet to be defined, we cannot comment fully. In addition, we are keen to understand how the Authorised Security Standard will work in practice, including who will issue it and its ongoing governance. We also consider that it will be necessary to have safeguards for the DCC to ensure that security controls remain proportionate over time, and therefore the costs of compliance also remain proportionate.</i></p> <p><i>It should however be noted for completeness with reference to Condition 8 of the Licence that the DCC Licensee can only secure information flows through the services which it is responsible for managing/delivering.</i></p>

2.6 Question 6

Question 6	
6	<p>Do you have any comments on Chapter 3 of the licence conditions, in particular do you have any comments on:</p> <p><i>In response to this section: would like to make a general comment regarding the proposed restrictions on the Licensee.</i></p> <p><i>understands why the Authority would want assurance of independence on the part of the DCC given that part of its role will be to arbitrate as to who is responsible (within SEC Parties and External Service Providers) for errors within the Smart Energy system. As such it understands the need to tie breaches in independence with the revocation provisions but does have concerns about the implications that will result from the establishment of a separate company (which will restrict the use of established group assets and capability) and the requirement to appoint Independent Directors.</i></p> <p><i>It is unclear from the restrictions set out in Condition 9 whether other parts of a service provider group will be able to provide the following services:</i></p> <ol style="list-style-type: none"> <i>1. Operational BPO services including service centres to monitor and manage overall service delivery</i> <i>2. Service analytics, testing and performance management services to ensure effective management of the DSP and CSP and delivery of the agreed KPIs</i> <i>3. Future elective/Value Added services to support field asset deployment e.g. communications hub and or services to support smart metering for Water Utilities or to the non-domestic sector covering broader areas such as energy management and efficiency</i> <p><i>DECC may wish to reconsider the degree to which it proposes to restrict the business activities of the Licensee. The service providers in the market will want to bring capability to bear (without having to go through a competitive tendering process every time) as part of their responsibilities as the Licensee.</i></p> <p><i>Furthermore it is also unclear from the current drafting the degree to which to Licensee will be restricted from providing services outside of SMIP and to the broader market in the UK e.g. home energy management services to consumers via utilities, smart meter deployment managed services to support mass roll-out.</i></p> <p><i>Our current perspective is that the restrictions seem to be broader than we were anticipating prior to the release of the draft licence. We were working on a basic assumption that the only main restriction would be between the core responsibilities of both DSP and CSP as per the ongoing procurement in these areas, this being a delineation of responsibility which we entirely understand and are comfortable with in order to avoid conflict of interest issues. The external perspective is likely to be that if the restrictions on the Licensee are too great that the opportunity will not appeal to the broader market place.</i></p>
i)	<p>the independence requirements of the DCC and the interaction with the revocation provisions;</p> <p><i>We are also concerned that the independence requirements may interfere with the DCC's ability to offer the Authority the best service or solution in all circumstances. We suggest that the Authority considers how the implementation of ethical walls could achieve the same ends.</i></p>

ii)	the broad condition on protection of confidential information;
	<i>No comment at this time..</i>
iii)	the scope and nature of the role of the compliance officer?
	<i>The compliance officer would be in a position to identify how well the constructs outlined I point i) above were working and act accordingly.</i>

2.7 Question 7

7	Do you have any comments on Chapter 4 of the licence conditions, in particular do you have any comments on the drafting of (DCC Licence and Licence Application Regulations consultation)
i)	the transitional obligations on the DCC, possibly as part of a wider transition scheme;
	<p><i>It is essential that the end to end processes are established and agreed as part of the transitional obligations. This would include the following:</i></p> <ul style="list-style-type: none"> <i>Industry processes</i> <i>Service management</i> <i>Accountabilities of participants across supply chain</i> <i>Interim processes and contracts – and plan to migrate to new</i>
ii)	the proposals for how the DCC would set out its future business development objectives;
	<i>The current proposals appear to be reasonable.</i>
iii)	the proposed inclusion of a licence condition that would facilitate future transfer of registration to the DCC?
	<i>This is a prerequisite for successful DCC. Registration should be key part of the DCC scope.</i>

2.8 Question 8

Question 8	
8	<p>Do you have any comments on Chapter 5 of the licence conditions, in particular do you have any comments on:</p> <p><i>notes that the Licensee is expected to take on the contracts of the External Service Providers (CSP and DSP) negotiated by the Government and energy supplier contracts for Foundation Services including communications contracts. has concerns about the appropriateness of the Licensee taking on such contracts (which may be financially significantly larger than its own contract). If it were to take on these contracts in its own right and operate as a Prime Contractor then the liabilities associated with the whole service would in the first instance lie with the Licensee. Whilst the Licensee would attempt to flow these liabilities down to the External Service Providers, the risks inherent in this approach make the business less appealing to potential suppliers.</i></p> <p><i>DECC may wish to consider alternative governance and contracting approaches such as making the Licensee a managing agent rather than a prime contractor. This may provide for a solution with more equitable risks commensurate with the volume of the services provided as a percentage of the whole.</i></p>
i)	<p>The procurement obligations, including the balance between what the DCC must competitively procure and what it may self provide;</p> <p><i>interpretation of 'Relevant Service Capability' includes both the services procured from External Service Providers and the services it provides itself. Paragraph 16.6 would seem to suggest that Part B would apply and therefore would require the Licensee to conduct a competitive procurement exercise even for the services it provides itself. We do not believe this is the intention but it is not clear.</i></p> <p><i>As previously stated in question 6 above, we feel greater clarity is required in defining what services can and can't be provided by other parts of the service providers group.</i></p>
ii)	<p>The most appropriate role, if any, for the Authority in influencing how the DCC should balance various competing public interests, when preparing for future procurements of Fundamental Service Capability;</p> <p><i>We would recommend that the Authority's role in future procurements is not overly prescriptive and that intervention is kept to a minimum. Beyond this we feel that the proposals seem reasonable as drafted.</i></p>
iii)	<p>Do you have any evidence from other sectors about how the public interest is taken into account by regulated bodies when making major procurement decisions;</p> <p><i>No comment at this time.</i></p>
iv)	<p>The obligations on the DCC in relation to provision of services, recognising that these conditions will need to be reviewed in light of a more detailed definition of services; and</p> <p><i>With reference to the earlier comments regarding the lack of clarity around the responsibilities of the parties we are unclear, Part D (provision of communications hubs) is an example of a service understood to be provided by the CSP rather than the</i></p>

	Licensee itself.
v)	The charging methodology provisions, particularly the objectives of the methodology?
	<i>supports the need to have a well defined charging methodology although we do note that the methodology set out in Chapter 9 is extremely complex. It is also noted that the Secretary of State has the right to designate charging methodologies and whilst there is an obligation to consult, the Licensee would be required to comply with any charging methodologies and could conceivably be out of pocket if it was had not agreed to the charging methodology.</i>

2.9 Question 9

9	
9	Do you have any comments on Chapter 6 of the licence conditions, in particular do you have any comments on :
i)	The scope of the SEC as set out in the SEC condition and the SEC objectives;
	<i>The scope of the SEC as currently drafted is consistent with the objectives set out for the DCC (see comments to question 5(i) above). Consequently we agree in principle to the SEC objectives set out in paragraph 4.160. We also agree that there should be no direct consumer objective/s for the SEC, which is consistent with other industry documents that do not deal directly with consumers. In addition, we believe that consumer interests will be sufficiently protected by the existing set of proposed SEC and DCC objectives and the SEC Panel.</i>
ii)	Whether the DCC should have a licence obligation to maintain and keep in force the SEC;
	<i>The DCC must be party to and comply with the SEC and we agree that the DCC is best placed to take on responsibility for the administration, enforcement and evolution of the SEC. However DECC should not underestimate the amount of effort that such an obligation will entail.</i>
iii)	The proposal to allow the Secretary of State to block SEC modifications in the period up to 31 October 2018; and
	<i>We support the proposal for the Secretary of State to be able to block SEC modifications up to end October 2018. This will provide stability, if it is required, of the SEC during the implementation phase of the programme. Arrangements will however need to be set out to enable the SEC Panel and DCC to manage any backlog of SEC modifications that have built up over the period, which could be substantial.</i>

iv)	The way in which interoperability should be addressed through the SEC objectives?
	<i>agrees with the principle that interoperability objectives should be addressed through the SEC. However the processes which govern interoperability are likely to be extremely detailed and need to build on the previous Foundation learning to ensure ongoing interoperability.</i>

2.10 Question 10

Question 10	
10	Do you have particular comments on how best to ensure the consumer interest is met in the SEC Objectives, in particular:
i)	Can you identify any potential scenarios where a modification might be proposed which would be in the interests of consumers but which would not be supported by the objectives set out for the code; and
	<i>It is possible that improvements will be identified to the information provided to consumers on the In-Home Display (IHD). Such a change does not relate to efficient provision, installation or operation of the Smart Metering Systems (first objective). Neither does it constitute innovation and design in the Energy Networks (fourth objective), as the IHD sits outside the networks. None of the other objectives are obviously relevant to this.</i>
ii)	If you think the objectives could be set out to better capture the interests of consumers, as opposed to the proposed approach for SEC objectives to be balanced in the round with due regard for energy consumers' interests, how do you think this could be done?
	<i>A suggested change to the wording of the first objective would be to "facilitate the efficient provision, installation, operation and ongoing usefulness of the Smart Metering Systems at Energy Consumers' premises within Great Britain".</i>

2.11 Question 11

Question 11	
11	Do you have comments on the proposed condition allowing the Authority to put forward code modifications and for this power to be limited to specific areas defined in the SEC?
	<i>No comment at this time.</i>

2.12 Question 12

Question 12	
12	Do you have any comments on Chapter 7 of the licence conditions, in particular do you have any comments on:
	<p><i>notes the various certificates and restrictions set out Condition 24. Whilst these may be appropriate for a Licensee established as a separate company, as previously mentioned, not all potential service providers may be prepared to set up separate companies in which case the requirements of this chapter will need to be re-assessed.</i></p> <p><i>is also unclear as to whether profits made by the DCC are subject to the Restricted Transactions set out.</i></p>
i)	The proposals in relation to financial security, in particular the requirement to provide a performance bond in addition to financial security?
	<p><i>does not see a problem in gaining the undertaking from the Ultimate Controller set out in Part A of Condition 25, though would question the need to renew that undertaking on an annual basis. However does envisage difficulties in securing the required credit ratings set out in Condition 26 if the DCC is a newly established company, particularly if that company is a just a management function which utilises resources from the rest of the service provider group to undertake the services it must provide.</i></p> <p><i>In general the level of financial security required would depend on whether the licensee was operating as a Managing Agent or as a Prime Contractor.</i></p>

2.13 Question 13

Question 13	
13	<p>Do you have any comments on Chapter 9 of the licence conditions, in particular do you have comments on:</p> <p>would like to make some general comments on Chapter 9:</p> <p><i>As a general comment, the price controls set out in Chapter 9 do seem to be very complex. It is obviously the intention of DECC to have all External Service Providers billing the DCC and for the DCC to consequently bill Energy Suppliers. This effectively makes the charges for External Service Providers pass through revenue and therefore potentially subject to additional margin and may complicate the quantification of risk and service credits which are usually based on revenue. It is also noted that the Authority would (under the SEC) have the right to fine the DCC up to 10% of its turnover which under this model would generate a fine that could potentially dwarf its entire revenue. DECC should give further consideration as to whether it is possible for the Licensee to fulfil its function on a Managing Agent basis rather than as a Prime Contractor.</i></p> <p><i>It is inappropriate that, as discussed in para 4.197, the DCC be prevented from procuring 'gold plated' services to protect its KPIs as long as this is done cost effectively and provides value for money. Any such intrusion into how the DCC delivers its services may result in a sub-optimal outcome and blur the demarcation of responsibility. The Authority's and DECC's focus must be on the outcomes of the DCC's activities. It could be argued that 'gold plated' value for money services will be those that best serve the consumer in the long term by assuring the highest possible levels of availability and performance.</i></p> <p><i>The remarks in para 4.198 about limiting service penalties are reasonable in principle; regimes that are over onerous can drive negative supplier behaviour and contribute to further degradation of the service</i></p> <p><i>The KPIs themselves are not an appropriate subject for negotiation as they should reflect a business requirement.</i></p> <p><i>KPIs that could be applied to the DCC itself must reflect its role in taking responsibility for the end to end service. These might then be around managing change without negative impact, implementing and executing processes that contribute to success and driving cost-reduction and innovation throughout the environment.</i></p>
i)	<p>The need for the revenue restriction conditions in the DCC licence to evolve as the DCC's role changes;</p>
	<p><i>As previously mentioned is uncomfortable with the requirement for profits in the Value Add services to be used in reducing the charges for the Mandatory Services and sees this as a disincentive to suppliers to propose Value Add services.</i></p>
ii)	<p>The need to incentivise the DCC to concentrate on achieving programme milestones at the beginning;</p>

	<i>Whilst</i> <i>would be prepared to consider such a mechanism, it does add to the complexity of the pricing model.</i>
iii)	The proposal that the DCC's internal costs should be passed through with a (£/annum margin applied;
	<i>In principle</i> <i>has no objection to operating with this sort of model.</i>
iv)	That incentives on reduction in the DCC's internal costs and on output measures should be applied later;
	<i>It is entirely appropriate that targets for the reduction of the DCC's costs should only be applied later; a period of relative stability is required for all parties to understand the extent to which initial assumptions have changed in practice and the resulting commercial implications. Furthermore, the performance characteristics of and requirements for the DCC's services may change as the deployment of meters progresses.</i>
v)	That the DCC should be subject to an element of bad debt risk unless it takes reasonable measures to recover such debt; and
	<i>understands that part of the role of the Licensee will be to manage the SEC Parties credit cover and the recovery of bad debt on behalf of Government. We believe though that this may potentially expose the Licensee to a debt exposure that could dwarf the profit that it receives for its services (and also dwarf the Allowed Revenue if the payments were channelled directly through the government as may be the case in a Managing Agent solution.</i>
vi)	Particular KPIs that could be applied to the DCC after it starts to deliver services?
	<i>Assuming that this question is referring to the Licensee themselves (as opposed to the DSP or CSP), then the KPIs would need to relate to its performance in managing the overall services and issues that arise.</i>

2.14 Question 14

14	Do you have any comments on Chapter 10 of the licence conditions, in particular do you have any comments on:
i)	The proposed arrangements applying to Management Orders, including the scope of the powers of the Authority in such circumstances;
	<i>understands why DECC would require Management Orders but is concerned that there should be very clear triggers as to when these would be appropriate. Requirement 1 is a clear trigger but Requirement 2 is at the Authority's discretion and should be open to challenge. also believes that a Management Order should have a finite life and where the purpose has not been achieved after a certain time, then termination should be served.</i>
ii)	The arrangements proposed in relation to the Business Handover Plan and the process for resolution of matters between the outgoing and incoming DCC;
	<i>No comment at this time.</i>
iii)	The scope of matters that the Business Handover Plan should provide for;
	<i>No comment at this time.</i>
iv)	The scope of the matters that may need to survive for a period of time to continue to ensure a smooth handover to the DCC's successor and whether the two year timeframe is appropriate; and
	<i>is unsure why It would be necessary for Conditions 21,22,24,25 and 41 to survive the expiry or revocation of the licence.</i>

v)	The proposed approach to Intellectual Property Rights?
	<p><i>understands that the Authority requires all IPR created through the provision of the services to be transferrable to a Successor Supplier. It is however possible that some pre-existing IPR, not specific to the services is also used in providing the services and does not anticipate that this would transfer. The Licence needs to allow for what happens to pre-existing IPR.</i></p>