

**Smart Metering Implementation Programme:
Consultation on the draft DCC Licence and
Licence Application regulations.**

Consultation Reference: URN: 12D/030

Arqiva Response

14 May 2012

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The information in this response is submitted by Arqiva, who are supported by the SmartReach consortium (see www.smartreach.com) and by partners consisting of BT, BAE Systems Detica and Sensus. This group brings together significant expertise and resources in the delivery of nationwide communications systems, technology and leading edge security solutions.

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1 Do you agree with the structure and content of parts 1 and 2 of the licence?

No comment.

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:

- i) A failure of the DCC to comply with an enforcement notice issued under Section 40 of the Data Protection Act;**
- 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;**
- iii) A contravention of the independence Condition 9; and**
- iv) The licensee no longer being, or never having been, a fit and proper person to carry out the Authorised Activity?**

No comment.

3 Do you agree that the DCC licence should be issued for a fixed-term only?

Yes, we agree that the DCC licence should be issued for a fixed term of at least 12 years. We would propose a fixed term of 16 years. This would allow for a 15 year term for the CSP and ensure that any replacement for the DCC and the CSP are not procured at the same time. A term of 15 years for the CSP will increase the time for the CSP to recover initial investment to provide communications services and therefore minimise the annual cost to the DCC and the energy industry. This will increase the likelihood that the level of benefit to Great Britain in the Impact Assessment is achieved.

4 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?

No comment.

5 Do you have any comments on Chapter 2 of the licence conditions, in particular do you have any views on:

- i) The general objectives of the DCC;**
- ii) The way in which the Mandatory and Permitted businesses of the DCC have been constructed;**
- iii) The interaction between the mandatory and permitted businesses;**
- iv) The proposed general and security controls for the DCC?**

We agree that where the DCC provide Value Added Services there is a reduction in the charges the DCC levies in providing Mandatory Business services.

6 Do you have any comments on Chapter 3 of the licence conditions, in particular do you have any comments on:
i) the independence requirements of the DCC and the interaction with the revocation provisions;

- ii) the broad condition on protection of confidential information;
- iii) the scope and nature of the role of the compliance officer?

No comment.

- 7 Do you have any comments on Chapter 4 of the licence conditions, in particular do you have any comments on the drafting of:
- i) the transitional obligations on the DCC, possibly as part of a wider transition scheme;
 - ii) the proposals for how the DCC would set out its future business development objectives;
 - iii) the proposed inclusion of a licence condition that would facilitate future transfer of registration to the DCC?

No comment.

- 8 Do you have any comments on Chapter 5 of the licence conditions, in particular do you have any comments on:
- i) The procurement obligations, including the balance between what the DCC must competitively procure and what it may self provide;
 - ii) 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;
 - iii) 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;
 - iv) 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
 - v) The charging methodology provisions, particularly the objectives of the methodology?

We agree with the proposed charging principles and objectives. We would like to understand the charging methodology to turn this into practice in more detail. DCC has a variety of costs with different cost profiles and differing by region. These costs need to be matched with a wide range of tariffs for services to each category of user with a universal postage stamp obligation in certain cases.

- 9 Do you have any comments on Chapter 6 of the licence conditions, in particular do you have any comments on :
- v) The scope of the SEC as set out in the SEC condition and the SEC objectives;
 - vi) Whether the DCC should have a licence obligation to maintain and keep in force the SEC;
 - vii) The proposal to allow the Secretary of State to block SEC modifications in the period up to 31 October 2018; and
 - viii) The way in which interoperability should be addressed through the SEC objectives?

No comment.

- 10.** Do you have particular comments on how best to ensure the consumer interest is met in the SEC Objectives, in particular:
- iii) 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
 - iv) 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?

No comment.

- 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?

No comment.

- 12.** Do you agree with the proposed rights and obligations relating to smart metering system enrolment set out in this chapter? Please provide your views.

No comment.

- 13.** Do you have any comments on Chapter 9 of the licence conditions, in particular do you have comments on:
- i) The need for the revenue restriction conditions in the DCC licence to evolve as the DCC's role changes;
 - ii) The need to incentivise the DCC to concentrate on achieving programme milestones at the beginning;
 - iii) The proposal that the DCC's internal costs should be passed through with a (£/annum margin applied;
 - iv) That incentives on reduction in the DCC's internal costs and on output measures should be applied later;
 - v) That the DCC should be subject to an element of bad debt risk unless it takes reasonable measures to recover such debt; and
 - vi) Particular KPIs that could be applied to the DCC after it starts to deliver services?

Yes, we agree on the need to incentivise the DCC to concentrate on achieving programme milestones at the beginning to encourage the rollout of smart meters.

- 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;
 - ii) The arrangements proposed in relation to the Business Handover Plan and

the process for resolution of matters between the outgoing and incoming DCC;

iii) The scope of matters that the Business Handover Plan should provide for;

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

v) The proposed approach to Intellectual Property Rights?

No comment.