

Xserve



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Smart Metering Implementation Programme
Regulatory Design Team
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29 May 2012

Dear Sirs

**Smart Metering Implementation Programme:
Consultation on Draft DCC Licence and Licence Application Regulations**

Thank you for the opportunity to respond to the Smart Metering Implementation Programme ("SMIP") consultation in respect of the draft DCC Licence and Licence Application Regulations. We have set out below the key points of our response, and the Appendices to this letter provide detailed responses to specific questions and clarification of certain DCC 'Day 1' arrangements as set out in the consultation document.

We have also provided responses to DECC's parallel consultations in respect of Data Access and Privacy and the Smart Energy Code, which we have submitted to the relevant teams in the Smart Metering Implementation Programme.

Xoserve is not an entity regulated by Licence, nor is it a signatory to any GB energy industry Codes. We have, however, been appointed by the principal Gas Transporters ("the GTs") as their common Agent ("the GT Agent"), responsible for discharging the GTs' Licence and Uniform Network Code ("UNC") obligations in respect of transportation transactional services. We refer to these regulated services collectively as "Agency Services".

Summary

The scope of Agency Services includes a number of services to the GTs and to Gas Shippers that are dependent upon the availability of meter read and meter asset data. These services include, supply point registration services and the change of Gas Supplier process. The planned rollout of Smart Meters does not of itself change the requirement for meter read and meter asset data to be made available to enable these processes to continue to operate. However, future evolution of DCC responsibilities, particularly the take on of "energy registration services", would be expected to

give rise to changes to the regulatory and contractual framework that governs the provision of such services.

The transfer of responsibilities for "energy registration services" would not obviate the need for the GTs to continue to maintain a Supply Point Register necessary for the purposes of operating their Network businesses and providing transportation services to Gas Shippers.

Next Steps

We are already participating in and providing resources to a number of SMIP working groups, including the Business Process Design Group, the Smart Meter Regulation Group that is considering consequential and legacy system changes, and the Foundation Interim Operating Model Group. We are keen to continue to support the SMIP as it moves forward, and would be happy to meet with members of the DECC Smart Metering Team to discuss in more depth any of the matters raised in our response.

We are happy for you to publish this letter and the supporting Appendices. If you would like to discuss further any aspect of our response, please contact

Yours faithfully

**SMART METERING IMPLEMENTATION PROGRAMME
CONSULTATION ON DRAFT DCC LICENCE AND LICENCE APPLICATION REGULATIONS**

APPENDIX 1: DETAILED RESPONSES TO QUESTIONS

Question 7: Do you have any comments on Chapter 4 of the licence conditions; in particular do you have any comments on the drafting of:

- The transitional obligations on the DCC, possibly as part of a wider transition scheme;
- The proposals for how the DCC would set out its future business development objectives; and
- The proposed inclusion of a licence condition that would facilitate future transfer of registration to the DCC?

Context

Xoserve's prevailing responsibilities in its capacity as the GT Agent include the provision of services that discharge GT obligations as set out in Condition 31 of the GT Licence. Services include the maintenance of the GT Supply Point Register ("the Register") that records a number of data attributes for each Supply Point, including the identity of the registered Gas Supplier at each Supply Point. Xoserve updates the identity of the registered Gas Supplier arising from the Supplier switching process, and facilitates this process through the provision of Supply Point information to both the incumbent and proposing Gas Supplier.

Definition of Registration Services

An essential prerequisite to the migration of any regulatory obligation is the determination of a robust, stakeholder supported definition of "registration services". We note that both this consultation document and the Smart Energy Code consultation document contain a number of references to "registration services" and "registration responsibilities" that are inconsistent in their terminology and are in need of tighter definition. We set out below a small number of examples by way of illustration:

- (a) Paragraph 1.9 of this consultation document refers to "meter point and supply point registration responsibilities";
- (b) Paragraph 4.81 of this consultation document refers to "energy registration services"; and
- (c) Paragraph 48 of the Smart Energy Code consultation document refers to both "transfer of meter registration" and "energy registration services".

We consider that clarity regarding which Licence and Code obligations are within the scope of 'registration' is necessary to give effect to detailed changes to industry documentation, and to enable service provider organisations to modify industry systems to reflect the changes in service obligations. We would be happy to offer information and advice in support of a process to develop this clarity.

Transfer of Registration Responsibilities

We understand that Section 15 of the draft DCC Licence Conditions makes provision for the future transfer of “energy registration services” to the DCC, comprising “such services falling within the supply point information service provided under standard condition 31 of the Gas Transporter Licence as relate directly to (i) the provision of supply point information and (ii) the maintenance of a register of technical and other data required by Gas Shippers and Gas Suppliers for change of supplier purposes”.

We recognise that this strategic intent is consistent with previous SMIP proposals for the evolution of the DCC. We would like to take this opportunity to clarify our understanding that the transfer of responsibilities is concerned with the migration from one licensed entity to another of the regulatory obligation to provide registration services, and does not make any presumption about or place any constraint on the means by which such obligations that might be taken on by the DCC would be discharged.

We support the principle that the transfer of registration responsibilities should be the subject of further consultation in due course. We offer below our initial thoughts on some guiding principles that could be used to inform SMIP’s future consideration of this matter:

- (a) The nature of the responsibilities to be transferred should be clearly defined;
- (b) Industry readiness for the transfer of responsibilities should be determined by reference to a set of objective criteria, rather than to a predetermined date;
- (c) Arrangements following the transfer of responsibilities should be those which contribute to the realisation of Smart Metering business case benefits; and
- (d) The service experiences of UNC parties and end consumers should not be adversely impacted during the period of transfer of responsibilities, and should be improved in the period following transfer.

Other Observations on Condition 15

Whilst paragraphs 15.2 and 15.3 effectively set an earliest and latest date for incorporation, we support the provisions of paragraph 15.4 that would require the transfer of responsibilities to be precedent upon tests for “economy, efficiency and effectiveness”.

We support the provisions of paragraphs 15.7 – 15.9 that would require the DCC to consult potentially impacted parties prior to the transfer of “energy registration services”, including those parties with prevailing registration obligations and the “Central Registration Bodies”, including Xoserve.

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CONSULTATION ON DRAFT DCC LICENCE AND LICENCE APPLICATION REGULATIONS**

APPENDIX 2: CLARIFICATION OF DCC DAY 1 ARRANGEMENTS

We note that paragraph 1.9 outlines the scope and nature of the proposed DCC activities and services, including a statement that "initially, the DCC will access existing registration systems as part of its verification of which parties are authorised to access which meters."

We note that this does not reflect the envisaged solution that has been discussed and documented by the Business Process Design Group¹.

Under the envisaged solution, the DCC would not be required to access systems maintained by Xoserve on behalf of the GTs, rather it is expected that:

- (a) On behalf of the GTs, Xoserve would provide an initial data set to the DCC, followed by periodic updates that reflect changes to this initial data set; and
- (b) It would be the responsibility of the DCC to establish and maintain its own database containing this data set (and potentially data from other sources that is required by the DCC but not currently held by Xoserve), against which it would then carry out verification of meter access requests.

We also note that, in order to give effect to the envisaged solution, there may be a requirement for a consequential amendment to the GT Licence and / or to the UNC in order to permit the GTs to make such data available to the DCC.

¹ For further details, please refer to the information pack for Business Process Design Group Meeting 13, in particular the sections that consider the mechanism for enabling access control and the registration data required for access control, including Legacy Functional Requirements 12 - 21