

Smart Metering Implementation Programme – Regulation team
Department of Energy & Climate Change
3 Whitehall Place
London
SW1A 2AW

01 June 2012

Dear Sirs

Smart Energy Code consultation

Thank you for the invitation to respond to the above consultation. As you are aware, Good Energy is a unique small electricity and gas supplier, as we only supply customers with 100% certified renewable electricity, and gas which supports renewable heat. It is our mission to provide a blueprint for the UK to transform itself to a low carbon, 100% renewable economy through the work that we do and the actions of our customers and renewable generators.

For your ease we have responded to the questions asked, expanding where necessary

1. Please provide any comments that you have on the classification of party categories under the SEC.

While we agree with the party categories included for the SEC, we would like to see an involvement from the metering businesses, in particular this should include independent metering businesses.

It will be the metering businesses that will be at the front end of the smart meter rollout, so it appears to be fair and sensible to suggest that metering businesses should also be exposed to the SEC. Although it is suggested that a "supplier hub principle" may handle this, we would advocate that this is not straight forward for smaller suppliers working with independent (un-regulated) metering businesses. For an integrated big 6 energy business this is less of an issue.

Finally we would ask how MAPs will be encouraged to offer equal terms to all suppliers if not beholden to any regulations.

2. Are the requirements of both meter asset providers and meter operators for access to smart metering systems adequately captured in this consultation paper?

Yes, we believe (to the best of our knowledge) that the requirements of the metering services community are met and we encourage the involvement of metering businesses to the code.

3. Do you support the Government's preferred solution to implement a simple variant of Option B whereby the registration of a meter operator in the existing electricity and gas registration systems would be deemed to constitute a nomination by the supplier of that meter operator to act as its agent to perform a specific set of commands?

We would prefer to see metering businesses being asked to accede to the SEC. As we have already stated, the metering businesses will be front facing during the rollout and will get significant benefit from the rollout – and in our opinion they should be bound to the code in the same way as all other involved parties.

4. Should meter operators be given limited participation rights in SEC governance under Options B or C, and if so what rights would be appropriate?

As with our answers to questions 2 & 3, we believe that meter operators should participate in and contribute to the funding of the code.

5. Would you support the tracking of assets being included within the future system requirements for the new registration systems, which are proposed to be provided by the DCC?

As a supply business we have no comment or view on this.

6. Do you agree with the process proposed for accession and the accession time limit?

We are in agreement with the proposed process as long as long as it remains as simple as the proposal lays out. We are mindful and wary of application costs; hopefully these will be reasonable if deemed necessary.

Accession time limits are not a great idea; a number of parties will be ready to participate fully at different times throughout the rollout phase (2014-19). These parties will still want to be privy to the code and the developments (and meetings) that are taking place. It is vital that these parties are included to the code and its governance even if their timescales on rollout (or other business plans) prevent them from becoming fully involved at a later date.

7. Do you agree that once acceded, any SEC Party should be able to participate in the governance of the SEC prior to undertaking any further entry processes?

Yes; as per our answer to question 6, we believe that a party which accedes to the SEC can participate to the governance. Parties who chose to delay full involvement until later in the rollout window should not be prevented from involvement in the governance of a code they will ultimately be bound to.

8. Do you have any views on the company, legal and financial information that should be provided as part of the SEC accession process?

We believe that there should be reasonable checks on new members to the SEC. It is, perhaps, worth considering that many obligated parties will already be acceded to other relevant codes (e.g. the balance and settlement code) and therefore there needs to be assurance that SEC code accession is not too burdensome.

9. Do you agree that Government should not mandate a specific solution for the DCC User Gateway and that Data Service Provider (DSP) bidders should be invited to propose the solution which they consider to be the most effective (such proposals could include the option of extending an existing industry network)?

It should not be for the Government to mandate the solution for the gateway; we would prefer the "experts" in this arena to form the basis of the solution.

10. Do you have any other comments on the Government's proposals for the DCC User Gateway?

We have no further comments on this.

11. Do you agree with the proposed DCC user entry processes?

We agree with the proposed entry processes and feel these are sensible.

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.

On the whole we would agree with the proposed rights and obligations; however we are mindful of the impact upon export suppliers (and the service they may provide to a customer) if the import supplier chooses to remove the metering system from the DCC. These subsequent issues to customer service provision require greater consideration and resolution.

13. Do you agree that the SEC should require, as a condition of enrolment, that the supplier grants the right to the DCC to access its smart metering system for specified purposes?

There should be no issues here as long as the access and use is in line with the "access to data" parameters that are to be set by the Government.

14. Do you agree with the proposed rights and obligations relating to smart metering system withdrawal and replacement of devices?

Our answer to question 12 highlights our concerns upon export suppliers if the import party is different and they make a decision to withdraw/replace devices.

15. Do you agree with the three different types of eligibility to receive core communication services that have been proposed?

We agree to the proposed eligibility levels.

16. **Are you aware of situations where there are two or more importing suppliers in relation to a single smart metering system and if so, where do such situations exist, how many exist and what metering arrangements have been made?**
We are not aware of any situations.
17. **Do you agree that amendments to the set of core communication services should be subject to the standard SEC modification process?**
We believe it is reasonable and correct to expect that any changes/modifications to follow a formal modification process.
18. **Do you agree that SEC Parties should be able to request elective communication services from DCC on either a bilateral or multilateral basis?**
We believe that parties should be able to request the best communication service to suit their business requirement.
19. **Do you agree that the following SEC requirements associated with the provision of core communication services should also apply to elective service provision: DCC user entry processes, technical security requirements, data privacy requirements, financial security requirements and dispute arrangements?**
We agree that SEC requirements for core communication services should also apply to elective service provision.
20. **Do you agree that the SEC should set out mandatory procedures for the provision of an offer of terms for elective communication services by the DCC and with the mandatory procedures proposed? Do you consider that any additional procedures should apply? What do you consider are the appropriate timescales within which an offer of terms should remain open?**
We are happy for parties to be offered terms for an elective service by the DCC. We are not convinced by the need to limit or "timescale" the terms; however if that is deemed necessary then we feel an annual review on the elective requirement is sufficient.
21. **Do you agree that commercially sensitive terms and conditions associated with elective service provision, which might include the type of communication service that is being provided, performance standards associated with the provision of that service and the price associated with that service, should be confidential between the DCC and the party or parties receiving the service unless the party or parties receiving the service consent or unless requested by the Authority pursuant to the DCC Licence?**
There should be transparency on pricing and service provision and we do not believe that making this information confidential will instil confidence in all parties that they are getting the best deals available.
22. **Do you agree that the SEC should contain provisions requiring that the DCC notifies SEC Parties of the timing of the implementation of changes to its systems?**
Yes; this should be considered a standard requirement.
23. **Do you agree that the DCC should only be required to offer terms for elective communication services from a specified date, and if so, what do you consider that date should be?**
An elective communication service should be provisioned as soon as core service provision becomes live. There should be no limitations in front of any party; regardless of when it chooses to use core or elective services.
24. **Do you think that the proposed approach for DCC charging is reasonable?**
We agree that charging should be based on usage volume (as with the data transfer network managed by Eneclink) and by volumes of metering systems registered.
25. **Do you consider that the "pay now dispute later" approach is consistent with the envisaged DCC regime? If you disagree please set out the reasons for your preferred approach.**
We do not agree to the "pay now dispute later" approach. As with any other reasonable billing mechanism, we would expect a window of opportunity to object to an erroneous charge before making any payment. This correctly places the emphasis on the creator of the charges to get things right first time.

Anecdotally a user could receive a charge/invoice for £500k when they would only normally receive an invoice for £20k. This proposal suggests that the user must pay up the £500k and dispute later. This is neither fair nor sensible.

- 26. Do you accept that bad debt should be socialised explicitly within the current charging period across all DCC service users? If you disagree please set out the reasons for your preferred approach.**

We can agree that the bad debt being socialised across all DCC parties; however we do not believe that the DCC itself should be exempt from carrying risk and ultimately should be as liable for paying for the bad debt as all other DCC service users. Without the risk the DCC may not be as selective on what parties use the DCC as it should be.

In the same way that we answered question 24; our view also states that any charging of bad debt should be proportionate to suppliers/users. There should be differentiation between core and elective services; core debt is socialised and elective debt is at DCC risk. We do not believe that suppliers should pick up bills from 3rd parties accessing data and not paying.

- 27. Do you agree with the proposed functions, powers and objectives of the SEC Panel, as set out in Boxes 12A and 12B?**

We have no issues with the proposed functions, powers and objectives of the SEC Panel.

- 28. Do you think that a fully independent panel is the appropriate model for the SEC? Please give reasons for your answer.**

A fully independent panel is the right way to go; however given that the panel will include a high percentage of big 6 energy businesses (not just the supply arm) it is questionable whether that intended independence will transpire.

- 29. Do you agree that the proposed SEC Panel composition set out in Box 12C is appropriate? Please give reasons for your answer, Alternative proposals for the panel composition are welcome.**

As a smaller, independent supplier we are naturally concerned that the proposed panel does not fairly represent the small and independent supplier community. The basis for the panel should not find itself focussing on market share; better to see a fairer representation of supply businesses as a whole.

- 30. Do you agree with the proposed division of voting and non-voting members, and in particular do you believe that the DCC should be a non-voting member in respect of any or all aspects of panel business?**

In line with our views in question 29, we do not believe the current divisions provide a fair representation of small and independent supply businesses.

We would agree that the DCC should be a non-voting member, we also agree that the DCC should play a role in the development and discussion of code governance.

- 31. Do you agree that the proposals for the independence, appointment and term of office of the panel chair are appropriate? Please give reasons for your answer.**

We agree with the proposals.

- 32. Do you agree with the proposed arrangements for panel member elections and appointments?**

In terms of voting we would be opposed to a system based on market share. We agree that one vote per SEC party would be unfair on the basis that some businesses will accede to the SEC under different roles. One vote per corporate group is our preferred solution.

- 33. Do you agree with the proposed rules in respect of proceedings and decision making at SEC Panel meetings?**

We agree with the proposed rules, although we would also suggest that, where necessary, voting should be passed to the wider SEC party audience. This should be the case for anything that may have a contentious or significant impact upon all parties.

34. Which of the two options for remuneration of panel members do you prefer, and why?

Panel members should only be reimbursed for their reasonable costs and expenses that they incur from becoming a member of the panel. This, we would suggest, is in line with other existing panels in the energy industry. We would be uncomfortable creating and endorsing paid roles during a smart meter rollout that will already cost the consumer and the industry millions of pounds.

Consideration should also be taken on how to best encourage small suppliers to participate and ensure that the panel members are from a mixed group of suppliers (and persons) and is not structured around the 'usual' participants. Perhaps smaller parties would be more likely to participate if the role was paid?

Given our views we would propose 'option 1' as the best model for remuneration.

35. Do you think the Code Administrator and Secretariat chosen by the SEC Panel should be contracted through the DCC or through a SECCo?

We would prefer to see the Code Administrator and the Secretariat contracted through the DCC. Our concern with the development of a SECCo is that of additional and unnecessary governance; further complicating the SEC environment.

36. If a SECCo was established what should its funding arrangements, legal structure, ownership and constitutional arrangements be?

We do not support the establishment of a SECCo and therefore cannot offer an opinion on the arrangements to support it. Given that this question asks on the funding, structure, ownership and constitutional arrangements; it highlights the additional layers of governance that would be required to set up a SECCo.

37. Do you have any views on the proposals regarding which parties should be entitled to raise SEC modification proposals?

We have no issues with the proposal. It may also be beneficial to allow parties outside of the SEC to make proposals as long as that proposal is supported and sponsored by a SEC party.

38. Do you have any comments on the proposed standard progression paths for different categories of modification?

No comments to add.

39. Do you have any comments on proposed criteria that the panel would apply to judge whether a proposal is non-material and so to determine which path should be followed?

The proposed criteria are reasonable; assuming that guidance on modification proposals can be given to parties when required.

40. Do you think it is for the panel or for the Authority to decide whether a modification proposal should be considered urgent and determine its timetable?

The decision of urgency should be sat with the Authority following the recommendation of the panel. In all cases the modification raiser and the panel should have the right to appeal a decision.

41. Do you have any views on whether any non-standard modification rules and procedures should apply to any particular parts of the SEC?

We are happy to different rules set for non-standard modification requests. Currently, in the energy market, some modification requests that require urgent implementation can get caught up the cumbersome processes that exist. Where necessary we are keen to see quicker pathways to completion.

42. Do you agree with the proposal that responsibility for making final decisions or recommendations on SEC modification proposals should always rest with the SEC Panel and that this power should not be capable of delegation?

As long as there is a fair and reasonable appeals procedure, we agree with the proposal.

43. Are there any further matters relating to the modification process which you would like to comment on?

We have no further comments to add.

44. Do you agree that the SEC should place certain obligations on the SEC Panel and, possibly, SEC Parties with regard to the production, provision and publication of certain information and reports? If so, what do you believe these should be?

No, we would be wary of additional requirements to provide reporting and information. The level of regulatory reporting is already high and smaller suppliers may struggle to absorb further data and information requests.

45. Are there any particular areas of risk that you believe should be addressed by appropriate compliance/assurance techniques under the SEC?

We do not have any views on other areas of risk.

We would agree with the requirement to monitor and manage compliance to a code. We are not in agreement that failure to fully adhere to a code would present supply businesses with charges, but we do agree that extreme cases of failure may result in expulsion from the SEC.

There will also be issues for smaller supply businesses that have to work with independent (un-regulated) metering businesses; especially in where specific metering equipment is being scrutinised. While these metering businesses do not accede to the code the supplier can only rely on the "supplier hub principle" to enforce compliance – this is not always easy to implement.

46. Do you have any views on the most appropriate governance arrangements for any compliance/assurance framework under the SEC?

Our views are that any arrangements must be simple and aim not to be over-burdensome to smaller suppliers.

47. Do you have views on the options for the creation and enforcement of liabilities between the DCC and service users described in this chapter?

In our view the creation and enforcement of liabilities will add further burden and risk to suppliers; additionally this could deter new entrants to the market place.

48. Do you agree that there should be a cap on liability for specific types of breach between the DCC and service users (including security breaches and physical damage). If so, what do you believe the appropriate level of these caps to be?

We do not agree with liability enforcement through the SEC; however if these are to be in place we would agree to there being a cap. We are unable to comment on what the level of cap should be.

49. Are there any other specific types of liability between the DCC and service users that should be addressed in the SEC? If so, how should these be treated?

We have no further comments to add.

50. Do you have views on the options for the creation and enforcement of obligations and liabilities between SEC Parties (excluding the DCC) described in this chapter?

We would envisage and hope that issues and liability claims are dealt with outside of the SEC.

51. In your view, do any of the potential matters between parties described in this chapter (or any other such matters that you are aware of) merit the inclusion of obligations or liabilities that are directly enforceable between parties under the SEC?

As per our answer to question 50, we would envisage and hope that issues and liability claims are dealt with outside of the SEC.

52. Do you agree that it would generally be preferable to enforce party obligations "centrally", for example through an appropriate compliance or assurance framework under the SEC?

No, we would envisage and hope that issues and liability claims are dealt with outside of the SEC.

53. **Are there any scenarios where you believe that it would be appropriate to allow for cost recovery between parties under the SEC? If so, what form should these arrangements take?**

We have no further comments to add; we would envisage and hope that issues and liability claims are dealt with outside of the SEC.

54. **What types of dispute do you believe might arise under the SEC?**

We have no further comments to add beyond the potential disputes identified in this consultation.

55. **Do you agree with the proposed framework for resolving various different categories of dispute, as outlined in this chapter?**

We are comfortable with the proposed framework.

56. **Do you have any views on the suggested framework for dealing with defaults under the SEC, including the events, consequences and procedures described? In particular, do you agree with the proposed role for the SEC Panel and have any view on what SEC rights or services it would be appropriate to suspend in the event of a default?**

We are in agreement with the proposed role of the SEC panel. Our concern with suspension or expulsion from the SEC is the effect that this may have on consumers and the services that they receive from a suspended or expelled party? If there are to be sanctions brought against parties then the SEC panel need to understand how it could continue to maintain smart services to those customers of the sanctioned party.

57. **Do you agree with the proposed rules and procedures governing withdrawal and expulsion from the SEC described in this chapter?**

We do agree with the proposed rules and procedures described; however, in line with our response to question 56, all parties need to consider how sanctions could affect consumers.

58. **In addition to the proposals above relating to the suggested intellectual property provisions to be included in the SEC, are there any other intellectual property provisions which should be considered for inclusion within the SEC?**

We are not aware of anything to add in addition to what has been proposed through the consultation.

59. **What information should be classified as confidential under the SEC?**

We have no comments to add to this question.

60. **How should a balance be struck between transparency and data publication under the SEC, whilst maintaining confidentiality?**

We have no comments to add to this question.

61. **Please detail those events which you believe would warrant the force majeure provisions being exercised and indicate who should declare a force majeure event.**

We have no comments to add to this question.

62. **Please provide your thoughts on the proposal that the SEC should define a set of contingency business process arrangements and associated service levels/obligations which will apply in the event of a major service failure.**

Our view is that this is a reasonable thing to do and should be considered as a standard business activity.

63. **Please provide your comments on the proposals outlined for the DCC transfer and whether there are any other specific provisions that you suggest need to be covered within the SEC, in addition to the proposed novation agreement for the SEC.**

We have no comments to add to this question.

Thank you for your consideration of our responses. If you have any questions, please do not hesitate to contact me.
Kind regards,