

Department of Energy & Climate Change (DECC)  
Smart Metering Implementation Programme



Response to DECC Consultation  
on the Smart Energy Code

from HP Enterprise Services UK Limited

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## Background - HP

Hewlett-Packard is a technology solutions provider to consumers, businesses and institutions globally. Our offerings span information technology (IT) infrastructure, personal computing and access devices, global services, and imaging and printing.

Hewlett-Packard counts nearly all of the global Fortune100 companies as customers and is proud to serve as the preferred vendor of IT products and services to thousands of large enterprise customers worldwide. The fact that these companies entrust HP to power their critical business operations is testimony to HP's strength as a proven, reliable supplier of enterprise solutions.

In 2008 HP acquired Electronic Data Systems Corporation (EDS) and formed HP Enterprise Services. HP Enterprise Services provides infrastructure technology outsourcing services, applications services, and industry services, including business process outsourcing. HP now provides one of the broadest portfolios of products, services and end-to-end solutions in the technology industry. The combined offerings are focused on helping clients accelerate growth, mitigate risks and lower costs.

HP Enterprise Services leverages the breadth of the HP portfolio and our Best Shore<sup>®</sup> delivery strategy to offer comprehensive IT services to more than 1,000 business and government clients in 90 countries. We have a wide range of clients in the UK and Ireland in the following industries:

- Financial Services
- Healthcare
- Local and Central Government
- Manufacturing
- Retail
- Telecoms/Network Service Providers
- Public Sector

## Introduction

HP welcomes the opportunity to respond to the DECC's consultation on the Smart Energy Code, issued on 5<sup>th</sup> April 2012. We believe that the introduction of smart metering will benefit consumers, suppliers, UK plc and the environment, supporting the transition to a low-carbon economy and helping to provide affordable, secure and sustainable energy.

We have based our response to the consultation on our experience as a leading provider of IT and related services; our 30 years of global experience in the utilities industry; and our understanding as a leading IT supplier to the UK government. We have extensive experience in helping public and private sector organisations improve their operations through advanced technology and business process improvement, in areas which include energy management, privacy, security, safety, customer focus and data transfer services.

We are supporting smart metering programmes for utility clients around the world; have developed deep understanding of the importance of advanced metering infrastructures (AMI) to support the introduction of Smart Grids; and have introduced a Smart Meter Managed Service (SMMS) offering.

As a company, we are a recognised leader in sustainability, providing IT services and solutions - to government and business clients as well as domestic consumers - that improve energy and cost efficiencies, reduce carbon emissions, conserve natural resources and achieve competitive advantage.

Our responses to some of the specific questions raised by DECC, follow.



## Response to Consultation

### HP Responses to Specific Questions

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

**Response:**

The asset managers and installers are service providers to the Suppliers and there are circumstances where they require access to information from DCC in their own right and therefore they should have an opportunity, by invitation, to represent on the SEC panel. The business of MAPs and MOPs are affected by decisions and changes made to the SEC.

Access to similar information from Xoserve is already an accepted practice by Ofgem and it would be sensible and efficient for this access to be provided by the DCC.

This should be the case whether it is via Option-B (Supplier Nominated Agent) or via Option-C (Nominated Meter Party). HP believes MAPs and MAMs need to access meters (via the DCC) for diagnostics etc. Consideration needs to be given to how much such access will cost and how it will be funded.

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

If not, please provide additional details of the requirements and why they are required.

**Response:**

The requirements of both meter asset providers and meter operators for access to smart metering systems, is adequately captured in this consultation paper. HP is in favour of Options B and C, whereby both MAPs and MAMs have a mechanism to access meters, e.g. for preventative maintenance. Where there is a meter problem and a firmware upgrade is required, in order to protect both consumer experience and data integrity, consideration should be given to:

- Request by the Supplier
- Central coordination and scheduling by the DCC DSP

**Question 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?

**Response:**

HP's position is that implementation of a simple variant of Option B is acceptable, but considers that Option C will provide more rigour and additional benefits. Suppliers should take responsibility in its commercial arrangements with its meter parties to restrict access appropriately in line with the services being provided.



**Question 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?

**Response:**

Meter operators should be given limited participation rights in SEC governance under Options B and C. This should be by invitation where such agents have an interest in the matters arising.

**Question 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?

**Response:**

Yes, HP believes that a central asset tracking model, provided by the DCC is the most effective and efficient solution. This will support central coordination of activities such as Firmware upgrade.

**Question 6:** Do you agree with the process proposed for accession and the accession time limit?

**Response:**

Yes, HP agrees with the process proposed for accession and the accession time limit.

**Question 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?

**Response:**

Yes, HP agrees that once acceded, any SEC Party should be able to participate in the governance of the SEC prior to undertaking any further entry processes. This provides for governance across all applicable parties of the further entry processes as well as ensuring all parties are appropriately informed

**Question 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)?

**Response:**

HP believes that the question of mandating a specific DCC User Gateway solution should be determined by DECC and the energy industry.

However HP believes that the DCC User Gateway is best delivered by extending the existing ElectraLink Data Transfer Network (DTN) - as this represents the least cost, least risk solution. HP also believes that the re-engineered DTN now has the flexibility and scalability to meet the needs of the DCC User Gateway.

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

**Response:**

HP believes that flexibility and scalability of end to end processes that are proposed for the DCC can best be achieved by minimising complexity.

By building upon the current ElectraLink DTN, HP believes that the complexity of the resulting end-to-end system will be minimised and implementation risk reduced.

**Question 11:** Do you agree with the proposed DCC user entry processes?

**Response:**

HP agrees with the proposed DCC user entry processes including:

- Demonstrate that it has met the necessary security requirements
- Demonstrate that it can communicate effectively with the DCC
- Demonstrate that it is capable of executing the relevant business processes, and
- Provide any necessary financial security

HP considers that it appropriate to ensure that a SEC Party proves effective communication both physically and logically to ensure there is no degradation of DCC services due to erroneous or invalid data. This includes interface specification and message format.

Further consideration by DECC should be given to the smaller (none Big-6) DCC users and the price of market entry associated with such entry processes.

**Question 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.

**Response:**

HP agrees with the proposed rights and obligations set out in this Chapter.

**Question 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?

**Response:**

HP agrees that the DCC should have the right to access the supplier's smart metering system.



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

**Response:**

Yes, HP agrees with the proposed rights and obligations relating to smart metering system withdrawal and replacement of devices.

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

**Response:**

HP advocates a Type-D for Asset Maintainers/Managers to access maintenance data (such as Battery Condition, WatchDog timeout, etc.).

Consideration should be given to adding 'valve-operations' and other such elements so as to compare with MTBF (Mean Time Between Failure) for components within the Smart Metering Equipment – e.g. for preventative maintenance.

**Question 17:** Do you agree that amendments to the set of core communication services should be subject to the standard SEC modification process?

**Response:**

Yes, HP agrees that amendments to the set of core communication services should be subject to the standard SEC modification process

**Question 18:** Do you agree that SEC Parties should be able to request elective communication services from DCC on either a bilateral or multilateral basis?

**Response:**

Yes, HP agrees that SEC Parties should be able to request elective communication services from DCC on either a bilateral or multilateral basis.

**Question 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?

**Response:**

HP agrees that the SEC should set out mandatory procedures for the provision of an offer of terms for elective communication services by the DCC. Additional procedures may be required depending on agreement of the elective communication services. Once elective services are understood timescales can then be considered.

**Question 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?

**Response:**

HP fully agrees that commercially sensitive terms and conditions associated with elective service provision should be confidential between the DCC and the party or parties receiving the service

**Question 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?

**Response:**

Yes; HP agrees that the SEC should contain provisions requiring that the DCC notifies SEC Parties of the timing of the implementation of changes to its systems. This should be an integral element of the governance framework ensuring no degradation of services across all parties or impact on the end consumer experience.

**Question 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?

**Response:**

HP believes that terms for elective communications services should be offered from a specified date. This date should be set once the DCC service is stable and is widely available to all parties. This is subject to agreement of elective communication services, and completion of Industry and Market Testing and Trialling of such services.

**Question 24:** Do you think that the proposed approach for DCC charging is reasonable?

**Response:**

HP considers the proposed approach for DCC charging to be reasonable.

"From the DCC Licence Commencement Date until DCC Go-Live, the DCC is expected to only recover its own costs and those of the SEC Panel, Secretariat and Code Administrator, with the DCC service providers expected to internalise and capitalise their costs."

In principle HP agrees with this approach whilst suggesting that a mechanism to start the erosion of DCC Service Provider start-up costs as soon as possible will result in a reduced overall cost - due to, for example, less financing - and may be seen by stakeholders as a more cost effective approach to service commencement. Additionally other pre-go-live costs, such as market testing, would benefit from a similar treatment.

HP understands the finance investment associated with this approach and the implication that the DCC's post Go-Live charging regime will be designed to recover all pre-go-live costs, including those of its service providers.

HP has considered the potential for a fixed and variable element for charging with the latter being associated with volume. However, consideration needs to be given to how this is reflected in charging DCC Service Users for the services as volume related charges may be seen as a mechanism that disadvantage lower volume Service Users.

HP agrees that the number of smart metering systems expected to be installed in the current year plus those forecast to be enrolled in the year ahead must be provided, updating such forecast on a quarterly basis (Enduring Services). This requirement is an integral element of cost effective resource and capacity management. Variable charging could be utilised to maintain a level of control of under and over forecasting that is of a relevant "error margin" that could either destabilise the service or have a significant cost impact. During Mass Roll Out monthly install updates should be put in place as part of the governance process.

**Question 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.

**Response:**

Yes; HP does consider that the "pay now dispute later" approach is consistent with the envisaged DCC regime.

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

**Response:**

HP agrees with the proposed functions, powers and objectives of the SEC Panel as set out in Boxes 12A and 12B.

The introduction to this section identifies responsibility for overseeing the day-to-day governance of the code. In support of this management and administration of the SEC a Governance Framework is needed. In addition, an Annual Review or similar would be a useful function to provide a focus for the efficiency of the SEC governance process, the performance and intent of the SEC as well as the SEC panel. This will extend the Annual Report which focuses on the 3 year business plan.

The ability to delegate consideration of matters to working groups and sub-committees or appointed third parties is an essential element to ensure informed decision making by the SEC Panel.

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

**Response:**

HP believes that a fully independent panel is the appropriate model for the SEC as it provides for:

- An efficient unbiased dispute resolution, that will conclude in a timely manner
- Independent consideration that will provide a fair and impartial decision making framework
- Working groups and sub-committees will supplement the information provision process where detailed knowledge and informed consideration is required.
- A perspective that will focus on the SEC and its intent
- An impartial focus on the consumer that is not driven by any specific business need

**Question 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.

**Response:**

HP has no specific response to the composition of the SEC Panel. However, consideration needs to be given to the 4 x large supplier (possibly 2 electricity and 2 gas) representation. Suppliers now provide for "Dual Fuel" and therefore will be representative of both gas and electricity. With such a construct for the panel consideration needs to be given to how an independent view for gas and electricity is achieved, or if it is necessary.

**Question 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?

**Response:**

HP agrees with the proposed division of voting and non-voting members. The DCC should be a restricted voting member in most aspects of panel business, providing for those elements that impact the DCC delivery in line with the SEC code.

**Question 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.

**Response:**

HP considers it appropriate that the tenure of the panel chair should be three years, in line with the proposed three year business planning cycle for the SEC Panel. This provides for the ownership and achievement of the three year business plan as well as a reasonable term to provide continuity. The potential to extend an individual term may be considered as part of an Annual Review (suggested in response to Question 27 above) to provide consistency through any period that may require continuity.



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

**Response:**

HP agrees with the proposed arrangements for panel member elections and appointments.

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

**Response:**

HP agrees with the proposed rules in respect of proceedings and decision making at SEC Panel meetings. In addition to reasonable notice of the dates and agendas of all panel meetings and in the interests of transparency, consideration should also be given to the distribution of agendas, papers and minutes to all interested parties.

HP agrees that a quorum must be agreed for the panel to conduct its business and whilst 50% is reasonable, where the representation has 1 attendee then a replacement is more appropriate than non attendance to ensure a fair distribution of quorum representation.

The provision for other (non-SEC) parties to attend a panel meeting at the invitation of the panel chair is important, whereby such attendance enables effective operation of the SEC panel on specific agenda items.

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

**Response:**

HP agrees that the listed parties should be entitled to raise SEC modification proposals. All modification proposals will be progressed through the appropriate governance and should therefore be addressed in line with the overall purpose of the SEC and not by individual need.

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

**Response:**

The proposed standard progression paths for different categories of modification seem reasonable but will only be effective if the categorisation process is supported by the appropriate policy and procedure. The detailed rules and procedures around the exercise of these processes and decisions must provide the necessary rigour whilst ensuring efficiency of operation of the SEC.

Timely progression is essential to optimise the effectiveness of the SEC and to support any industry change that may result. Impact considerations should be given to other changes in progress and the wider industry implications.

**Question 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?

**Response:**

HP agrees that the criteria the panel would apply to judge whether a proposal is non-material are reasonable. For the consumer consideration should also be given to non-discrimination against any specific consumers as well as "Unlikely to have a material effect on existing or future consumers"

**Question 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?

**Response:**

Yes; the panel or for the Authority should decide whether a modification proposal should be considered urgent and determine its timetable with the support of the appropriate subject matter experts where applicable.

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

**Response:**

Yes; non-standard modification rules and procedures should apply to provide for urgent industry issues that require rapid response.

**Question 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?

**Response:**

Yes; HP agrees 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. SEC modification proposals will always need to be prioritised through controlled governance via the SEC Panel.

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

**Response:**

Consideration should also be given to including the prioritisation of modifications by the SEC Panel. Significantly, such a requirement may be deemed necessary during the initial stages of the implementation and operation of the SEC.

**Question 44:** Do you agree that 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?

**Response:**

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 including:

- Obligations, powers and functions of the SEC Panel
- Authority required information
- Data and information by SEC Parties and appointed Working Groups to
  - the SEC Panel,
  - DCC
  - Other SEC Parties
- Audit, review, compliance and reporting obligations including progress of the Business Plan and an Annual Review.

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

**Response:**

HP's position is that risks should be logged and maintained (in a risk register) and that the risk log should be reviewed on a regular basis as the rollout will be a dynamic process and will require proactive and dynamic responses.

We recommend that as well as reviewing individual risks, the register itself be reviewed and compliance/assurance techniques applied to check that it is fit-for-purpose to trap and deal with all significant risks. Note that there will be risks which develop that have not yet been considered. This should be an ongoing risk management process with clear roles and responsibilities.

**Question 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?

**Response:**

Consideration should be made as to the ownership of IP created individually or jointly by the DSP and the CSPs during the design and build of innovative solutions for meeting the business requirements of the SEC.

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

**Response:**

HP believes that there will be certain aspects of the SEC that relate to the security of the end to end processes, and that these elements should be classified as confidential.



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

**Response:**

The over-riding principle should be to ensure that competition in the market is not negatively impacted through transparency and data publication. This will be supported by appropriate data classification.

**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.

**Response:**

HP believes that a proven and robust business continuity plan should be created to ensure that the impact of a major service failure is minimised. The SEC will have a role in defining the service levels/obligations, but it should be the responsibility of the DSP/CSPs to define the continuity plan and processes as part of their service delivery obligations.

**Question 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.

**Response:**

HP agrees with the proposed rules and procedures governing withdrawal and expulsion from the SEC. Transparency for all interested parties and sufficient notice of a discontinuing party's exit is paramount to the ongoing execution of services under the SEC. Consideration will need to be given, in line with existing industry rules, to the treatment of consumers who may become stranded as a consequence.

