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Direct Dial  
Email

Date: 26 August 2015

Dear Duncan,

**Ofgem's response to the Department of Energy and Climate Change's July 2015 consultation on the new Smart Energy Code content and Related Supply Licence Amendments.**

We welcome the opportunity to respond to your further consultation on the fourth stage of the Smart Energy Code (SEC)<sup>1</sup>. Ofgem regulates the gas and electricity markets in Great Britain. Our principal objective is to protect the interests of existing and future gas and electricity consumers. This regulatory role will include making decisions on whether to approve certain modifications to the SEC.

We recognise the significant amount of work that you have undertaken in preparing the new content of the SEC and that additional material, in particular dealing with many of the technical issues, is being prepared for future consultations. Our comments on specific points arising from the consultation document are set out below.

**DCC Enrolment Mandate**

We support the intent of the Enrolment Mandate. We consider that consumers will benefit from smart metering systems becoming interoperable with the DCC and therefore operable by a new supplier following a change of supplier. The draft licence condition relies on the meter being "capable of being commissioned under the Smart Energy Code". Consideration may need to be given as to how this text will work when the DCC has the facility to enrol SMETS 1 meters.

**Public Key Infrastructure**

We note that the PMA have considered the question as to whether the SMKI Recovery Procedure Guidance Document should be maintained as a SEC subsidiary document or

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<sup>1</sup> The Smart Energy Code is a new industry code which sets out the terms for the provision of smart meter communications services in Great Britain, and specifies other provisions to govern the end-to-end management of smart metering.

controlled by the PMA. We note that the PMA are required to consult on the guidance document they develop. The PMA has representatives of industry sitting on it and a duty to periodically review its document set. This duty should apply to the SMKI Recovery Procedure Guidance Document. On balance we agree with the PMA that this should be under the control of the PMA as the body responsible for managing the recovery process.

### **Appeals of Panel Decisions relating to SMETS non-compliance: SEC Section F3**

We support the introduction of an ability to appeal to Ofgem SEC Panel decisions relating to device non-compliance with the Technical Specifications and any associated remedial plan.

However, we consider that the proposed SEC text should clearly indicate that the policy objective is that disputes under Section F3 are related to devices that have been installed rather than issues that may arise in testing. Whilst this may be inferred from the statement "...a device which is required under the Energy Licences...", the text would benefit from making it explicit that this is referring to an installed device.

### **Further activation of the SEC modification process**

We note that for a transitional period, DECC proposes to retain a leadership role and perform the function of approving modification proposals to the SEC, which will be an Authority role in the enduring framework. The Authority will perform other functions and make certain other decisions during this transitional period. We acknowledge the need for ongoing government leadership during this period, and strongly support DECC's view on the need for role clarity. We look forward to working with DECC to establish effective working arrangements to deliver our respective roles.

Finally, in our response to the SEC consultation in December 2014<sup>2</sup> we noted that the SEC drafting refers to different qualifiers for the scope of the obligations. For example: 'all reasonable steps', 'reasonable endeavours', 'reasonable steps', 'best endeavours', 'endeavour'. We welcome the steps that DECC have taken to commission a review the drafting of requirements in the SEC and working with you on the findings.

If you would like to comment on this response, please contact

Yours sincerely,

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<sup>2</sup>[https://www.ofgem.gov.uk/sites/default/files/docs/2015/01/ofgem\\_response\\_to\\_sec\\_4\\_part\\_1\\_draft\\_20141205\\_2\\_2.pdf](https://www.ofgem.gov.uk/sites/default/files/docs/2015/01/ofgem_response_to_sec_4_part_1_draft_20141205_2_2.pdf)