

Smart Metering Implementation Programme – Product Delivery  
Department of Energy & Climate Change  
Orchard 3, Lower Ground Floor  
1 Victoria Street  
London  
SW1H 0ET



By email

29<sup>th</sup> May 2015

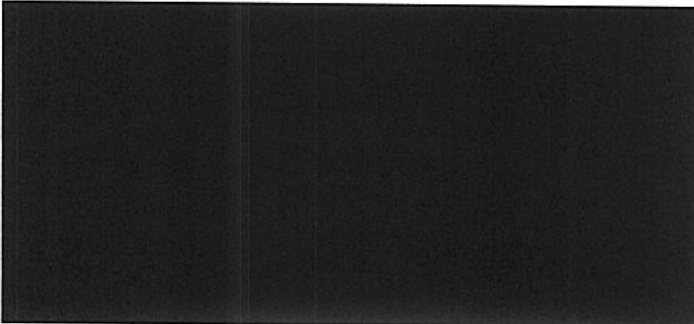
Dear Sir / Madam,

**British Gas response to DECC's consultation on "New Smart Energy Code Content and Related Licence Amendments – March 2015" (URN 15D/019)**

Thank you for the opportunity to respond to the above consultation.

Our detailed responses to DECC's questions are attached in Appendix 1. Please do not hesitate to contact [REDACTED] if you require any further detail on our response.

Yours faithfully



Question 1. Do you have any comments on the additions to the Reported List of Service Provider Performance Measures (Annex E)? Do you have any comments on the revised legal drafting in Section H13 and the proposal to incorporate Section H13 into the SEC towards the end of 2015?

- 1.1 We have no comments on the additions to the Reported List of Service Provider Performance Measures.
- 1.2 However, there are a number of additional reporting metrics that we will require from the DCC. Whilst we don't expect these to be formal performance measures under the SEC they will be of significant importance to us. We do not yet know how additional reporting will be governed and we look forward to working with the DCC, industry and DECC in developing suitable arrangements.
- 1.3 It is not clear from the revised legal drafting that amendments have been made to address SMKI service credits as stated within the consultation document. The proposed amendment to H13.4(d) includes DCC's Internal Costs and we therefore assume that the only applicable internal costs relate to SMKI. However, we request that this is clarified in the Government response document.
- 1.4 We agree with the proposed drafting of H13.6 and that consultation should be with all interested parties rather than just DCC Users.

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Question 2. Do you have any comments on the proposal for the Secretary of State to formally identify the initial Reported List of Service Provider Performance Measures?

- 2.1. We believe the H13 should be incorporated into the SEC at the next available opportunity. Earlier publication does not impact on the DCC but will help to ensure that interested parties are fully aware of the agreed Code Performance Measures and the process for amendments and distribution of Reported List of Service Provider Performance Measures.
- 2.2. We are supportive of the Secretary of State formally identifying the initial Reported List of Service Provider Performance Measures and believe this should, to ensure full transparency, take place as early as possible. This could be prior to the incorporation of H13 into the SEC as the definition, and the publication process, is already stated within the SEC (v4.2).
- 2.3. We believe that there should be an amendment to H13.2 that allows the DCC to propose modifications to the Reported List of Service Provider Performance Measures where it has

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been reasonably requested to do so by an interested party. We would also propose that it be more prudent for such consultations to be carried out by SECAS rather than the DCC.

- 2.4. We assume that any new organisation that becomes a SEC Party after publication of the Reported List of Service Provider Performance Measures will be provided with a copy of the Performance Measures.

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Question 3. Do you agree with the proposal, and associated legal drafting, to extend the scope of User risk management obligations to include systems that are used to secure communications with the DCC?

- 3.1. Yes, we agree with the proposal to extend the scope of User risk management obligations to include systems, such as file signing tokens used for submission of Anomaly Detection Thresholds, which are used to secure communications with the DCC.
- 3.2. We are happy that the revised legal drafting for G5.14 accurately reflects the intent of this proposal.

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Question 4. Do you agree with our proposal to limit DCC's liabilities in all cases to £1 million when breaching confidentiality of sensitive information and to consequentially amend confidentiality markings? Please provide a rationale for your response?

- 4.1 Yes, we agree with the proposal to limit the DCC's liability in all cases to £1 million for any breach of the relevant confidentiality provisions.
- 4.2 We believe that applying such a limit is a proportionate measure. An unlimited liability regime would likely cause subsequent changes to be required to DCC's Service Provider's contracts and a further escalation of cost. The resulting increase in cost may well be considered by the DCC as part of their allowable revenue, forming part of their external cost base, and be chargeable to DCC Users. We therefore believe having liability limited at £1 million for confidentiality breaches strikes the most appropriate balance.
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Question 5. Do you agree that Parties should nominate to the DCC individuals eligible to receive sensitive information marked as 'classified' to be able to receive such information? Please provide a rationale for your response?

- 5.1. We agree that Parties should be able to nominate the individuals eligible to receive information from the DCC marked as classified.
- 5.2. Due to the nature and limited scope of classified information we do not envisage the DCC will need to distribute classified information frequently. We therefore believe it would be appropriate for distribution of such material to be controlled and limited to named individuals. We would expect the DCC and Users, via their contract / relationship manager, to periodically review the list of individuals to ensure its integrity is maintained.

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Question 6. Do you have any comments on the proposed amendment to the drafting in Section M8.6 which reinstates the ability of the Panel to remove a Defaulting Party's right to receive core communication services or local command services, but subject to the consent of the Authority where that Party is acting in the capacity of registered supplier or registered network operator?

- 6.1. We support the proposed amendments to M8.6.
- 6.2. We agree that the Panel should have the ability to suspend services to Other Users when they are in default under the SEC and that this inadvertent omission was the consequence of previous SEC changes.
- 6.3. We also agree that the Panel should consult with the Authority prior to taking any action under M8.6 in relation to a party that is the registered supplier or network operator.

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Question 7. In relation to the proposed licence condition requiring suppliers to take all reasonable steps to secure systems used to communicate with DCC enrolled meters, do you agree with the proposed approach and legal drafting?

- 7.1. We agree that the importance of smart metering security should be reflected within supplier licences. This is consistent with the approach taken for the Data Communications Company (DCC) where the detailed security requirements are included within the SEC.
- 7.2. We understand that the licence drafting is not intended to create additional security requirements over and above those within the SEC and that definitions will be consistent wherever possible.

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- 7.3. We agree that the legal drafting accurately reflects the intent of the proposal. We also support creating these conditions alongside the existing security related licence conditions SLC 40 and SLC 46.
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Question 8. Do you have any comments on the scope for further amendments to each Implementation Due Date and Implementation Milestone Criteria?

- 8.1. We support the proposed changes to the DCC licence. The proposed amendments create the flexibility to allow, or request, the DCC to carry out a review of their remaining Implementation Milestones and Due Dates should the need arise. The ability to do this will be of particular use should there be any further changes to the DCC implementation timescales or if the use of programme contingency has a consequential impact.
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Question 9. Do you have any comments on the amendments to the definition of 'Baseline Margin Implementation Total'?

- 9.1. We support the principle of changing the definition of Baseline Margin Implementation Total (BMIT). Changing the definition, from being based on 'completion of implementation' would help to, provide a degree of clarity and certainty to the DCC's performance regime. The current definition means that Formula A for the BMIPA term could apply until as late as 2018. With the majority of remaining Implementation Milestones due to be completed in 2015 or 2016 this would mean there would be a significant gap prior to Formula B being relevant.
- 9.2. However, we believe changing the BMIT definition to be based on Regulatory Years has a consequential impact. Implementation Milestone 14, and possibly Implementation Milestones 12 and 13, will occur in Regulatory Year 2016/17. Formula A will no longer be applicable and the term BMIPA, that includes all of the Implementation Milestones, will no longer be used for calculating any performance adjustments to the DCC's Allowed Revenue.

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