Energy UK

The voice of the energy industry

Smart Metering Implementation Programme – Product Delivery
Department of Energy & Climate Change
3 Whitehall Place
London, SW1A 1AW

30th March 2016

A Consultation on New Smart Energy Code Content and Related Licence Amendments - February 2016: A Response from Energy UK

Dear Sir/Madam,

ABOUT ENERGY UK

Energy UK is the trade association for the GB energy industry with a membership of over 80 suppliers, generators, and stakeholders with a business interest in the production and supply of electricity and gas for domestic and business consumers. Our membership encompasses the truly diverse nature of the UK's energy industry – from established FTSE 100 companies right through to new, growing suppliers and generators, which now make up over half of our membership.

Our members turn renewable energy sources as well as nuclear, gas and coal into electricity for over 26 million homes and every business in Britain. Over 619,000 people in every corner of the country rely on the sector for their jobs with many of our members providing lifelong employment as well as quality apprenticeships and training for those starting their careers. The energy industry adds £83bn to the British economy, equivalent to 5% of GDP, and pays over £6bn in tax annually to HMT.

EXECUTIVE SUMMARY

Energy UK welcomes the opportunity to respond to DECC's latest consultation document on new and amended content for the Smart Energy Code (the SEC), and associated Licence amendments. There are a number of areas where the overall development of smart metering arrangements have moved on since the initial drafting of the SEC took place, therefore it is sensible to and necessary to make amendments to reflect the latest position for the programme.

There are also some areas where early Government policy thinking set out assumed end-to-end design expectations, but as the overall end-to-end design has evolved, those design expectations may no longer be relevant.

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1
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One of the key concerns in this latest consultation relates to the need to install sizeable external 'high gain' aerials for the SKU3 variant communications hubs in the Central and South CSP regions. Whilst Energy UKs members appreciate there will be challenges in providing SMWAN connectivity to certain geographical areas, any solution needs to be as less-intrusive and disruptive to the end consumer as is possible in order for any solutions to be deemed acceptable.

Any installation of this type of solution will require the express consent of the consumer, and in many cases, consent from the owner of the premises (noting that 36% of all homes within England alone are rented from private of social landlords[1]). The level of additional work required will need to be fully explained to the consumer as part of that consent process, and our members are concerned that there are a number of risks that may not have been considered by the Smart DCC and the CSPs in developing proposals for installing the 'high gain' external aerials. Our response to Question 4 of the consultation below sets out more detail of the concerns raised by our members.

Energy UKs members have also raised concerns relating to the proposals to progress the 'Enduring Change of Supplier' Security Model. With energy suppliers having already built internal systems and processes to facilitate the 'Transitional Change of Supplier' Security Model, any future proposed change to that model will require a significant level of system and process change, all of which will need a positive benefits case to support it. Energy UKs members agree that it will be essential for Government to carry out a full impact assessment, with a cost benefits analysis before being consulted on with all SEC Parties.

In terms of elements that impact energy suppliers' ability to install smart meters as efficiently as possible, the proposals suggesting that premises within a CSPs Network Enhancement Plan be excluded from the current 90-day SLA (where the SMWAN Coverage Checker indicates SMWAN Coverage at a particular premises should be covered, but upon arrival on site SMWAN coverage is not present) are not acceptable. The SMWAN Coverage Checker is a key tool that energy suppliers will rely on in order to maximise efficiency of their installation workforce, and it is essential that the SMWAN Coverage Checker reflects as accurate a picture as is possible at all times. The very use of the word 'Plan' indicates that the CSP has a plan for enhancing its network, and Energy UKs members all agree that any 'Plan' must include a proposed date for completion – and this is the date that should be reflected in the SMWAN Coverage Checker database.

[1] Based on data contained within the 2014/15 English Housing Survey which confirms in 2014-15, 19% (4.3 million) of households were renting privately, while 17% (3.9 million) of households lived in the social rented sector. There was no change in the size of either sector between 2013-14 and 2014-15.

We have provided responses to relevant questions on behalf of our members below. For the avoidance of doubt, Energy UKs members will also respond to the consultation questions on an individual basis accordingly.

If you have any questions, please do not hesitate to contact me on by telephone or
r via email at

Yours sincerely,

Chapter 4 – Communications Hubs:

Question 4: Do you agree with the proposal and associated legal drafting to reflect matters related to the installation and maintenance of Special Installation Mesh Communications Hubs in the SEC? Please provide a rationale for your views.

Energy UK Response:
Energy UKs members have real concerns relating to the proposals surrounding the installation of 'SKU3' variant communications hubs, and the associated installation and maintenance of 'high gain' aerials required to secure SMWAN connectivity.

Whilst Energy UKs members appreciate there will be challenges in providing SMWAN connectivity to certain geographical areas in all CSP regions, any solution needs to be as less-intrusive and disruptive to the end consumer as is possible in order for any solutions to be deemed acceptable. Any installation of this type of solution will require the express consent of the consumer, and in many cases, consent from the owner of the premises. The level of additional work required will need to be fully explained to the consumer as part of that consent process, and our members cannot envisage how this can be achieved without first conducting a tailored site-survey to verify the extent of the additional work required to achieve an effective installation. All of this will add significant time and cost to the SMIP, with no guarantee that consumers or the premises owner will accept the additional level of intrusive work and additional external 'high gain' aerial installation associated with this scenario.

Our members are also concerned that there may be issues relating to Local Authority Planning Permission/Consent that may not have been fully understood by the DCC or the CSP involved. There is a view that in order to install an aerial of the type and size proposed, some, if not all Local Authorities will require a Planning Permission/Consent application to be made due to restrictions with the number of externally installed aerials/antenna allowed on a domestic premises. It is likely that there will not be a consistent approach across the various Local Authorities, adding another layer of complexity and administrative overhead to the SMIP. It is unclear if the DCC and/or CSPs have considered this as part of its development of the solution, and further clarification is essential on this matter. If there are genuine restrictions associated with the installation of aerials to the outside of premises, then consideration is needed on how the Planning Application process is handled and by whom, who pays the costs associated with any application, and solutions for where Planning Permission/Consent is denied. Regardless of any more general restrictions, it is evident that there will be certain premises where the installation of an externally fitted aerial will simply not be allowed – typically in areas identified as Conservation Areas, and premises with a 'Listed Building' status.

On a more general observation regarding the installation of the 'high gain' aerials, it is unclear whether the DCC or CSPs have considered the wider risks associated with such an intrusive level of work involved. Regardless of whether the aerial needs to be install inside of outside of the premises, the installation will result in the need to route the aerial cable from the aerial itself down to the communications hub. In almost every case, our members assume that this will involve the drilling of holes through walls, and this adds a significant risk that unforeseen damage could be caused to the premises. Even with very careful and through planning of this type of work, there will inevitably be instances where unforeseen damage occurs either at the point if installation, or at some point thereafter. It is unclear who will be held accountable in these circumstances, and there is a significant risk that the reputational damage to energy suppliers, and to the SMIP as a whole will be severely impacted. Our members have not seen any evidence that these factors have been considered as arrangements have/are being finalised, and as such, energy suppliers have not yet factored this level of installation complexity into their roll-out planning activity.

There will inevitably be ongoing post-installation issues with the 'high gain' aerials and the proposals appear light in detail in terms of how they will be managed, maintained and accounted for in terms of cost control. For example, it is not clear where the responsibility lies for investing post-installation signal failures bearing in mind the specialist skills required for investigating issues with this type of aerial technology – this is not something energy suppliers or their installers are skilled in. Where such failures occur, a co-ordinated visit between the relevant energy supplier and the CSPs appointed agents will be required in order to gain access to the relevant premises. This will add significant cost to energy suppliers and to the programme as a whole, with no visible cost controls in place to minimise the cost impact on consumers.

Whilst it is apparent from the consultation that the DCC and CSPs have put arrangements in place for the installation of 'high gain' aerials for the SKU3 variant communications hubs, Energy UKs members are not confident that the full range of issues and concerns identified above (in relation to both installation and ongoing maintenance/issue resolution) have been considered and accounted for. With this is mind, the proposals discussed and documented in the consultation cannot be supported at this stage, and we urge further collective work with energy suppliers before any arrangements and SEC provisions are finalised.

Question 5: Do you agree with the proposal and associated legal drafting to reflect matters related to Network Enhancement Plans in the SEC? Please provide a rationale for your views.

Energy UK Response:
Energy UKs members do not support any proposals that provide any exemption from the relevant 90-day SLA to provide SMWAN coverage (where the SMWAN Coverage Checker

indicates coverage should be provided, but upon arriving on site, the installer is unable to connect to the SMWAN) based on there being a CSP Network Enhancement Plan in place.

The SMWAN Coverage Checker has been included as a requirement in the SEC arrangements to provide energy suppliers with a tool to check whether or not SMWAN coverage is expected prior to making an installation visit, with energy suppliers expected to have a strong level of confidence in the results from the SMWAN Coverage Checker 30 days prior to a visit taking place. Therefore if a geographical area is subject to a Network Enhancement Plan, Energy UKs members cannot see any valid reason why the SMWAN Coverage Checker would not be updated to include the CSPs expected date for SMWAN delivery according to its Network Enhancement Plan.

Whilst energy suppliers will carry out checks against the SMWAN Coverage Checker database 30 days prior to a visit being carried out, this is likely to be a 'final check' prior to installation visit arrangements being confirmed with the consumer, however, it must be noted that in the vast majority of cases, the customer journey towards receiving their smart meter/s will have begun much earlier than the 30 day window. If a Network Enhancement Plan materially changes the expected SMWAN coverage for a particular geography in between that customer journey starting and the 30 day window, then energy suppliers will need to re-contact consumers to notify them that their smart meter installation will be delayed. It may also be the case that changes will also impact gas and electricity Network Operators based on the arrangements that have been put in place to obligate energy suppliers to submit detailed roll-out plans to them for operational planning purposes. This could in turn result in SLAs associated with electricity Network Operators rectifying network issues becoming null and void, leaving energy suppliers with uncertainty on when network issues are likely to be resolved. None of the issues raised here will help energy suppliers deliver a good smart experience for their customers, and adds further weight to the need for CSPs to ensure that their Network Enhancement Plans are fully accounted for in the SMWAN Cover Checker database at the earliest opportunity, rather than providing an opportunity to be exempt from the 90 day SLA arrangements.

Chapter 6: Enduring Change of Supplier

This is an area where Energy UKs members believe that the evolving nature of the SMIP means that some aspects of the initially anticipated end-to-end design are no longer appropriate. Whilst all of our members appreciate the initial concerns relating to the Security model, and the decisions that were necessary to put in place the Transitional Change of Supplier (Transitional CoS) model, any move to a different model will need to be justified by an appropriate and positive business case.

Before any further proposals are discussed or progressed, our members believe there needs to be a robust rationale for doing so, with a thorough Cost Benefit Analysis undertaken, and a comprehensive review of any risks and issues of not changing the current Security model. Some of our members are concerned with the additional complexities of running two models at the same time, which could lead to very different experiences for consumers, without any valid reasoning for change. With this in mind, Energy UK would urge Government to begin a process of analysis for change before proposing or deciding on changes to the SEC. As with other elements of the originally anticipated end-to-end design, the overall landscape and architecture has changed and therefore there needs to be a robust case for change in order to ensure maximum cost efficiency for the programme.

Section 7: DCC Additional Support

Question 11: Do you agree with the proposal to extend the scope of H14.33 to allow the DCC to also provide Testing Participants with assistance with issues related to User Systems and Devices and allowing this assistance to be provided during or after testing?

Question 12: Do you have any views on how Additional Support services should be charged for?

Energy UK Response:

Overall, the majority of Energy UKs members agree there is merit in the DCC providing additional support for SEC Parties as they prepare to, or begin using DCCs services. As with any 'supplier to service provider' arrangements, there does need to be an element of 'hand-holding' by the service provider to ensure that any issues identified by the supplier are resolved to ensure services can indeed be taken/provided.

Our members envisage this type of support being more crucial during UEPT or End-to-End Testing activities, where the DCC should be gaining a more detailed knowledge of issues identified by individual SEC Parties interacting with the DCCs systems. However, rather than this type of activity being a chargeable activity, our members agree that this should be a natural BAU 'hand-holding activity' provided on a Free of Charge basis, with only any more complex or specific technical assistance being chargeable on a 'consultancy fee' basis.

On a wider note, Energy UKs members agree that the DCC delivery plan endorsed by the Secretary of State will present challenges for the industry particularly in the execution of user system and device testing and the orchestration required to prove and establish a robust end-to-end smart metering eco system. Energy UK has been engaging with its members to explore (in light of the challenges) how to best support the programme to achieve the successful execution of relevant test phases (SIT, UIT and DCC Live) in a positive and constructive manner. In consultation with our members, we have proposed that a new DCC chaired forum is established to orchestrate test execution and provide confidence across the testing phases providing a platform through which obligated parties can engage

collectively. In order for this forum to be effective, we would suggest the forum is focused solely on Test Execution, and our members agree that this new Forum will be essential for sharing lessons learnt, and providing an expedient issue resolution process.

Chapter 8: Provision of early Testing Services by the DCC

Question 13: Do you agree with the proposal and associated legal drafting to set a mandatory requirement on the DCC to provide a Pre-UEPT service and a GFI service? Please provide a rationale for your views.

Energy UK Response:

Energy UKs members all support the provisions proposed for the DCC to provide the GFI tool, including the enhancements associated with the Gas Proxy Function elements of communication hubs. However, Energy UKs members all agree that the provisions must require the DCC to provide and support the GFI tool on an enduring basis, rather than placing the requirement in the Transitional Section (Section X) of the SEC. GFI is proving to be a valuable tool not only to energy suppliers and device manufacturers, but its use also forms part of the Smart Meter Design Assurance Scheme Operator's testing arrangements. As energy suppliers fully expect to see new devices entering the market in years to come, the GFI tool will continue to be of great benefit to various key stakeholders within the industry beyond the Transitional Period alone, and as such it is essential that the tool is provided and supported on an enduring basis.

Some of Energy UKs members also support the provision of the Pre-UIT service. However, it has to be noted that the success of this service is also determined by the time available for actual 'Service Request' testing, and the number of valid and complete Service Requests supported. In terms of the time available for Service Request testing, it is noted that this has now significantly been reduced as the Service Request testing is only due to commence on 6th May, prior to which, testing is limited to connectivity/'ping' testing. Our members have also noted that in terms of the number of valid and complete Service Requests for Pre-UIT, only 4 Service Requests have been confirmed. This is a significant de-scoping of the expected service suppliers expected to be provided.

Chapter 10: Security

Question 23: In relation to the removal of Manufacturer Release Notes from the CPL and the associated requirements for secure storage, do you agree with the proposed approach and legal drafting?

Energy UK Response:

Energy UK supports the removal of Manufacturer's Release Notes relating to Firmware from the CPL, but the timing of such a removal does need further consideration.

A new SEC Modification Proposal has already been raised for the introduction of a new Central Firmware Library to facilitate energy supplier access to Firmware Images for devices gained on churn, and as part of this proposal, a requirement to host detailed Firmware Release Notes has been included. However, this is only a Modification Proposal at this stage, and this will take time to progress and refine via a dedicated sub-group, with no guarantee that approval from SEC Parties will be secured. With this in mind, it would seem inappropriate to remove Release Notes from the CPL until there is an alternative solution in place.

In terms of the assumed solution for a Central Firmware Library, energy suppliers will need to obtain a secure log-in ID to access Firmware Images, and we have also suggested that due the secure nature of the proposed arrangements, the Library could facilitate the hosting of more detailed Release Notes. This will ensure that energy suppliers can establish the full details of what the new Firmware version includes, what changes are (if any) to device functionality, what (if any) defects are being addressed, and where appropriate, the details of any Security issue being addressed.

Question 25: Do you agree with the proposal to include a definition of Explicit Consent and do you have any comments on the proposed drafting? Please provide a rationale for your views.

Energy UK Response: Energy UKs members are generally supportive of the principle of including a definition of Explicit Consent to ensure equality in regulation across Licensed and non-Licensed SEC Parties, however there is a general concern that the definition as drafted does not go far enough to provide specific guidance to establish common standards and mechanisms that could be applied to all consumers, irrespective of the organisations they choose to work with.

Our members believe that "explicit" permission should be specific in terms of its intended purpose, of the types of data that will be taken, the purposes for which data will be used, the countries that will process or hold the data and whom the data might be shared with. As such, Explicit Consent should represent a consumer's informed consent where they provide a clear affirmative action that can be transparently recorded and audited after the event – as such, there is a concern that this level of detail is missing from the definition as currently drafted in terms of the requirements placed on the relevant SEC Parties.

Our members also agree that the definition of "Explicit Consent" should be aligned to any definitions or guidance issued by the Information Commissioners Office rather than risk ambiguity in data protection by placing a separate and potentially different definition in the SEC.