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MP185

‘Additional controls to support the SoLR process’

Modification Report

Version 1.0

26 October 2021



About this document

This document is a Modification Report. It sets out the background, issue, solution, impacts, costs, implementation approach and progression timetable for this modification, along with any relevant discussions, views and conclusions.

Contents

1. Summary.....	3
2. Issue.....	3
3. Solution	4
4. Impacts	6
5. Costs	7
6. Implementation approach	7
7. Assessment of the proposal	7
Appendix 1: Progression timetable	10
Appendix 2: Glossary	11

This document also has two annexes:

- **Annex A** contains the redlined changes to the Smart Energy Code (SEC) required to deliver the Proposed Solution.
- **Annex B** contains the full responses received to the industry consultation.

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1. Summary

This proposal has been raised by Karen Lee from ESG Global (Energy) Limited.

[MP134A 'Use of SMKI Certificates relating to a SoLR event'](#), was raised to provide protection for consumers in the event of a Supplier of Last Resort (SoLR) situation by giving the Smart Metering Key Infrastructure (SMKI) Policy Management Authority (PMA) power to determine if the revocation of Supplier Certificates in a SoLR situation should be delayed.

The multiple SoLR events of the last few weeks have demonstrated that the intent of MP134A is not able to be fully met by the current solution. It has been identified that following a failing Supplier's Licence being revoked, at the point a SoLR is appointed, the Data Communications Company (DCC) is also currently responsible for the transfer the Market Participant Identifiers (MPIDs) of the failed Supplier to the SoLR. At this point the SoLR would not have completed the Change of Supplier process and therefore would not be able to communicate with the meters. The transfer of the MPIDs results in any Service Requests sent by a Shared Resource Provider (SRP) on behalf of the failed Supplier being rejected regardless of SMKI Certificate status.

The Proposed Solution is to allow the SMKI PMA the authority to delay, where appropriate, the transfer of the MPIDs. The transfer of the MPIDs to the SoLR would need to be agreed with the SMKI PMA and the DCC by the SoLR once they have an agreed set of information.

This modification will incur no DCC System costs, and will impact Suppliers, the DCC and Other SEC Parties, specifically Shared Resource Providers. This is an Authority Determined Modification and implementation is targeted for one Working Day after decision. The Proposer requested and the Authority subsequently agreed this modification should be treated as an Urgent Modification.

2. Issue

What are the current arrangements?

The SoLR process was developed by Ofgem to manage the exit of failed Suppliers from the market where no trade sale or commercial agreement is possible. Once Ofgem revokes the supply Licence of a failing Supplier, the DCC is required by the SEC to revoke the SMKI Certificates of that Supplier.

[MP134A 'Use of SMKI Certificates relating to a SoLR event'](#) was raised to provide protection for consumers in the event of a SoLR situation. There was a concern that a Supplier falling out of the market in a 'disorderly manner' could expose its prepayment consumers to the risk of supply continuity. The Proposed Solution to MP134A was to allow the SMKI PMA to delay the revocation of the SMKI Certificates. This would allow an SRP, on instruction from Ofgem, to put prepayment customers into a 'safe mode' where they would not lose supply if they ran out of credit. The modification was approved by the Authority on 1 October 2021 and implemented on 4 October 2021.

What is the issue?

The multiple SoLR events of the last few weeks have demonstrated that the intent of MP134A is not able to be fully met by the current solution.

The intent of the solution and the accompanying legal text was to ensure that consumers, specifically prepayment consumers, do not lose supply when a Supplier fails. At the point that Ofgem revokes the Supply Licence of a failing Supplier, the DCC is obligated to revoke the SMKI Certificates, meaning that there can be no communications with the Meter to enable top-ups or emergency credit.

The legal text included in SEC Section L16 refers to 'Supplier Certificates'. The definition of Supplier Certificates is *'in respect of a Supplier Party, any Certificate or DCC Key Infrastructure (DCCKI) Certificate for which the Supplier Party is a Subscriber or a DCCKI Subscriber.'*

However, since the drafting of the MP134A legal text, it has been identified that the DCC is responsible for the transfer of the MPIDs. MPIDs are the unique identifiers by which participants (Suppliers, Network Parties, agents etc.) are identified under the Uniform Network Code (UNC) and/or the Balancing and Settlement Code (BSC). When the SoLR has been appointed the MPIDs of the failing Supplier are transferred across to the portfolio of the appointed SoLR. Transferring the MPIDs away from the portfolio of the failed Supplier results in any DCC User Interface Specification (DUIS) Service Requests being sent by an SRP on behalf of the failed Supplier being rejected regardless of SMKI Certificate status.

The DCC is currently transferring MPIDs immediately after the SoLR is appointed by Ofgem. The effect of transferring the MPIDs nullifies any control given to the SMKI PMA in relation to the management of Supplier Certificates. The SEC and the DCC Licence are currently silent on how the DCC should manage the MPIDs in a SoLR situation.

What is the impact this is having?

Recent SoLRs have evidenced that this is a current issue that has already had a direct negative impact on consumers. These impacts are not restricted to consumers with meters operating in prepayment mode.

Impact on consumers

As well as prepayment consumers not being able to be put into a 'safe mode', emergency meter works involving Smart meters are also unable to be completed from a DCC perspective, as access for Meter Operators (MOPs) and Meter Asset Managers (MAMs) also goes through the SRP (where one is appointed). Customers with heating systems controlled by enrolled Smart Metering Equipment Technical Specifications (SMETS) 1 meters are also being impacted.

3. Solution

SoLRs, once appointed, typically use the standard Industry Change of Supplier (CoS) process to transfer customers of the failed Supplier across to their own systems. Even when initiated immediately after a SoLR is appointed, the current CoS process typically takes between two to three weeks to complete.

Once the Central Switching Service (CSS) goes live in Summer 2022, the CoS process is expected to be executed much more quickly. However, the period of Service Level Agreement (SLA) between the SoLR date and when the new Supplier is fully ready to service a consumer means that this service is

still required to be in place. It will also cover the period between the Supplier failure (revocation of the Supply Licence) and the appointment of a SoLR.

Proposed Solution

This modification proposes that additional controls are given to the SMKI PMA to fully deliver the intent of MP134A.

The SMKI PMA will be given the power to delay the timing of the transfer of the MPIDs of the failing Supplier across to the portfolio of the appointed SoLR. To deliver this, the SMKI PMA will need to specifically inform the DCC whether to proceed with the transfer. The timing of both this and the revocation of Supplier Certificates would then be managed by the SMKI PMA in consultation with the appointed SoLR.

Any Anomaly Detection Threshold (ADT) updates and subsequent DUIS requests from the SRP systems would only be initiated following a formal request by the appointed SoLR to the SMKI PMA. Once approved, the SMKI PMA would ask the SRP to complete these tasks. The appointed SoLR would determine what DUIS Service Requests would be required to continue to be sent via SRP systems until such time as it had completed the transfer of metering points and advised the SMKI PMA of such.

Once the SMKI PMA has informed the DCC of the delay in revocation of SMKI Certificates and the Panel has informed the DCC of the delay of the transfer of MPIDs, the DCC will undertake no action in relation to a failed Supplier until further instructed by the Panel and the SMKI PMA. For the avoidance of doubt, the timing of the transfer of MPIDs and revocation of Supplier Certificates may still be immediately at the point the SoLR is appointed. However, it must only be done once the SoLR has confirmed:

- the make-up of the failed Supplier's DCC-enrolled meter estate (including any meters operating in Prepayment mode);
- the availability (if any) of the failed Supplier's employees to undertake any processes in relation to DCC-enrolled metering systems;
- the level of support that the SRP is willing to provide or any required processes it is willing to undertake (in lieu of the failed Supplier);
- any other risk factors, including Device-specific behaviours and potential for emergency meter works; and
- the likely timescales for completion of activities to transfer the metering points to the SoLR's systems.

For further clarification, this modification has no effect on the exist SoLR arrangements under other Codes, including the transfer of MPIDs under the Retail Energy Code (REC), the UNC or the BSC. The extent of this modification is restricted to the activities undertaken by the DCC and its Data Service Provider (DSP) in relation to their roles under the SEC.

Any arrangements between an appointed SoLR and an SRP would not be expected to continue beyond 90 days of the SoLR date.

4. Impacts

This section summarises the impacts that would arise from the implementation of this modification.

SEC Parties

SEC Party Categories impacted			
✓	Large Suppliers	✓	Small Suppliers
	Electricity Network Operators		Gas Network Operators
✓	Other SEC Parties	✓	DCC

Breakdown of Other SEC Party types impacted			
✓	Shared Resource Providers		Meter Installers
	Device Manufacturers		Flexibility Providers

Shared Resource Providers will need to confirm to the SoLR (once appointed) their position on sending Service Requests on behalf of the SoLR.

DCC System

There are no DCC system impacts from this modification.

SEC and subsidiary documents

The following parts of the SEC will be impacted:

- Section A 'Definitions and Interpretation'
- Section B 'Accession'
- Section L 'Smart Metering Key Infrastructure and DCC Key Infrastructure'

The changes to the SEC required to deliver the Proposed Solution can be found in Annex A.

Consumers

Consumers will be protected from disruption to services including supply of energy and emergency meter works.

Other industry Codes

There will be no changes to other industry Codes because of this modification.

Greenhouse gas emissions

There will be no impact on greenhouse gas emissions because of this modification.

5. Costs

DCC costs

There will be no DCC costs to implement this change.

SECAS costs

The estimated Smart Energy Code Administrator and Secretariat (SECAS) implementation cost to implement this as a stand-alone modification is half a day of effort, amounting to approximately £300. This cost will be reassessed if this modification is included in a scheduled SEC Release. The activities needed to be undertaken for this are:

- Updating the SEC and releasing the new version to the industry.

SEC Party costs

There are no SEC Party costs expected to implement this change.

6. Implementation approach

Agreed implementation approach

The Change Sub-Committee (CSC) agreed an implementation date of **one Working Day after decision**.

This is an urgent situation that requires resolution in the fastest possible timescales. This is due to the current market conditions meaning that further SoLR events should be anticipated over the next few weeks, and the need to protect consumers, particularly during the upcoming colder months.

7. Assessment of the proposal

Solution development

Views of the CSC

The CSC was supportive of the Draft Proposal and recommended to the Authority this modification be granted Urgency. The Authority granted this modification Urgent status on 18 October 2021.

A CSC member questioned if there was anything else that was part of the SoLR process that had been missed. SECAS confirmed it did not know of anything else that needed addressing. The DCC also suggested any wider review of the end-to-end process could be picked up under [MP134B 'Use of SMKI Certificates relating to a SoLR event - Part 2'](#).

A CSC member noted that the SEC and the DCC Licence are currently silent on whether the transfer of MPIDs must be completed immediately by the DCC. Therefore, what the Proposer is seeking could be done now without a modification. SECAS acknowledged this point but noted it is important that clarity around this is added to the SEC for future events. The DCC confirmed that it will apply the solution proposed under this modification in the interim.

A CSC member queried the initial proposed wording in SEC Section L16.9 in the legal text that the SMKI PMA **may** direct the DCC not to carry out the transfer. They believed this needed amending to be clear the SMKI PMA will direct the DCC either way, to ensure full clarity. The DCC agreed this change would be beneficial. SECAS has subsequently updated the legal text accordingly.

A CSC member queried whether a transfer of MPIDs could be reversed, if necessary. SECAS believed a recent transfer had been temporarily reversed to allow issues subsequently experienced following the transfer to be resolved.

Views of the SMKI PMA

The SMKI PMA also reviewed the Draft Proposal, and members were supportive of the proposal progressing. The BEIS representative queried whether the power to delay the transfer of MPIDs would sit within the SMKI PMA's remit and considered that this power should be given to the Panel within the SEC. The Panel could then choose to delegate the powers to the SMKI PMA. The SEC Lawyer noted this view but recommended the provision remain with the SMKI PMA for consistency with the other provisions in SEC Section L. The legal text was subsequently left unchanged, placing the responsibility directly onto the SMKI PMA.

Consultation respondents' views

There were four responses received to the industry consultation, all from Large Suppliers. Three believed that the modification should be implemented, and one did not, although it was supportive of the intent of the modification. The concerns raised and the SECAS responses are summarised below, and the full responses can be found in Annex B.

Does this only impact one Supplier?

One respondent highlighted that it had not experienced any such problems following a SoLR and questioned if it was only relevant to one Supplier. However, another respondent confirmed that they too had experienced similar problems with the current system which had caused consumer inconvenience and reputational damage.

Concerns about other consequential problems

One respondent questioned if this change would cause further problems, including any effects on the DCC Charges. SECAS confirmed that during a recent SoLR event the reversal of the transfer of the MPIDs had resolved the issues, therefore the delay of the transfer has not shown to have any further

impacts. The DCC confirmed that charges are levied on the number of meters on each MPID as at the 15th of each calendar month. Therefore, a delay in the transfer of MPIDs beyond the 15th of the month would lead to DCC charges being levied on the failed Supplier rather than the SoLR. The majority of CSC members agreed that the main point of this modification was to ensure the safety and security of supply for consumers and therefore this should not be part of the consideration in deciding if this modification should be implemented or not.

Overview of the process

One respondent highlighted that an overview of the process including how other Codes are affected would be helpful. SECAS confirmed that this was currently in progress, and it has recently presented a draft overview document to the Panel for comment.

Legal text

One respondent believed that the SoLR should be able to determine when the MPIDs would be transferred and thought that this should be more explicit in the legal text. The Proposer and the SEC Lawyer subsequently agreed that this was not necessary and the decision should be made in consultation between the DCC, the SoLR and the SMKI PMA.

SEC Party costs

All respondents agreed that there would be no direct costs to implement this modification. However, one respondent was concerned about SRP charges for potentially a few days of service (as there is unlikely to be a commercial agreement in place). SECAS confirmed that the SoLR can discuss this with the SRP and may decide not to use the SRP service but to instead cancel emergency meter works etc. The SRP would still be required to put prepayment consumers in a safe mode before the transfer of the MPIDs (as per MP134A).

Views against the General SEC Objectives

Proposer's views

SEC Objective (a)¹

The Proposer believes this modification will better facilitate SEC Objective (a) by ensuring that consumers, particularly prepayment consumers, do not lose supply in the event of a disorderly exit of a Supplier from the market and the necessary appointment of a SoLR.

SEC Objective (b)²

The Proposer believes this modification will better facilitate SEC Objective (b) by ensuring the obligations on the DCC are in line with the Proposed Solution.

¹ Facilitate the efficient provision, installation, operation and interoperability of smart metering systems at energy consumers' premises within Great Britain.

² Enable the DCC to comply at all times with the objectives of the DCC licence and to discharge the other obligations imposed upon it by the DCC licence.

Industry views

Industry consultation respondents agreed with the Proposer's view that this change would better facilitate SEC Objective (a). This change will ensure that consumers, particularly prepayment consumers, do not lose supply in the event of a disorderly exit of a Supplier from the market and the necessary appointment of a SoLR. It will also enable specific communication with the Smart devices in a premise in the period between a SoLR being appointed and the CoS being completed.

Views against the consumer areas

Improved safety and reliability

Consumers with meters in pre-payment mode are of particular concern, as supply could potentially lose their supply should their credit run out and their Supplier be unable or unwilling to support continued top-ups. Vulnerable consumers may lose supply; this would be of particular concern over the winter period.

Lower bills than would otherwise be the case

The Modification Proposal is neutral against this consumer benefit area.

Reduced environmental damage

The Modification Proposal is neutral against this consumer benefit area.

Improved quality of service

Consumers with ongoing emergency meter work will have continued support and less inconvenience.

Benefits for society as a whole

The Modification Proposal is neutral against this consumer benefit area.

Appendix 1: Progression timetable

The Proposer requested that this modification be progressed as an Urgent Modification. SECAS agreed with the Proposer's recommendation, noting that if this issue is not resolved quickly any upcoming SoLR events could have a significant commercial impact on Parties and on Consumers, meeting criterion (a) in [Ofgem's guidance on Urgency](#). This issue is also impacting upon the safety of consumers as it may result in loss of supply and loss of function of heating systems. This would meet criterion (b) in Ofgem's guidance. The Authority granted Urgent status on 18 October 2021 and directed the timetable below be followed.

A three Working Day Consultation was issued to gather industry views on this modification and the legal text. The CSC subsequently approved the Modification Report and legal text and passed these directly to the Change Board for vote. The Authority will then make the final decision.

Timetable	
Event/Action	Date
Draft Proposal raised	12 Oct 2021
Ad-hoc CSC meeting to request Urgency from Authority	15 Oct 2021
Authority grants Urgency	18 Oct 2021
Industry consultation	19 Oct – 21 Oct 2021
CSC approves Modification Report and legal text	26 Oct 2021
Change Board Vote	27 Oct 2021
Modification Report issued to Authority for decision	27 Oct 2021
Authority decision (anticipated date)	29 Oct 2021

Appendix 2: Glossary

This table lists all the acronyms used in this document and the full term they are an abbreviation for.

Glossary	
Acronym	Full term
ADT	Anomaly Detection Threshold
BSC	Balancing and Settlement Code
CoS	Change of Supplier
CSC	Change Sub-Committee
CSS	Central Switching Service
DCC	Data Communications Company
DCCKI	DCC Key Infrastructure
DSP	Data Service Provider
DUIS	DCC User Interface Specification
MAM	Meter Asset Manager
MOP	Meter Operator
MPID	Market Participant Identifiers
PMA	Policy Management Authority
REC	Retail Energy Code
SEC	Smart Energy Code
SECAS	Sec Administrator and Secretariat
SLA	Service Level Agreement
SoLR	Supplier of Last Resort

Glossary	
Acronym	Full term
SMETS	Smart Metering Equipment Technical Specifications
SMKI	Smart Metering Key Infrastructure
SRP	Shared Resource Provider
UNC	Uniform Network Code
WD	Working Day