

MP215 ‘Communications Hub Ordering and Forecasting’

Annex A

Business requirements – Version 1.0

About this document

This document contains the business requirements that support the solution for this Modification Proposal. It sets out the requirements along with any assumptions and considerations. The DCC will use this information to provide an assessment of the requirements that help shape the complete solution.

1. Business requirements

This section contains the functional business requirements. Based on these requirements a full solution will be developed.

Business Requirements	
Ref.	Requirement
1	Reduce the obligation on Parties to provide forecasts of their Smart Metering Equipment Technical Specification (SMETS) 2+ Communications Hub Orders to the Data Communications Company (DCC) 24 months in advance of the delivery date.
2	Reduce the allowable variance in quantity of SMETS2+ Communications Hubs between the first binding forecast and the final delivery quantity.
3	Amend the requirements for a compliant Communications Hub Order to reflect the changes introduced by business requirements 1 and 2.

2. Considerations and assumptions

This section contains the considerations and assumptions for each business requirement.

2.1 General

This solution will be applied to SMETS2+ Devices only.

2.2 Requirement 1: Reduce the obligation on Parties to provide forecasts of their SMETS2+ Communications Hub Orders to the DCC 24 months in advance of the delivery date.

The Smart Energy Code (SEC) currently requires Parties to submit Communications Hub Forecasts to the DCC which “cover the period of 24 months commencing with the sixth month after the end of the month in which the forecast is submitted to the DCC”.

Under the Temporary Communications Hub Ordering and Deliver Rules (TCHODR), introduced to mitigate supply chain risks caused by the COVID-19 pandemic and the resulting global disruption, this period was reduced to 12 months to simplify the obligations on Parties and allow greater reactivity to change in the demands of the market. The Proposer noted that under the business-as-usual (BAU) rules Parties are not following the 24-month requirement as they are not incentivised to do so.

The Proposer suggests reducing the obligation on Parties to provide initial forecasts 12 months in advance of the delivery date. Industry feedback on using this 12-month forecast window for BAU rules will be gathered as part of the Refinement Consultation.

2.3 Requirement 2: Reduce the allowable variance in quantity of SMETS2+ Communications Hubs between the first binding forecast and the final delivery quantity.

The SEC currently states that in order to be compliant Communications Hub Orders must be:

- (a) “greater than or equal to the higher of:
 - (i) 50% of the number of Communications Hubs of that HAN Variant forecast for that Delivery Month and Region in the Communications Hub Forecast submitted by that Party in the 10th month prior to the start of the Delivery Month; and
 - (ii) 80% of the number of Communications Hubs of that HAN Variant forecast for that Delivery Month and Region in the Communications Hub Forecast submitted by the Party in the 7th month prior to the start of the Delivery Month; and
- (b) less than or equal to the lower of:
 - (i) 120% of the number of Communications Hubs of that HAN Variant forecast for that Delivery Month and Region in the Communications Hub Forecast submitted by that Party in the 7th month prior to the start of the Delivery Month; and

- (ii) 150% of the number of Communications Hubs of that HAN Variant forecast for that Delivery Month and Region in the Communications Hub Forecast submitted by that Party in the 10th month prior to the start of the Delivery Month.”

The Proposer believes that this level of variance is not providing the certainty required by Communications Service Providers (CSPs) to work to produce Communications Hubs at the final order volume, making it difficult to procure components at the required level in an economical manner.

Under the TCHODR, the allowed level of variance between the initial Communications Hub Forecast and final order quantity for a given delivery month is +/- 20%. The Proposer notes that during the period the TCHODR have been in place no Parties have exceeded this variance. The Proposer suggests that this level of variance is adopted under the BAU rules.

2.4 Requirement 3: Amend the requirements for a compliant Communications Hub Order to reflect the changes introduced by business requirements 1 and 2.

As quoted above, the SEC designates two points in time at which variance between the initial Communications Hub Forecast quantity and the final order quantity may be introduced: 10 months prior to the delivery date (with a variance of +/- 50%) and seven months prior to the delivery date (with a variance of +/- 20%). Order quantities are then locked in at five months prior to the delivery date.

These stipulations would have to be changed to accommodate business requirements 1 and 2. The Proposer suggests that +/- 20% variance should be possible between the initial forecast (12 months prior to the delivery date) and the final order quantity (locked in five months prior to the delivery date).

3. Glossary

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

Glossary	
Acronym	Full term
BAU	business-as-usual
CSP	Communications Service Provider
DCC	Data Communications Company
SEC	Smart Energy Code
SMETS	Smart Metering Equipment Technical Specification
TCHODR	Temporary Communications Hub Ordering and Delivery Rules