MP215 'Communications Hub Ordering and Forecasting'

Annex C

Refinement Consultation responses

About this document

This document contains the full collated responses received to the MP215 Refinement Consultation.

Question 1: Do you agree that the solution put forward will effectively resolve the identified issue?

Question 1				
Respondent	**Category**	**Response**	**Rationale**	**SECAS Response**
British Gas	Large Supplier	Yes	The temporary interim arrangements have worked well, and we agree with them being continued.	-
EDF	Large Supplier	No	Forecasting out further with a reduced level of flexibility will increase the level of certainty for volumes, which should increase the chances of CSPs being able to deliver required volumes. However, it would be untrue to say that this solves that problem in its entirety. Shortfalls and delays are still possible even with the proposed change.	SECAS will note the concern that this won't entirely prevent the possibility of delivery shortfalls/delays and continue to work with the DCC and Supply Chain Working Group to ensure risks are mitigated.
E.ON	Large Supplier	Yes	-	-
OVO	Large Supplier	Yes	However, whilst we support the DCC in their efforts in providing the supply-chain with increased certainty and reduce the risk of under-supply or order deferral, as a supplier we feel like the 12-month binding forecast is a bit too far out and think that perhaps 10 months would be better, but more importantly, the 20% tolerance at month 5 is a bit small, we would prefer a tolerance of 25%-30%.	SECAS has noted the concern that the tolerance may be restrictive and discussed this with the Proposer. The Proposer noted that the tolerance between forecasting and orders is spread across the supply chain and that the DCC works with its Users to deliver order quantities outside of forecast tolerance. In practice this means that if one User orders below its forecast quantity, the difference can be added to

Question 1				
Respondent	**Category**	**Response**	**Rationale**	**SECAS Response**
				another User's order. The Proposer also noted that Users may submit non-standard requests which the DCC will attempt to accommodate.

Question 2: Do you agree that the legal text will deliver MP215?

Question 2				
Respondent	**Category**	**Response**	**Rationale**	**SECAS Response**
British Gas	Large Supplier	-	Not reviewed.	-
EDF	Large Supplier	Yes	Does reflect proposed changes as expected.	-
E.ON	Large Supplier	Yes	-	-
OVO	Large Supplier	Yes	-	-

Question 3: Do you agree with the proposed implementation approach?

Question 3				
Respondent	**Category**	**Response**	**Rationale**	**SECAS Response**
British Gas	Large Supplier	Yes	It seems sensible.	-
EDF	Large Supplier	Yes	No change to how the process is operating as of today.	-
E.ON	Large Supplier	No	The proposed approach does not provide the flexibility that the DCC and Suppliers will need for the following 2 key scenarios 1) End of Life for current 2G/3G Hubs and the transition to 4G 2) End of Mandate and transition into "BAU" replacements and "proactive" 4G hub replacements	The Proposer noted that the 4G transition strategy is not yet decided. MP215 proposes to change the current BAU arrangements for 2G/3G Communications Hubs, and any new rules to introduce flexibility for 4G ordering will have to be developed and agreed with industry as part of the transition strategy design.
OVO	Large Supplier	Yes	-	-

Question 4: Will there be any impact on your organisation to implement MP215?

Question 4				
Respondent	**Category**	**Response**	**Rationale**	**SECAS Response**
British Gas	Large Supplier	No	It will be continuing with the current Temporary Covid arrangements, which we already have processes set up for.	-
EDF	Large Supplier	No	Updated forecasting and modelling is required, however we can implement.	-
E.ON	Large Supplier	Yes	Reprofile internal forecasts	
OVO	Large Supplier	Yes	Increased supply chain certainty	-

Question 5: Will your organisation incur any costs in implementing MP215?

Question 5				
Respondent	**Category**	**Response**	**Rationale**	**SECAS Response**
British Gas	Large Supplier	No costs	It will be continuing with the current Temporary Covid arrangements, which we already have processes set up for.	-
EDF	Large Supplier	No costs	Only time to updating forecasting model(s).	-
E.ON	Large Supplier	No costs	No easily quantifiable costs. The risks of stock obsolesce / running out of stock are very real in relation to End of Life for current 2G/3G Hubs and the transition to 4G, and these costs need further industry consideration and proposal from the DCC	-
OVO	Large Supplier	-	-	-

Question 6: How long from the point of approval would your organisation need to implement MP215?

Question 6				
Respondent	**Category**	**Response**	**Rationale**	**SECAS Response**
British Gas	Large Supplier	No time required	It will be continuing with the current Temporary Covid arrangements, which we already have processes set up for.	-
EDF	Large Supplier	2 days	1 week to ensure that model is updated and reflecting changes.	-
E.ON	Large Supplier	1 month	Internal reprofiling of order forecasts	-
OVO	Large Supplier	Immediately	-	-

Question 7: Do you believe that MP215 would better facilitate the General SEC Objectives?

Question 7				
Respondent	**Category**	**Response**	**Rationale**	**SECAS Response**
British Gas	Large Supplier	Yes	We agree with the Modification Proposal that this would better facilitate General SEC Objectives (a) and (b).	-
EDF	Large Supplier	Yes	More likely to be able to meet delivery requirements as a result.	-
E.ON	Large Supplier	Yes	-	-
OVO	Large Supplier	Yes	-	-

Question 8: Do you believe there will be any impacts on or benefits to consumers if MP215 is implemented?

Question 8				
Respondent	**Category**	**Response**	**Rationale**	**SECAS Response**
British Gas	Large Supplier	No	Neutral. No impact either way, but makes Supply Chain management easier.	-
EDF	Large Supplier	Yes	Increased chances of stock shortages owing to a lack of flexibility, but not deemed a high risk for EDF.	-
E.ON	Large Supplier	No	-	-
OVO	Large Supplier	Yes	Minimal. Increased certainty in the Supply Chain	-

Question 9: Noting the costs and benefits of this modification, do you believe MP215 should be approved?

Question 9				
Respondent	**Category**	**Response**	**Rationale**	**SECAS Response**
British Gas	Large Supplier	Yes	-	-
EDF	Large Supplier	Yes	Minimal cost to implement. It will increase chances of stock shortages through reduced flexibility, but this is outweighed by fact that suppliers will have to take a longer term approach to forecasting (increasing incentive for accuracy), and lower variability in orders meaning higher likelihood of fulfilment of volumes in full.	-
E.ON	Large Supplier	No	This response is based on the fact that whilst this MP215 is fit for purpose for PART of the forecasting and delivery life of CH, further change and consideration is needed to consider the flexibility needed on both DCC and Supplier sides in the following scenarios: 1) End of Life for current 2G/3G Hubs and the transition to 4G 2) End of Mandate and transition into “BAU” replacements and “proactive” 4G hub replacements Whilst we recognise that the proposer points to the reduce forecasting window will be an improvement on the current rules for these scenarios, we feel further flexibility	The Proposer noted that the 4G transition strategy is not yet decided. MP215 proposes to change the current BAU arrangements for 2G/3G Communications Hubs, and any new rules to introduce flexibility for 4G ordering will have to be developed and agreed with industry as part of the transition strategy design. Once solutions to the respondent’s concerns have been agreed as part of the transition strategy, further modifications will likely be raised to deliver the necessary governance.

Question 9				
Respondent	**Category**	**Response**	**Rationale**	**SECAS Response**
			needs to be considered and provided for the following scenarios: How will material delays in delivery of 4G hubs be accommodated in 2025 –will Suppliers be able to order and received large volumes of 2G/3G hubs above the 20% threshold? Without such flexibility or other solutions provided, who is funding the additional volume of future CH replacement costs (or CH scrap costs) of the surplus CH's that Suppliers / industry will have to order to protect smart rollout against 4G CH programme delivery delays, if the programme actually does run to plan or earlier? We would strongly recommended approving MP215 only on the basis that a further MP is raised to consider DCC proposed options on forecasting rules appropriate to this transition period.	
OVO	Large Supplier	Yes	However, see response to questions 1	-

Question 10: Please provide any further comments you may have

Question 10			
Respondent	**Category**	**Comments**	**SECAS Response**
British Gas	Large Supplier	-	-
EDF	Large Supplier	Rules should continue to be temporary and subject to regular review. Supply chain position has already improved. Furthermore, level of forecasting required, and flexibility tolerance level is an outlier compared to meter and PPMID manufacturers that EDF purchases from. Furthermore, 20% flex is very limiting. There are a wide range of factors that can drive volume changes. In particular, levels of interest for smart meters have increases as a result of the cost of living crisis, with early indications suggestion that customer appetite could exceed a 20% increase if the crisis continues.	SECAS has noted the concern that the tolerance may be restrictive and discussed this with the Proposer. The Proposer noted that the tolerance between forecasting and orders is spread across the supply chain and that the DCC works with its Users to deliver order quantities outside of forecast tolerance. In practice this means that if one User orders below its forecast quantity, the difference can be added to another User's order. The Proposer also noted that Users may submit non-standard requests which the DCC will attempt to accommodate.
E.ON	Large Supplier	Please see comments in our response to Q9	-
OVO	Large Supplier	-	-