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MP277 ‘Virtual Gateway Connection’

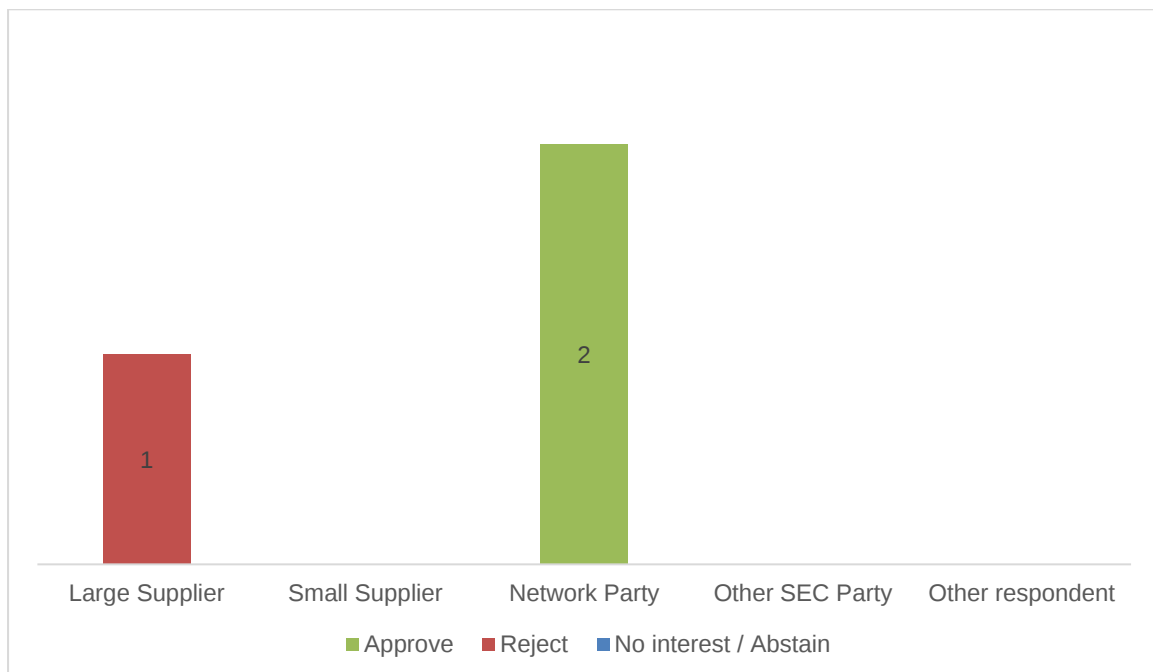
Annex C

Refinement Consultation responses

About this document

This document contains the full collated responses received to the MP277 Refinement Consultation.

Summary of responses



Refinement Consultation

SECAS received three responses to the Refinement Consultation for MP277. One respondent believed that the modification should be rejected, and two respondents believed that the modification should be approved. The respondent who favoured approval considered the modification better facilitated SEC Objectives (a)¹, (d)², (e)³.

¹ facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain.

² facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy.

³ facilitate such innovation in the design and operation of Energy Networks (as defined in the DCC Licence) as will best contribute to the delivery of a secure and sustainable Supply of Energy.

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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 – but with caveats	In principle we are supportive of the introduction of cloud-based connections for DCC adaptors. We think this is the right thing to do and agree with helping to unlock lower cost connectivity for existing DCC users, and a shorter onboarding process for any future new DCC users.	-
UK Power Networks	Network Party	Yes	The proposed solution delivers an option for new DCC Users to request DCC to provide either a physical or a virtual DCC Gateway connection. Also, for existing DCC Users with a physical DCC Gateway connection, it provides an option to migrate to a virtual DCC Gateway connection without charge or contractual penalties.	-
National Grid Electricity Distribution	Network Party	Yes	-	-

Question 2: Do you agree that the legal text will deliver MP277?

Question 2				
Respondent	Category	Response	Rationale	SECAS Response
British Gas	Large Supplier	Not reviewed	-	-
UK Power Networks	Network Party	Yes	The legal text has been appropriately updated to enable the DCC to provide a virtual DCC Gateway connection to DCC Users who wish to choose this option.	-
National Grid Electricity Distribution	Network Party	Yes	-	-

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

Question 3				
Respondent	Category	Response	Rationale	SECAS Response
British Gas	Large Supplier	No	Cloud based connections will be available under the new DSP from 2026, and potentially (according to page 13 in the modification report) from 2025. The TABASC feedback on page 13 of the modification report suggests that the Proposed Solution would only be in place for approximately one year at most. On that basis, using the costs and proposed charging provided in the modification report, we can't find a positive business case.	SECAS – As part of the upcoming DCC DSP re-procurement, the TABASC were advised that virtual functionality would be made available as part of the new DSP. However, SECAS and the DCC have been unable to confirm timelines or verify verbal comments relating to a 2025 implementation, so at present SECAS are working on the assumption this functionality could be made available sometime during 2026 by the incoming new DSP without the implementation of MP277, although no specific dates have been provided to SECAS. DCC – The DCC believe that by enabling cloud connectivity as soon as possible offers more functionality to DCC Users rather than waiting for the new DSP solution which doesn't yet have a defined timescale for implementation.

Question 3				
Respondent	Category	Response	Rationale	SECAS Response
				The DCC aim to protect against any possibility of implementation delays with the DSP by implementing MP277.
UK Power Networks	Network Party	Yes	UK Power Networks agrees to the implementation approach of a Self-Governance modification because it allows for the earliest implementation date of 27 February 2025, or within one working date from approval if after 26 February 2025.	-
National Grid Electricity Distribution	Network Party	Yes	-	-

Question 4: Will there be any impact on your organisation to implement MP277?

Question 4				
Respondent	Category	Response	Rationale	SECAS Response
British Gas	Large Supplier	No	-	-
UK Power Networks	Network Party	No	UK Power Networks will not be immediately impacted by the implementation of MP277 because we already have an operational physical DCC Gateway connection. This will, however, allow UK Power Networks to consider the merits of transitioning to a virtual DCC Gateway connection, should we wish to transfer in the future.	-
National Grid Electricity Distribution	Network Party	No	-	-

Question 5: Will your organisation incur any costs in implementing MP277?

Question 5				
Respondent	Category	Response	Rationale	SECAS Response
British Gas	Large Supplier	No	-	-
UK Power Networks	Network Party	Less than 100k	In the event that UK Power Networks decides to transition from a physical DCC Gateway connection to a virtual DCC Gateway connection, there will be costs incurred from the commissioning of the new virtual DCC Gateway connection and from the decommissioning of the current physical infrastructure and connection.	-
National Grid Electricity Distribution	Network Party	No costs	-	-

Question 6: How long from the point of approval would your organisation need to implement MP277?

Question 6				
Respondent	Category	Response	Rationale	SECAS Response
British Gas	Large Supplier	N/A	-	-
UK Power Networks	Network Party	Circa 12 months	Once MP277 is implemented, UK Power Networks will carry out some analysis as to the benefits of transitioning to a virtual DCC Gateway connection, this will include determining an appropriate timing for any change, the costs that would be incurred and the benefits over a physical DCC Gateway connection. This will allow a decision to be made if we wish to transition from a physical DCC Gateway connection to a virtual DCC Gateway connection.	-
National Grid Electricity Distribution	Network Party	N/A	-	-

Question 7: Do you believe that MP277 would better facilitate the General SEC Objectives?

Question 7				
Respondent	Category	Response	SEC Objective(s)	Rationale
British Gas	Large Supplier	No	N/A	We can see longer term benefits to cloud gateway connections, but not to MP277 which would only be in force for up to 1 year.
UK Power Networks	Network Party	Yes (based on our understanding that the question relates to MP277)	(a), (d) & (e)	We believe MP277 will better facilitate the General SEC Objectives A, D and E by offering a quicker and cost-efficient virtual DCC Gateway connection. This will benefit all DCC Parties, fostering innovation and delivering new services to energy consumers. It also allows current DCC Users to leverage additional functionalities such as higher data throughput, built-in resilience and redundancy.
National Grid Electricity Distribution	Network Party	Yes	(a), (d) & (e)	-

Question 8: Do you believe there will be any impacts on or benefits to consumers if MP277 is implemented?

Question 8				
Respondent	Category	Response	Rationale	SECAS Response
British Gas	Large Supplier	Negative impact on Consumers	It depends on whether consumers were keen to use services during 2025, which can only be delivered if the DCC enacts MP277. We think this is likely to be a very small or negligible segment, as there are a range of competitive services that could provide DCC access on an interim basis if needed. From the other perspective, MP277 would incur costs (funded by Suppliers) that would be shared across all energy consumers. This doesn't seem cost beneficial for consumers.	-
UK Power Networks	Network Party	Yes	There will be a positive impact on consumers through the provision of a virtual DCC connection, as it will allow organisations to relatively quickly establish a cost-effective solution for connecting to the DCC. This will enable the delivery and expansion of their smart technology services to consumers in the energy market.	-
National Grid Electricity Distribution	Network Party	Yes	We believe there will be an impact/benefits to consumers for the reasons stated in the Modification Report.	-

Question 9: Noting the costs and benefits of this modification, do you believe MP277 should be approved?

Question 9				
Respondent	Category	Response	Rationale	SECAS Response
British Gas	Large Supplier	No	On the basis that the MP277 Proposed Solution would only be in place for approximately one year at most, before cloud connections were available through the new DSP, we don't understand the business case. For example, assuming an optimistic scenario where 25 companies (10 existing users, 5 high-usage new users, and 10 low-usage new users) are able to set up virtual connections promptly and then benefit from a full extra early year of cloud connectivity, we still only see benefits of £191k, which is lower than the modification cost of £226k. This optimistic scenario assumes volumes close to the "up to 28 users" referred to on page 10 of the modification report. We are still not clear how many companies would want to set up new cloud connections this promptly, and the true number may be much lower than this. Separately, the £226k would be paid for by suppliers, whereas the majority of the £191k benefits would attribute to new Other Users, who wouldn't be contributing to the modification cost.	SECAS - SECAS acknowledges the comments provided and will ensure these are reflected in future discussions. The intention of the DCC in relation to implementing MP277 ahead of the upcoming DSP re-procurement was to try and support DCC Users in realising potential cost savings as soon as possible. DCC – The DCC have advised they have identified both Large Suppliers and Network Parties who have stated they would look to transition to virtual connectivity as soon as readily available. The DCC have also advised that MP277 will help to prepare for DSP virtual connectivity by implementing the required legal text changes to the SEC as part of MP277.

Question 9				
Respondent	Category	Response	Rationale	SECAS Response
UK Power Networks	Network Party	Yes	UK Power Networks believes that MP277 should be approved because it provides all Parties who wish to establish a DCC connection with two methods for a DCC Gateway. In addition, it will allow existing DCC Users with a physical connection to benefit from a virtual DCC gateway, should they wish to refresh their systems and transition to the newly available technology of online cloud-based platforms and applications. This transition could offer efficient and cost-effective operations for the DCC and its customers.	-
National Grid Electricity Distribution	Network Party	Yes	-	-

Question 10: Please provide any further comments you may have.

Question 10			
Respondent	Category	Comments	SECAS Response
British Gas	Large Supplier	Are details available on how many RDPs have come forward for a virtual connection, following the implementation of MP248 in November 2024? Example 'back of the envelope' calculation based on our understanding of the figures shared in the modification report:	SECAS - SECAS have asked the DCC to provide figures in relation to the number of RDP's who have taken up virtual connectivity since the implementation of MP248 in November 2024. This will be updated into the Modification Report once received. SECAS have also queried whether the Solution is specific to SMETS2 or will account for SMETS1 Devices too. This will be outlined within the Modification Report once confirmed.

Question 10

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		<u>MP277 - example calculation</u> <table><thead><tr><th><u>Exisiting Users</u></th><th><u>£/User</u></th><th><u># of Users</u></th><th><u>£</u></th></tr></thead><tbody><tr><td>Cost of virtual gateway set up</td><td>- 1,700</td><td></td><td></td></tr><tr><td><u>Saving for 12 months gateway (£15,000 - £7,000)</u></td><td><u>8,000</u></td><td></td><td></td></tr><tr><td>Net benefit</td><td>6,300</td><td>x 10 =</td><td>63,000</td></tr></tbody></table> <u>New Users (High usage)</u> <table><tbody><tr><td>Saving on gateway set up (£6,500 - £1,700)</td><td>4,800</td><td></td><td></td></tr><tr><td><u>Saving for 12 months gateway (£15,000 - £7,000)</u></td><td><u>8,000</u></td><td></td><td></td></tr><tr><td>Net benefit</td><td>12,800</td><td>x 5 =</td><td>64,000</td></tr></tbody></table> <u>New Users (Medium usage)</u> <table><tbody><tr><td>Saving on gateway set up (£5,500 - £1,600)</td><td>3,900</td><td></td><td></td></tr><tr><td><u>Saving for 12 months gateway (£9,000 - £6,500)</u></td><td><u>2,500</u></td><td></td><td></td></tr><tr><td>Net benefit</td><td>6,400</td><td>x 10 =</td><td>64,000</td></tr></tbody></table><table><tr><td>Total Benefits</td><td>25</td><td>191,000</td></tr><tr><td>Of which,</td><td>Existing Users</td><td>63,000</td></tr><tr><td></td><td>New Users</td><td>128,000</td></tr></table><table><tr><td>Total Cost of MP277</td><td>226,000</td></tr></table><table><tr><td>Net Benefit (Total Benefits, less Total Cost)</td><td>- 35,000</td></tr></table>	<u>Exisiting Users</u>	<u>£/User</u>	<u># of Users</u>	<u>£</u>	Cost of virtual gateway set up	- 1,700			<u>Saving for 12 months gateway (£15,000 - £7,000)</u>	<u>8,000</u>			Net benefit	6,300	x 10 =	63,000	Saving on gateway set up (£6,500 - £1,700)	4,800			<u>Saving for 12 months gateway (£15,000 - £7,000)</u>	<u>8,000</u>			Net benefit	12,800	x 5 =	64,000	Saving on gateway set up (£5,500 - £1,600)	3,900			<u>Saving for 12 months gateway (£9,000 - £6,500)</u>	<u>2,500</u>			Net benefit	6,400	x 10 =	64,000	Total Benefits	25	191,000	Of which,	Existing Users	63,000		New Users	128,000	Total Cost of MP277	226,000	Net Benefit (Total Benefits, less Total Cost)	- 35,000	
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Respondent	Category	Comments	SECAS Response
		Can you also confirm why the Firewall text on page 3 of this response document refers to SMETS2 only? What is the solution? The Proposed Solution will implement a Virtual Routing & Forwarding (VRF) component and new virtual Firewall for each cloud connected DCC Gateway Party. The Firewall will route traffic between each DCC Gateway Party's VRF and the associated Smart Metering Equipment Technical Specifications (SMETS)2 VRF. The Firewall would only allow a DCC Gateway Party to access the DSP, Trusted Service Provider (TSP), testing environments and Service Now (SNOW).	
UK Power Networks	Network Party	No	-
National Grid Electricity Distribution	Network Party	-	-