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MP215 ‘Communications Hub Ordering and Forecasting’

Modification Report

Version 1.0

21 February 2023



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.

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This document also has three annexes:

- **Annex A** contains the business requirements for the solution.
- **Annex B** contains the redlined changes to the Smart Energy Code (SEC) required to deliver the Proposed Solution.
- **Annex C** contains the full responses to the Refinement Consultation.

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1. Summary

This proposal has been raised by Waseem Fazal from the Data Communications Company (DCC).

The Proposer believes that the current SEC requirements for the forecasting and ordering of Communications Hubs are causing difficulties for the Communications Service Providers (CSPs), as the length of time and the level of variance between submission of forecasts and delivery of Devices do not provide sufficient certainty for the successful procurement and provision of the required Device quantities.

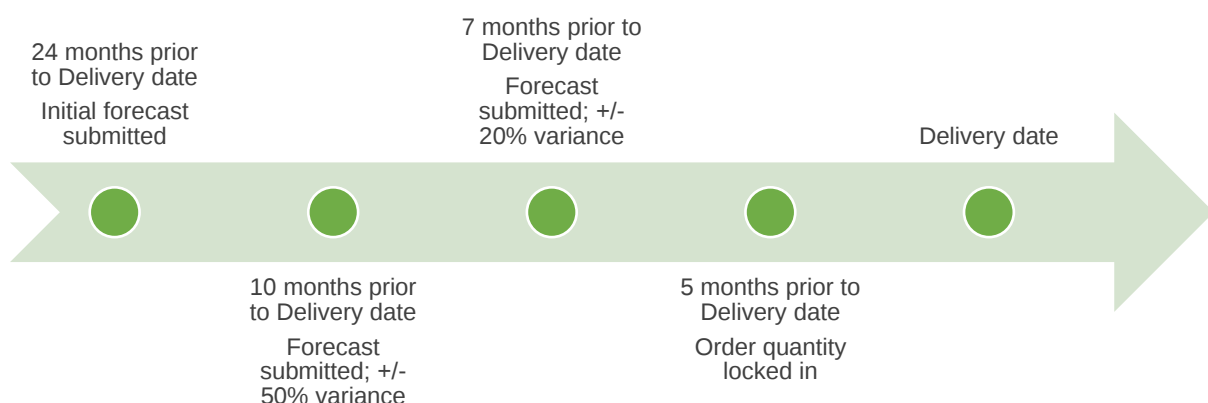
Under the Temporary Communications Hub Ordering and Deliver Rules (TCHODR), introduced to mitigate supply chain risks caused by the COVID-19 pandemic and the resulting global disruption, the forecasting window and allowed level of variance were reduced to simplify the obligations on Parties and allow greater reactivity to change in the demands of the market. This modification seeks to amend the business-as-usual (BAU) rules to adopt aspects of the TCHODR and provide an enduring solution to issues of supply chain risk and the resulting inefficiencies.

This modification will impact the DCC and all SEC Parties that are able to submit Communications Hub Orders to the DCC. The costs will be limited to Smart Energy Code Administrator and Secretariat (SECAS) time and effort to implement the new version of the SEC. This modification is targeted for implementation in the June 2023 SEC Release and will be progressed as a Self-Governance Modification.

2. Issue

What are the current arrangements?

SEC Section F 'Smart Metering System Requirements' details the requirements SEC Parties must adhere to when submitting Communications Hub forecasts and orders. These include (but are not limited to) submitting a forecast 10 months in advance of the delivery date with a variance of $\pm 50\%$ and submitting a forecast seven months in advance of the delivery date with a variance of $\pm 20\%$. The ordering Party is then required to send final confirmation of the order quantity, which must be within these variance levels, to the DCC five months prior to the delivery date.



The SEC also allows for Parties to submit non-compliant orders, which the DCC may amend but which it is required to take all reasonable steps to accommodate.

What is the issue?

CSPs have experienced difficulties in planning for the delivery of Communications Hub orders due to the length of time and high level of variance between forecasting and ordering. Successful delivery includes the procurement of Device components, managing shipments, and the economical and efficient building of Devices. The issue has been exacerbated by ongoing global supply chain issues which has resulted in increased difficulty and lead time to secure components.

Under the TCHODR, introduced to mitigate supply chain risks caused by the COVID-19 pandemic and the resulting global disruption, the forecasting window and allowed level of variance period were reduced to simplify the obligations on Parties and allow greater reactivity to change in the demands of the market. While SEC Section F5.1A allows for the TCHODR, the Proposer believes an enduring solution is required to increase certainty within the supply chain.

This issue relates specifically to Smart Metering Equipment Technical Specification (SMETS) 2 DCC-provided Communications Hubs.

What is the impact this is having?

The ability to produce Communications Hubs at the total order volume required and in an economical manner is negatively impacted. This is because the actual order volume of Communications Hubs required in any given month is difficult to calculate, particularly where the lead time for procuring components exceeds 12 months and when components are scarce.

Impact on consumers

Ongoing instability in the Communications Hub supply chain may contribute to delays in the installation and commissioning of Smart Devices within consumer premises, thereby preventing consumers from realising the benefits of the Smart Metering programme.

3. Solution

Proposed Solution

The Proposed Solution is to introduce aspects of the TCHODR to the BAU rules governing the forecasting and ordering process for SMETS2+ Communications Hubs. This will include:

- reducing the obligation on Parties to provide initial forecasts from 24 months to 12 months in advance of the delivery date;
- reducing the allowed level of variance between the initial Communications Hub Forecast and final order quantity for a given delivery month to $\pm 20\%$; and
- removing the additional requirements for a compliant Communications Hub Order to simplify the process for DCC Users.

The business requirements for this solution are available in Annex A.



Reducing the forecast window

The 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 TCHODR 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 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 to 12 months in advance of the delivery date.

Reducing the level of variance

The SEC currently states that in order to be compliant the number of units in a Communications Hub Orders must be within 50% of the forecast submitted 10 months in advance of the delivery date and within 20% of the forecast submitted seven months in advance of the delivery date.

Under the TCHODR, the allowed level of variance between the initial Communications Hub Forecast and final order quantity for a given delivery month is $\pm 20\%$. 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.

Removing additional requirements

There are currently several forecasting requirements in the SEC which stipulate what Parties must provide to the DCC at different stages of the 24-month forecasting window and what order/forecast quantities will be assumed to be should no forecast be received for a given month. Some of these requirements are no longer relevant due to the reduced forecasting window proposed here.

If a forecast is not received for any given calendar month then it should be assumed to be the same as the previous calendar month. This quantity will then be subject to the $\pm 20\%$ allowed variance for all future forecasts for that delivery month.

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

This modification will impact the DCC and all SEC Parties which are able to order Communications Hubs from the DCC. The impact should be minimal as MP215 proposes to introduce ordering and forecasting rules similar to the TCHODR, which Parties are already using.

DCC System

This modification will have impacts on the Ordering Management Systems (OMSs) of the DCC and the two CSPs. These impacts will be minor and align with the current operation of these systems under the TCHODR.

SEC and subsidiary documents

The following parts of the SEC will be impacted:

- Section F 'Smart Metering System Requirements'

The changes to the SEC required to deliver the proposed solution can be found in Annex B.

Devices

Devices impacted			
	Electricity Smart Metering Equipment		Gas Smart Metering Equipment
✓	Communications Hubs		Gas Proxy Functions
	In-Home Displays		Prepayment Meter Interface Devices
	Standalone Auxiliary Proportional Controllers		Home Area Network Connected Auxiliary Load Control Switches
	Consumer Access Devices		Alternative Home Area Network Devices

While there will be no changes required to the Devices themselves, this modification will help to ensure the process of procuring components used in Device build is given sufficient time to react to changing demands and consequently helping to assure adequate industry stock levels.

Consumers

This modification will have a positive impact on consumers as it will increase certainty in the Communications Hub supply chain, leading to improved ability of Suppliers to deliver on their planned Smart rollout plans.

Other industry Codes

This modification will have no impact on other industry Codes.

Greenhouse gas emissions

This modification will have a positive impact on greenhouse gas emissions as it will allow CSPs the certainty required for long-term planning of efficient component procurement, reducing the frequency and variance in orders and the associated production and shipping activities.

5. Costs

DCC costs

There will be no DCC costs to deliver this modification.

SECAS costs

The estimated SECAS implementation cost to implement this as a standalone modification is half a day of effort, amounting to approximately £300. This cost will be reassessed when combining this modification 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

SEC Parties are not anticipated to incur any costs from the implementation of this modification, as they will be continuing to use the processes they have been using on a temporary basis for the past two years.

6. Implementation approach

Recommended implementation approach

The Change Sub-Committee (CSC) has agreed an implementation date of:

- **29 June 2023** (June 2023 SEC Release) if a decision to approve is received on or before 29 May 2023; or
- **2 November 2023** (November 2023 SEC Release) if a decision to approve is received after 29 May 2023 but on or before 2 October 2023.

This approach is based on a Refinement Consultation respondent stating they would require one month from the point of approval to reprofile their forecasts to the new requirements.

7. Assessment of the proposal

Observations on the issue

SECAS has engaged with the Chairs from the Operations Group (OPSG), the Technical Architecture and Business Architecture Sub-Committee (TABASC), the Security Sub-Committee (SSC) and the Smart Metering Key Infrastructure Policy Management Authority (SMKI PMA) to confirm what input is required from these forums.

The TABASC Chair noted that as CSPs are contracted under the current Communications Hub ordering rules, any benefit that CSPs derive from a change to the rules should be reflected by a benefit to DCC Users. The Proposer believes that the modification will increase assurance of Communications Hub orders being met, allowing Parties to more confidently plan their rollout activities and therefore improving consumer experience. The modification will also simplify the forecasting process which Parties have to follow.

A TABASC member suggested that the effects of this modification on roll-out programmes and transitional behaviour for the sunsetting of 2G/3G Communication Hubs and the introduction of 4G Communications Hubs should also be considered. The Proposer believes that the reduced forecasting window which Parties will have to adhere to will aid them in planning for the transitional period and allow them to react more effectively should those plans need to change.

Solution development

The OPSG Chair suggested that the modification should include requirements for the DCC to provide reporting on a forward-looking basis of supply certainty and on how order quantities were delivered against. Following a demonstration of the existing reporting provided by the DCC for this purpose, it was agreed that this would be adequate pending endorsement by the Supply Chain Working Group (SCWG). The SCWG subsequently voted to endorse the introduction of the enduring changes under this modification.

The Proposer was keen to ensure that the enduring rules being introduced by MP215 were seen as reasonable by industry Parties and has engaged DCC Users to obtain views on this. Discussions between the DCC's Logistics teams and its Users have revealed no issues with the current set of

Managed by

temporary rules being adopted as business-as-usual. Analysis of DCC User forecast and delivery quantities showed a variance of -6% for CSP South & Central and -5% for CSP North, well within the allowed variance of $\pm 20\%$. The Proposer also noted that the TCHODR have been in place since January 2021 and have been shown to work in practise.

One respondent to the Refinement Consultation noted that moving to an initial forecast with 20% variance at 12 months reduces flexibility for Suppliers. 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.

Another Refinement Consultation respondent raised a concern that the Proposed Solution doesn't provide the flexibility required for the transition from 2G/3G to 4G Communications Hubs. The Proposer noted that the 4G transition strategy is not yet decided. This modification 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.

8. Case for change

Business case

The ability to produce Communications Hubs at the total order volume and in an economical manner under the current BAU rules is negatively impacted since the actual order volume of Communications Hubs required in any given month is difficult to calculate, particularly where component lead time exceeds 12 months and when components are scarce. By reducing the length of time and allowed level of variance between the initial order and final delivery quantity, this modification will increase the ability of CSPs to plan for Communications Hub build, including the economic and efficient procurement of components, shipments and production.

Views against the General SEC Objectives

Proposer's views

The Proposer believes that this modification will better facilitate SEC Objective (a)¹ and (b)².

SEC Objective (a)

Reducing risk in the supply chain of Communications Hubs and their critical components allows Device procurement to operate more efficiently and provides assurance to DCC Users on stock levels so that they can effectively plan installations.

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

² Enable the DCC to comply at all times with the General Objectives of the DCC (as defined in the DCC Licence), and to efficiently discharge the other obligations imposed upon it by the DCC Licence.

SEC Objective (b)

Reducing the allowed variance between initial forecasts and final quantities for Communications Hub orders reduces the risk that the DCC or the CSP will not be able to procure the necessary Device components in the timescales expected of them.

Industry views

All four respondents to the Refinement Consultation agreed that this modification better facilitated SEC Objectives (a) and (b).

Views against the consumer areas

Improved safety and reliability

This modification will be neutral against this consumer area.

Lower bills than would otherwise be the case

This modification will be neutral against this consumer area.

Reduced environmental damage

This modification will have a positive impact on reducing environmental damage. Increased certainty of required production levels and transportation allows for more economic and ecological planning in the supply chain.

Improved quality of service

This modification will have a positive impact on quality of service. Parties will be more able to stick to projected Smart rollout timelines, thereby reducing the frequency of cancelled appointments and improving the consumer experience.

Benefits for society as a whole

This modification will be neutral against this consumer area.

Appendix 1: Progression timetable

On 21 February 2023 the CSC approved this modification for progression to the Report Phase. SECAS will issue a Modification Report Consultation before presenting to the Change Board on 29 March 2023 for the final vote under Self-Governance.

Timetable	
Event/Action	Date
Draft Proposal raised	9 Aug 2022
Presented to CSC for initial comment	16 Aug 2022
CSC converts Draft Proposal to Modification Proposal	20 Sep 2022
Modification discussed with the Working Group	7 Dec 2022
Modification discussed with the OPSG	13 Dec 2022
Modification discussed with the SCWG	5 Jan 2023
Refinement Consultation	5 Jan 2023 – 25 Jan 2023
Modification Report approved by CSC	21 Feb 2023
<i>Modification Report Consultation</i>	<i>22 Feb 2023 – 15 Mar 2023</i>
<i>Change Board Vote</i>	<i>29 Mar 2023</i>

Italics denote planned events that could be subject to change

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
BAU	business-as-usual
CSC	Change Sub-Committee
CSP	Communications Service Provider
DCC	Data Communications Company
OMS	Ordering Management System
OPSG	Operations Group
SCWG	Supply Chain Working Group
SEC	Smart Energy Code
SECAS	Smart Energy Code Administrator and Secretariat
SMETS	Smart Metering Equipment Technical Specification
SMKI PMA	Smart Metering Key Infrastructure Policy Management Authority
SSC	Security Sub-Committee
TABASC	Technical Architecture and Business Architecture Sub-Committee
TCHODR	Temporary Communications Hub Ordering and Delivery Rules

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Annex A

Business requirements – version 0.1

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

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Annex B

Legal text – version 1.0

About this document

This document contains the redlined changes to the SEC that would be required to deliver this Modification Proposal.

Section F 'Smart Metering System Requirements'

These changes have been redlined against Section F version 13.0.

Amend Section 5 as follows:

F5. SMETS2+ COMMUNICATIONS HUB FORECASTS & ORDERS

All references to "Communications Hubs" in this Section F5 are references to "SMETS2+ Communications Hubs".

Availability of CH Variants

F5.1 The DCC shall ensure that Communications Hub Device Models are made available to be ordered by Parties under this Section F5 such that the Parties can order Communications Hubs that provide for each and every combination of HAN Variant and WAN Variant; save that:

- (a) this Section F5 does not apply to Special Installation Mesh Communications Hubs (and all references in this Section F5 to Communications Hubs shall be deemed to exclude Special Installation Mesh Communications Hubs); and
- (b) the DCC need not provide a 'Variant 450 Communications Hub' (as defined in the CH Installation and Maintenance Support Materials) that operates only with a HAN frequency within the 2400 – 2483.5 MHz harmonised frequency band (as further described in the CHTS).

Temporary CH Ordering and Delivery Rules

F5.1A The provisions of the Section F5 (and the definitions defined by reference to this Section F5) shall apply in accordance with (and subject to) any and all variations applied from time to time under a document to be known as the "**Temporary CH Ordering and Delivery Rules**". The DCC shall produce and obtain the Panel's approval of the Temporary CH Ordering and Delivery Rules, setting out the variations to this Section F5 that are reasonably required as a consequence of global supply chain issues or other reasonable adjustments that might be needed. The DCC may from time to time amend the Temporary CH Ordering and Delivery Rules, the DCC shall consult with Parties and any amendments shall be subject to the Panel's approval, and in accordance with any procedure for amendments set out in the rules. The Temporary CH Ordering and Delivery Rules will include an end date for any requirement, or set of requirements, and any extension must be made in accordance with Section F5.1A.

Communications Hub Forecasts

F5.2 For the purposes of this Section F5, a “**Communications Hub Forecast**” means an estimate of the future requirements of a Party for the delivery to it of Communications Hubs by the DCC, which:

- (a) is submitted by that Party to the DCC;
- (b) covers the period identified in Section F5.3; and
- (c) complies with the requirements of Section F5.4.

F5.3 Each Communications Hub Forecast shall cover the period of 1224 months commencing with the sixth month after the end of the month in which the forecast is submitted to the DCC.

F5.4 Each Communications Hub Forecast shall:

- (a) comprise a forecast of the number of Communications Hubs that the Party requires to be delivered to it in each month of the period to which it relates;
- (b) set out that forecast for each such month by reference to:
 - (i) the aggregate number of Communications Hubs to be delivered;
 - (ii) the number of Communications Hubs to be delivered in respect of each Region; and
 - (iii) ~~(for the first 10 months of the period to which the forecast relates)~~ the number of Communications Hubs of each HAN Variant to be delivered in respect of each Region; and
- (c) include such further information and be provided in such form as may be set out in the CH Handover Support Materials at the time of its submission.

Parties: Duty to Submit Communications Hub Forecasts

F5.5 Each Supplier Party, and each other Party that intends to order Communications Hubs in the future, shall:

- (a) submit a Communications Hub Forecast to the DCC by no later than the 5th Working Day prior to the last Working Day of each month;
- (b) submit each Communications Hub Forecast via the CH Ordering System;

- (c) take reasonable steps to ensure that the information contained in each Communications Hub Forecast is accurate and up to date; and
- (d) ensure that it submits a forecast that will enable it to submit a Communications Hub Order that meets the requirements of Section F5.12.

F5.6 A Party that has not submitted a Communications Hub Forecast for a Region during a month in accordance with this Section F5 shall be deemed to have submitted a forecast which specified: the same number of Communications Hubs as the Party forecast is deemed to have forecast for the previous month.

- ~~(a) for the first 23 months of the period covered by the forecast, the same number of Communications Hubs as the Party forecast for the corresponding month in its previous forecast;~~
- ~~(b) for the first 9 months of the period covered by the forecast, the same number of each HAN Variant as the Party forecast for the corresponding month in its previous forecast;~~
- ~~(c) for the 10th month of the period covered by the forecast, the number of each HAN Variant that results from applying the same proportions of each HAN Variant as applies to the 9th month of the period pursuant to paragraph (b) above; and~~
- ~~(d) for the 24th month of the period covered by the forecast, zero Communications Hubs.~~

Communications Hub Orders

F5.7 For the purposes of this Section F5, a “**Communications Hub Order**” means an order by a Party for the delivery to it of Communications Hubs and/or Communications Hub Auxiliary Equipment by the DCC, which:

- (a) is submitted by that Party to the DCC; and
- (b) satisfies the requirements of Section F5.8.

F5.8 Each Communications Hub Order shall (subject to any further requirements set out in the CH Handover Support Materials):

- (a) relate to a single Region, and identify the Region to which it relates;
- (b) relate to the delivery of Communications Hubs and/or Communications Hub

Auxiliary Equipment in the 5th month after the end of the month in which that Communications Hub Order is submitted to the DCC (the "**Delivery Month**");

- (c) specify the addresses of the location or locations (each a "**Delivery Location**") at which the delivery of the Communications Hubs and/or Communications Hub Auxiliary Equipment is required, each of which locations must be in Great Britain but need not be in the Region to which the relevant Communications Hub Order relates;
- (d) specify, in accordance with Section F5.12, the number (if any) of Communications Hubs of each Device Model to be delivered to each Delivery Location (in each case, a "**Delivery Quantity**");
- (e) specify the preferred date within the Delivery Month on which the delivery to each Delivery Location is required (provided that the actual delivery date within the Delivery Month for each Delivery Location (in each case, a "**Delivery Date**") shall be determined in accordance with the CH Handover Support Materials);
- (f) specify the number and type of the Communications Hub Auxiliary Equipment (if any) to be delivered to each Delivery Location; and
- (g) include such further information and be provided in such form as may be set out in the CH Handover Support Materials at the time of its submission.

F5.9 In respect of each Communications Hub Order submitted in respect of a Region, the Communications Hubs and/or Communications Hub Auxiliary Equipment to be delivered to each Delivery Location on each Delivery Date shall be a "**Consignment**".

F5.10 In order for a Communications Hub Order to be a compliant order, the order must comply with the requirements of this Section F5.10. A Party is not obliged to submit a compliant order, but a non-compliant order may be amended by the DCC in accordance with Section F5.17. The requirements of this Section F5.10 are, for each Communications Hub Order submitted by a Party in respect of a Region, that the aggregate (for all Consignments) of the Delivery Quantities of each HAN Variant for the Delivery Month must be:

- (a) greater than or equal to the higher of:
 - (i) 580% 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 102th 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 127th 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.~~

F5.11 For the purposes of Section F5.10, in calculating, by reference to earlier forecast numbers:

- (a) the minimum aggregate of the Delivery Quantities, any fractions of a number shall be rounded down; and
- (b) the maximum aggregate of the Delivery Quantities, any fractions of a number shall be rounded up.

F5.12 For each Party's Communications Hub Order relating to a Region, the aggregate of the Delivery Quantities (for all Device Models taken together) that may be specified for each Consignment may not (unless such number is zero) be less than the minimum delivery quantity set out in the CH Handover Support Materials at the time at which the relevant Communications Hub Order is submitted.

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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	-	-