Department for
Business, Energy
& Industrial Strategy

Modification proposal:	**Smart Energy Code (SEC) Modification proposal 0011: Consideration of Including the MAP ID in the Smart Metering Inventory**		
Decision:	The Secretary of State[1] has decided to reject this modification proposal[2]		
Target audience:	Smart Meter Data Communications Company (DCC), Parties to the SEC, the SEC Panel and other interested parties		
Date of publication:	2 June 2017	Implementation date:	n/a

Background

Existing data flows allow electricity Meter Asset Providers (MAPs) to track who rents their assets in real time. This means that they are aware of when an asset changes hands because of a Change of Supplier (CoS) event. Gas MAPs do not have access to corresponding data flows and rely on suppliers to notify them when their asset has changed hands. The proposed modification would provide gas MAPs the same level of data access as electricity MAPs.

The modification proposal

The modification proposes that a new field is added to the Smart Metering Inventory (SMI) to record the MAP ID for each Gas and Electricity Smart Meter. When pre-notifying Gas and Electricity Smart Metering Equipment (GSME/ ESME), Suppliers would be required to include the associated MAP ID. MAPs who have become a User will be able to track assets and, conversely, Suppliers will be able to track the asset owner. Suppliers will also be required to supply the MAP ID for each GSME and ESME that was pre-notified to the SMI before the implementation of Mod 011. This process ('backfilling') would be managed by the DCC in order to avoid potential demand spikes that could lead to excess traffic.

The Modification proposal was raised by Utility Funding Limited on 22 March 2016. The proposer suggested that the implementation of this Modification would better facilitate SEC Objectives (a)[3] and (d)[4], because it would link the DCC Inventory with the existing industry data flows, hence reducing delays to CoS events and providing better support Ofgem's Faster Switching Programme, avoid workarounds that have to be put in place and errors of individual Suppliers with regard to incorrect data associations and provide transparency of data with regard to asset ownership.

[1] References to the "Secretary of State", "BEIS", "we" and "our" are used interchangeably in this document. This decision is made on behalf of the Secretary of State.
[2] This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989 and section 38A of the Gas Act 1986.
[3] the first General SEC Objective is to facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain.
[4] the fourth General SEC Objective is to facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy.

Change Board[5] recommendation

At the Change Board meeting on 19 April 2019, a majority of the Change Board considered that SECMP0011 would not better facilitate the SEC Objectives and the Panel therefore recommended its rejection.

The rationale of the majority for rejecting the proposal was as follows:

- The solution is not the most efficient way to link MAP ID to ESME/GSME, and it would be more efficient to tackle this issue under other codes, i.e. Master Registration Agreement (MRA) and the Supply Point Administration Agreement (SPAA), or via the Ofgem Faster Switching Programme and through the Centralised Registration Service. Therefore, it does not meet the General SEC Objective (a);
- Duplication of information already available via existing process such as the Data Transfer Catalogue data flow, D0150[6]; therefore, the General SEC Objective (a) is not better met by the approval of this modification; and
- The solution is not cost effective and that no significant synergies of doing SECMP0004 and SECMP0011 together have manifested in the cost information provided by the DCC.

DCC Impact assessment

The DCC carried out an impact assessment on the DCC systems and submitted the final version to SEC Panel on 1 March 2017. They indicated that implementing the Modification would entail updating DUIS and associated XML schema, Service Requests, the Self Service Interface, DSP internal systems, screens and reports, and service management. No security concerns or impacts on the Technical and Business Architecture were reported by relevant sub-committees with regard to the implementation of the modification.

Our decision

We have considered the issues raised by the modification proposal dated 22 March 2016 and the Final Modification Report (FMR)[7] dated 21 April 2017. We have considered and taken into account the responses to the industry consultations on the modification proposal which are attached to the FMR and such other matters as we consider appropriate. We have concluded that:

[5] The Change Board is a sub-committee of the SEC Panel, established and constituted pursuant to and in accordance with Section D8 of the Smart Energy Code.
[6] Non Half-hourly Meter Technical Details
[7] SEC modification proposals, modification reports and representations can be viewed on the SECAS website at https://www.smartenergycodecompany.co.uk/

- implementation of the modification proposal will not better facilitate the achievement of the applicable objectives of the SEC[8].

Reasons for our decision

We consider this modification proposal will not better facilitate SEC objectives (a) and (d), in a way which is compatible with the Transition Objective (X1.2).

(a) to facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain;

The proposer indicated that the implementation of this Modification would better facilitate SEC Objective (a) because it would link the DCC Inventory with the existing industry data flows and provide transparency of data with regard to asset ownership, avoiding workarounds that have to be put in place to reduce the potential number of errors of individual Suppliers with regard to incorrect data associations. During the Working Group consultation stage, half of the Working Group agreed (the remainder being neutral) that SECMP0011 would benefit the smart meter rollout by having a central repository for all MAP IDs, however, the Working Group noted that the SMI may not be the ideal repository. Finally, the majority of the Change Board expressed the view that the change would better be facilitated by changes to other industry codes and potentially through Ofgem's Faster Switching Programme in the future.

An alternative solution, which was initially rejected due to uncertainty, was the inclusion of MAP ID into the Ofgem's Central Registration System (CRS). As this Modification proposal is aimed at improving data integrity to support the switching process and CRS is being designed specifically to facilitate faster switching, it is, in our view, the logical place for MAP IDs to be addressed. As suppliers will be upgrading their systems anyway, there will be minimal additional costs to industry, so this solution would also deliver better value for money. Finally, there is an additional consideration of the timing of the implementation of the Modification Proposal. The earliest implementation date for Mod011 was initially indicated as June 2018, however following a letter issued by the DCC to the SEC Panel and BEIS dated 11 May 2017, it has been indicated that the earliest expected implementation date has now moved to 2019. If MAP ID is included in the CRS, the Modification would be obsolete at or relatively shortly after implementation, annulling the benefits case.

(d) to facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy under the Principal Energy Legislation;

The proposer suggested that the implementation of this Modification would better facilitate SEC Objective (d) because it would avoid workarounds that have to be put in

[8] As set out in the Section C1.1 of the Smart Energy Code available at: https://www.smartenergycodecompany.co.uk/sec/sec-and-guidance-documents

place to associate MAP ID and GUID and errors of individual Suppliers with regard to incorrect data associations and provide transparency of data with regard to asset ownership. At the Working Group consultation stage, the Working Group mostly agreed (the remainder being neutral) that SECMP0011 does better facilitate SEC Objective (d), through MAPs charging lower premiums. During the modification report consultation stage, respondents from the category of Other SEC parties expressed a view that SECMP0011 will lead to more accurate data on the meters they use which will enable them to verify asset rental invoices provided by MAPs. MAPs, as the major financing parties behind smart meters, are looking to improve meter asset tracking in the most effective manner in respect of cost, timing, transparency, accuracy and ease of implementation.

Some of the arguments put forward by the proposer in respect of the Modification proposal meeting SEC objective (d) do not seem to be relevant. Any deficiencies in the current data flows with respect to the lack of MAP ID information will affect the members of the same category of market participants (e.g. MAPs or Suppliers) in an equal measure, so are not expected to have an impact on competition.

Having considered the lifecycle of the modification proposal, including the backfilling exercise, we found that that estimated industry cost is very high and that the overall costs significantly outweigh the stated benefits gained from the proposed change. It is our view that the implementation of the modification may also have a higher cost and challenge for the small suppliers, who have fewer resources to implement the changes, in particular those relating to the backfilling exercise. The implementation costs therefore appear to be disproportionately high for the small suppliers, which is inconsistent with SEC Objective (d).

> **(X1.2) The objective to be achieved pursuant to this Section X (the "Transition Objective") is the efficient, economical, co-ordinated, timely, and secure process of transition to the Completion of Implementation.**

During the Working Group consultation stage, the respondents who provided monetary estimates of costs and benefits of implementing the modification indicated significantly higher estimated costs than benefits with regard to updating their own systems. Whereas some respondents noted benefits in terms of better asset tracking, increased interoperability and faster dispute resolution, and consequently lower costs to consumers through decreased premiums (if passed on to consumers), these benefits seemed to be outweighed by drawbacks in terms of high implementation costs, duplication of data for electricity MAPs and more efficient and economical solutions, such as Ofgem's Central Registration System. Further to this, the earliest implementation date for this Modification proposal is 2019 and if MAP ID is included in the CRS the Modification would be obsolete at or relatively shortly after its implementation.

DCC has quoted £937,000 total costs for stand-alone implementation of this modification. During both consultations and the Change Board vote, a majority of the parties expressed objections to a very high implementation cost for a seemingly simple modification.

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BEIS's analysis of estimated costs and benefits of implementing this modification, that have been presented during the Working Ground consultation, demonstrated that the costs significantly outweigh any benefits that would arise from the change and, based on the arguments above, there appear more efficient, economical and potentially timely solutions to provide for this change. We therefore consider that the proposed modification is inconsistent with the Transition Objective. This view is in line with the opinion of the majority of consultation respondents and the Change Board members.

Decision Notice

In accordance with Condition 23.15 of the Smart Meter Communication Licence, and Section D of the Smart Energy Code as varied by section X2.3, the Secretary of State has decided that modification proposal SECMP0011: *Consideration of Including the MAP ID in the Smart Metering Inventory* should not be made.

Duncan Stone
Head of Delivery
Smart Metering Implementation Programme

(an official of the Department for Business, Energy & Industrial Strategy authorised to act on behalf of the Secretary of State)