

ANNEX A: Consultation on the introduction of a new DCC licence condition relating to the Enduring Change of Supplier arrangements.

9 January 2019

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1. Executive Summary

- 1.1. This consultation seeks views on the proposed introduction of a new condition into the DCC's licence relating to planning and implementing changes in order to give effect to the Enduring Change of Supplier (ECoS) arrangements.
- 1.2. The proposed new condition is largely modelled on DCC's existing licence condition 13 which, amongst other things, has been used in the past to govern DCC's planning and implementation activities relating to Releases 1, 2 and 3. However, the scope of existing licence condition 13 is such that it only applies to DCC activities required to give effect to Completion of Implementation. As we do not consider that the implementation of the ECoS arrangements falls within the scope of Completion of Implementation, we are proposing a similar but new licence condition to govern DCC's planning and implementation of them.
- 1.3. We are consulting on the new licence condition now as we wish to introduce it into the DCC licence in Summer 2019. This timescale means that it can be used to govern DCC's planning and implementation of the ECoS arrangements once a decision on the ECoS option to adopt has been made.

2. Consultation Background

- 2.1. Upon a change of supplier event, Device Security Credentials held on or in relation to Smart Metering Devices that relate to the Responsible Supplier are currently swapped using the Transitional Change of Supplier (TCoS) functionality. Whilst the TCoS systems are a separate limb of the DCC Live Systems, the TCoS functionality is provided by the Data Services Provider (DSP) and shared Registration Data is used by both the DSP and TCoS. At the time of their introduction, it was recognised that TCoS would need to be replaced with a more robust enduring set of arrangements – the “Enduring Change of Supplier” arrangements (see below).
- 2.2. In September 2018, BEIS wrote to DCC, asking them to produce a report on the viability, cost and timescales for the changes to supplier and DCC systems that would be needed to implement two candidate options for ECoS, as well as to assess the scale of costs and timescales of delivery and their impact on DCC Users. We are expecting DCC to report back to BEIS in Spring 2019 setting out its analysis of the options. Following this report, we are proposing to consult on the options, ideally identifying a preferred option.
- 2.3. There are two candidate solution options referred to as Enduring Change of Supplier 1:
- “ECoS1” – where the Gaining Supplier uses the Losing Supplier to communicate the CoS event to Devices; and
 - “ECoS2” – where the CoS event is communicated by a central service, similar to the existing TCoS service but addressing the current solution’s limitations.
- 2.4. Whilst logically separated from other DSP systems, the DSP currently hosts the TCoS systems and the TCoS and DSP systems share a common database for access to Registration Data that is used as a key security control. The table below depicts the key differences in operators of the solutions:

Variant >	TCoS	ECoS1	ECoS2
Instigated by	Gaining Supplier	Gaining Supplier	Gaining Supplier
Processed by	DSP Central Service	Losing Supplier	Third party service
Service provided by	DSP	Each Supplier	New stand-alone service operator

- 2.5. From their introduction, it was known that the TCoS arrangements did not represent a long-term robust solution for Smart Metering. However, they were introduced as a short-term solution when significant challenges were raised by suppliers to the

more robust approach that had been proposed, because of concerns over the impact of the changes necessary to develop that approach on their systems prior to DCC live.

- 2.6. One of the main drivers for wishing to progress the ECoS arrangements at this point in time is that, unless it is extended, the DSP contract is due to expire in September 2021¹ (eight years after its initial award). The DCC has begun a programme of work to re-procure the necessary DSP services. It is important that the scope of this re-procurement is appropriately aligned with the ECoS solution. Absent of any changes to the existing regulatory framework, DCC will effectively be required to re-procure DSP services that include TCoS. Given the need to replace TCoS to make the solution more robust, this is undesirable and instead we wish to ensure that the scope of the re-procurement recognises the separate provision of the ECoS architecture.
- 2.7. The purpose of this current consultation is to invite views on a proposed new condition in the DCC licence that would require the DCC to develop and implement plans to give effect to the ECoS arrangements once the chosen option has been decided upon. The text of the draft new condition is shown at **Annex B**.
- 2.8. It is intended that the Government response to this consultation will be published in Spring 2019. Subject to consideration of consultation responses received and parliamentary scrutiny, the proposed licence change will be incorporated into the regulatory framework using the Secretary of State's Section 88 Energy Act 2008 powers.

¹ With the option to extend for one year, three times.

3. The Proposed new licence condition

3.1. The proposed new licence condition includes the following:

- a requirement on the DCC to prepare, consult upon and submit to the Secretary of State for approval a plan for the design, development and implementation of the systems, processes and procedures intended to comprise the Enduring Change of Supplier Arrangements;
- powers for the Secretary of State to direct changes to the plan and, where such a direction is made, for the DCC to be required to submit a modified plan to the Secretary of State for approval;
- a requirement on the DCC to take all reasonable steps to give effect to the plan that has been approved by the Secretary of State. This includes, amongst other things, an obligation on the DCC to progress the necessary changes to existing Relevant Service Capability and procurement of new Relevant Services Capability; and
- the power for the Secretary of State to direct that a new plan be developed in circumstances where the Secretary of State is of the view that the existing plan is no longer suitable.

Consultation Questions

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| 1. | Do you agree with the proposed introduction of a new DCC licence condition governing planning and implementation of the ECoS arrangements? |
| 2. | Do you have any comments on the legal drafting of the proposed new licence condition? |

4. General information

Responding to this Consultation

This document is a Government consultation on proposed changes to the DCC Licence to require the DCC to develop and implement plans relating to the Enduring Change of Supplier arrangements.

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Consultation Closes: 21 February 2019

Responses and Enquiries to:

smartmetering@beis.gov.uk

or

Smart Metering Implementation Programme - Delivery
Department for Business, Energy & Industrial Strategy,
2nd floor,
1 Victoria Street,
London, SW1H 0ET

Confidentiality and data protection

Information provided in response to this consultation may be subject to publication or disclosure in accordance with the access to information legislation (primarily the Freedom of Information Act 2000, the Data Protection Act 2018, General Data Protection Regulation and the Environmental Information Regulations 2004).

If you want information that you provide to be treated as confidential please say so clearly in writing when you send your response to the consultation. It would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded by us as a confidentiality request.

We will summarise all responses and place this summary on the Smart Energy Code website (<https://smartenergycodecompany.co.uk/>). This summary will include a list of names or organisations that responded but not people's personal names, addresses or other contact details.