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SECMP0070

‘Permission to give Alt HAN Forum vires for enduring management and maintenance of the Exempt Premises List (EPL)’

Modification Report

Version 1.0

Administered by



About this document

This document is the Modification Report for [SECMP0070 'Permission to give Alt HAN Forum vires for enduring management and maintenance of the Exempt Premises List'](#). It provides detailed information on the background, issue, solution, costs, impacts and implementation approach. It also summarises the discussions that have been held and the conclusions reached with respect to this Modification Proposal.

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This document also has one annex:

- **Annex A** contains the redlined changes to the Smart Energy Code (SEC) required to deliver the proposed solution.

1. Summary

The Alternative Home Area Network (Alt HAN) Forum is constrained by the Alt HAN Service and Activities outlined in SEC Section Z 'Alt HAN Arrangements'. Within Section Z, there is no information relating to the Exempt Premises List. However, in practice, management of the EPL is linked to Alt HAN Activities and Services, as is outlined in the relevant Supply Licence Conditions.

Under the current governance there are risks associated with Alt HAN Co taking any action in contracting for EPL services, as it is not explicitly referenced in the SEC. This could be subject to challenge, due to funding of these activities via the Alt HAN Costs, which are only recoverable in respect of the Alt HAN Forum's specified functions and powers.

To avoid any potential risk of challenge, it is proposed to amend Section Z to include the management of the EPL to fall under Alt HAN Services and Activities. This would then mean the Alt HAN Forum is within their remit to carry out the management of the EPL uncontended.

Large and Small Supplies would be affected by the changes introduced by this modification but would not require any implementation effort. Implementation costs would be limited to Smart Energy Code Administrator and Secretariat (SECAS) time and effort in implementing the cost changes. Due to the Exempt Premises List becoming effective in March 2019, the Panel has agreed on the proposed implementation 10 Working Days following decision for SECMP0070.

2. Background

Exempt Premises List

The Exempt Premises List contains premises or descriptions of premises where the Home Area Network (HAN) does not extend to the whole premise or where there are no communications between parts of a Smart Metering System, or multiple Smart Metering Systems, on a premise. Premises that meet these criteria do so due to situations where there are technical impracticalities, or there are disproportionate costs in implementation.

Supply Licence Conditions

The SLCs and the Alt HAN Activities & Services

Under Supply Licence Conditions (SLCs) 55.2 for electricity and 49.2 for gas, the relevant Suppliers must, in conjunction with one another, ensure that the Alt HAN Activities are carried out and the Alt HAN Services are made available.

Under SLCs 55.5/49.5, each relevant Supplier must take all reasonable steps to ensure that the Alt HAN Activities are carried out and the Alt HAN Services are provided by means of the arrangements set out in SEC Section Z. Also, under SLCs 55.5/49.5 the relevant Supplier must ensure that the costs of the Alt HAN Activities and Alt HAN Services are recovered as provided for in Section Z.

The SLCs and the Exempt Premise List

There are three relevant licence obligations in each of the SLCs for electricity and gas that apply in relation to the EPL:

- SLCs 55.11/49.11 (electricity/gas) obliges the relevant Suppliers to, in conjunction with one another, establish and maintain the Exempt Premises List.
- SLCs 55.14/49.14 obliges the relevant Suppliers, in conjunction with one another, to produce an initial draft and obtain the Secretary of State's approval of the Exempt Premises List.
- SLCs 55.16/49.16 obliges the relevant Suppliers, in conjunction with one another by means of participation in the arrangements set out in Section Z, to review and propose amendments to the Exempt Premises List.

What is the issue?

Under Section Z, the Alt HAN Forum's function is constrained by the reference to the Alt HAN Activities and Services. The SEC does not provide any information regarding the enduring management, maintenance and update of the EPL as falling within the scope of Alt HAN arrangements.

In practice, the management of the EPL and associated exempt premises is clearly linked to the Alt HAN Activities and Services, and it has also been indicated by the Department for Business, Energy and Industrial Strategy (BEIS) that this was the policy intent. In particular:

- The Alt HAN Forum are responsible for ensuring that Alt HAN is delivered economically and efficiently, by undertaking assessments to understand the economic feasibility of Alt HAN delivery.
- The Alt HAN Co operational service provider will maintain the operational database of premises-level data identifying the Alt HAN candidate buildings. This database will then be used for operational purposes and could be utilised for identifying exempt premises. For example, as a result of building surveying activities, or due to failed Alt HAN equipment installs.
- The Alt HAN Co operational service provider will establish and manage the Alt HAN Inventory in line with requirements set out in SEC Section Z4.30. This database will also contain premises-level data.

As the EPL is closely linked to the Alt HAN Activities, the Alt HAN Forum should be responsible for delivering and managing the EPL.

If the acts of Alt HAN Co in contracting for EPL services are outside of their vires, they could be challenged and set aside. There is a risk that without powers specified in the SEC there could be a challenge to the funding of these activities via the Alt HAN Costs, which are properly only recoverable in respect of the Alt HAN Forum's functions and powers.

SECMP0070 was raised by Npower Group Ltd on 01 February 2019 to resolve this issue.

3. Solution

Proposed Solution

The proposed approach is to include, within the list of Alt HAN Forum activities in Section Z, the task of reviewing and proposing amendments to the Exempt Premises List. This is the task which will take time and expense, and its inclusion within Section Z is justified by the express reference to Section Z in SLCs 55.16/49.16.

Legal text

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

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

Suppliers will be affected by the implementation of SECMP0070 through their participation in the Alt HAN arrangements, but are not expected to require any effort in implementing these changes.

DCC System

There are no impacts on the Data Communication Company (DCC) Systems and there is no testing required as part of the implementation of this modification.

SEC and subsidiary documents

The following parts of the SEC will be impacted:

- Section Z 'Alt HAN Arrangements'

Other industry Codes

There are no impacts on other industry codes.

Greenhouse gas emissions

There are no impacts on greenhouse gas emissions.

5. Costs

DCC costs

There are no DCC costs associated with this modification.

SECAS costs

The estimated SECAS implementation costs to implement this modification is two days of effort, amounting to approximately £1,200. The activities needed to be undertaken for this are:

- Updating the SEC and releasing the new version to the industry.

SEC Party costs

There are no SEC Party costs expected to be incurred in implementing this modification.

6. Implementation approach

Recommended implementation approach

The Panel **agreed** an implementation approach of:

- **10 Working Days following decision** (if approved under Self-Governance, this would be 10 Working Days following the end of the referral period).

The Proposer has requested that this is implemented in an ad-hoc release between the February 2019 and June 2019 SEC Releases. The initial submission of the EPL is expected in March 2019, which is also when the enduring management of the EPL is to commence. Therefore, clarification is required in the SEC as soon as possible to allow the Alt HAN Forum to manage the processes and data associated with the revisions to the EPL.

7. Conclusions

Proposer's rationale against the General SEC Objectives

Objective (h)¹

The Proposer believes that SECMP0070 will better facilitate SEC Objective (h) as it provides a clearer regulatory framework for the management of Exempt Premises List by Alt HAN Forum consistent with licence obligations.

¹ Facilitate the establishment and operation of the Alt HAN Arrangements.

Appendix 1: Glossary

This table lists all the acronyms used in this document and the full term they are an abbreviation for.

Glossary	
Acronym	Full term
Alt HAN	Alternative Home Area Network
BEIS	Department for Business, Energy and Industrial Strategy
DCC	Data Communication Company
HAN	Home Area Network
SEC	Smart Energy Code
SECAS	Smart Energy Code Administrator and Secretariat
SLC	Supply Licence Conditions



If you have any questions on this modification, please contact:

Jordan Crase

020 3574 8863

Jordan.Crase@gemserv.com

Smart Energy Code Administrator and Secretariat (SECAS)

8 Fenchurch Place, London, EC3M 4AJ

020 7090 7755

sec.change@gemserv.com

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Annex A

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.

These changes have been drafted against SEC Version 6.5.

Section Z ‘The Alt HAN Arrangements’

Amend Sections Z1.3 and Z1.4 as follows:

Forum Objectives, Functions and Powers

Forum Objectives

Z1.3 The Forum shall, in the performance of its functions and exercise of its powers, always act in a manner designed to achieve the objectives (the **Forum Objectives**) that:

- (a) by virtue of the operation of this Section Z, Relevant Supplier Parties are able to comply with their obligations under Standard Conditions 55.2 and 55.16 of the Electricity Supply Licence and Standard Conditions 49.2 and 49.16 of the Gas Supply Licence;
- (b) the Alt HAN Arrangements are given effect so as:
 - (i) to facilitate the economic and efficient carrying out of the Alt HAN Activities and provision of the Alt HAN Services;
 - (ii) to facilitate competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy;
 - (iii) to ensure that Energy Consumers' experience of the installation of Alt HAN Equipment at their premises is consistent with their reasonable expectations;
 - (iv) to ensure that all activities undertaken by or on behalf of Relevant Supplier Parties in relation to the installation, operation, maintenance, removal and replacement of Alt HAN Equipment are carried out in a fair, transparent, appropriate and professional manner;
 - (v) to ensure the protection of Data and the security of Data and Systems used for the purpose of the carrying out of the Alt HAN Activities and provision of the Alt HAN Services; and

- (vi) to ensure that the Alt HAN Arrangements are administered in an economic, efficient and transparent manner; and
- (c) the Forum conducts its affairs in an open and transparent manner.

Forum Functions

Z1.4 The Forum shall, in accordance with the provisions of this Section Z:

- (a) make all decisions required for the purpose of:
 - (i) carrying out the Alt HAN Activities and the making available and provision of the Alt HAN Services, except for any decisions which may from time to time be delegated by it to AltHANCo or any Forum Sub-Group;
 - (ii) managing, maintaining, reviewing and updating the Exempt Premises List and any separate database of Exempt Premises, including reviewing and proposing to the Secretary of State revisions to the Exempt Premises List as required by Standard Condition 55.16 of the Electricity Supply Licence and Standard Condition 49.16 of the Gas Supply Licence.
- (b) determine which (if any) decisions are to be delegated to AltHANCo or any Forum Sub-Group;
- (c) give such directions to AltHANCo or any Forum Sub-Group as the Forum may consider appropriate (which may include directions in relation to any decisions otherwise delegated by the Forum);
- (d) approve the annual budget of AltHANCo;
- (e) determine any appeals made to it from decisions made by AltHANCo or a Forum Sub-Group; and
- (f) make such other decisions as may from time to time be required in accordance with the provisions of this Section Z.

Z1.5 The Forum shall:

- (a) provide to the Panel such report or other information as the Panel may request for the purpose of fulfilling its duty at Section C2.3(h) (Panel Duties); and
- (b) (to the extent to which it reasonably considers that it is necessary to do so) liaise and exchange information with, provide advice to, and seek the advice of the Technical Architecture and Business Architecture Sub-Committee and the Security Sub-Committee on matters which fall within the scope of the activities of each of those Sub-Committees.

Forum Powers

Z1.6 Without prejudice to any other rights or powers granted to the Forum in this Section Z, the Forum shall, in accordance with the provisions of this Section Z, have the power to:

- (a) make written representations in relation to the purpose or effect of any Modification Proposal which:
 - (i) is likely to affect this Section Z;
 - (ii) is likely to affect the provisions relating to the Alt HAN Charges at Section K (Charging Methodology);
 - (iii) relates to other parts of the Code, but may have a material effect on the Alt HAN Arrangements;
- (b) appoint and remove professional advisers;
- (c) consider, approve and authorise the entering into by AltHANCo of contracts; and
- (d) do anything else necessary for, or reasonably incidental to, the fulfilment of its functions under this Section Z.

Add the following new definitions to Section Z6.1 in alphabetical order:

Exempt Premises

has the meaning given to that expression in Standard Condition 55.10 of the Electricity Supply Licence and Standard Condition 49.10 of the Gas Supply Licence.

Exempt Premises List

Has the meaning given to that expression in the Standard Condition 55.12 of the Electricity Supply Licence and Standard Condition 49.12 of the Gas and Supply Licence.