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MP071 'Second-Comer Charging'

Modification Report Version 1.0

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About this document

This document is the Modification Report for [MP071 'Second-Comer Charging'](#). 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 SEC required to deliver the proposed solution.

1. Summary

The DDC have highlighted an issue in SEC Section K, regarding the 'Second-Comer Contributions' charging methodology for High Volume (HV) and Low Volume (LV) Gateway Connections.

The DCC have stated that this part of the SEC was drafted before the process was put in place and the full logistics of Gateway Connections understood. In practice the practicalities of providing a HV or LV Gateway Connection are such that there are no common costs and therefore the requirement in the SEC for the DCC to provide quotes for 'Second-Comer Charging' are causing delays and inefficiencies in the DCC onboarding service.

MP071 proposes that the references to HV and LV Gateway Connections are removed from SEC Section K, leaving the charges for Parse and Correlate, and Elective Service Evaluation. This will have no impact on SEC Parties and make the DCC on-boarding service more efficient.

The central implementation costs will be limited to Smart Energy Code Administrator and Secretariat (SECAS) time and effort in implementing the changes to the SEC. If approved, this change is targeted for the November 2019 SEC Release.

2. Background

What are 'Second-Comer Contributions'?

The Explicit Charges Second-Comer Contributions requirement (SEC Sections K7.8-K7.11) enables a cost allocation mechanism for shared costs with respect to four specific Explicit Charge metrics:

- Low Volume (LV) Gateway Connection;
- High Volume (HV) Gateway Connection;
- Elective Service Evaluation; and
- Parse & Correlate (P&C) support.

The requirement is prescribed using cost and temporal thresholds, to determine the contribution due by a second (or more) DCC User to an earlier DCC User that was offered one of these services, to rebate an element of the shared cost.

The DCC are required to assess Second-Comer Contributions and the rebate of 'relevant costs' to an initial contributor, when a subsequent person uses the same services and is made an offer to recover shared costs.

What is the issue?

The DCC believe this requirement is still relevant and feasible with respect to the Elective Service Evaluation and P&C support metrics; as there are certainly opportunities to align investigative work during an Elective Service Evaluation or have a shared classroom scenario for P&C support/consultancy. However, the nature of the solution for providing both a LV Gateway Connection or a HV Gateway Connection is such that there are no common costs and thus no scope for cost sharing. Thus, the current onboarding process for a DCC User has inefficient and unnecessary complexity associated with a check related to shared costs for either a LV Gateway Connection or a HV Gateway Connection.

3. Solution

Proposed Solution

After consideration of industry comments and discussions with the DCC, the Proposer believes that the most effective solution is to remove the specific requirements in SEC Section K which relate to assessing the second-comer charges for HV and LV Gateway Connections.

The result of this modification will be an accurate reflection of the 'Second-Comer' charging system.

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

DCC System

No changes to DCC systems are required.

SEC and subsidiary documents

The following parts of the SEC will be impacted:

- Section K 'Charging Methodology'

Other industry Codes

There are no impacts identified 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 implementing 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 costs to SEC Parties to implement this modification.

6. Implementation approach

Agreed implementation approach

The Panel has agreed an implementation date of:

- **7 November 2019** (November 2019 SEC Release) if a decision to approve is received on or before 24 October 2019.

7. Discussions and development

Discussions of the Sub-Committees

As the Proposer, the DCC are keen to improve the efficiency of their processes and fully support finding a solution to the issue. SEC Parties and the Sub-Committees were generally neutral, and the Technical Architecture and Business Architecture Sub-Committee (TABASC) asked for some further clarifications.

The TABASC commented that some companies offer a shared service for SEC Parties so a connection can be shared. This was duly investigated by SECAS, who found that the TABASC were correct. However, in these examples there is only one connection and the company offering the services manages the use of the connection so that no information can be seen by a Party it is not intended for.

The Change Sub-Committee (CSC) wanted further definition on the benefits of the relevant changes. However, the DCC have never provided a shared connection and so were unable to provide any data on the cost savings. The CSC also asked whether there were any wider changes to charging that needed addressing. The DCC noted that this is the sole change that they want to make in Section K.

8. Conclusions

Benefits and drawbacks

The Proposer has identified the following benefits and drawbacks in implementing this modification:

Benefits

- The SEC will accurately reflect the practical arrangements in place.

Drawbacks

- No drawbacks have been identified.

Proposer's rationale against the General SEC Objectives

Objective (a)¹

The Proposer believes that MP071 will better facilitate SEC Objective (a) by ensuring the SEC reflects accurately the practical arrangements with regard to Second-Comer Charging.

Objective (g)²

The Proposer believes that MP071 will better facilitate SEC Objective (g) for the same reasons as state above.

Sub-Committee views

The Sub-Committees were generally neutral to this proposal.

Panel's conclusions

The Panel agreed that the Draft Proposal should be converted to a Modification Proposal to be progressed directly to the Report Phase. The Panel also agreed the implementation approach and that MP071 should be progressed as Self-Governance.

¹ a) Facilitate the efficient provision, installation, operation and interoperability of smart metering systems at energy consumers' premises within Great Britain

² Facilitate the efficient and transparent administration and implementation of the SEC

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
CSC	Change Sub-Committee
DCC	Data Communications Company
HV	High Volume
LV	Low Volume
SEC	Smart Energy Code
SECAS	Smart Energy Code Administrator and Secretariat
TABASC	Technical Architecture and Business Architecture Sub-Committee



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