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| Action: | For Discussion |

New Draft Proposals and Modification Proposals

1. Purpose

This paper provides a summary of the new Draft Proposals raised and the Draft Proposals that have been converted to Modification Proposals in the last month. Copies of the draft or approved problem statements for each proposal are attached to this paper.

We seek any initial comments the Technical Architecture and Business Architecture Sub-Committee (TABASC) may have on these proposals at these stages in the framework, and agreement on which proposals it will want to provide further input on as they progress.

2. New Draft Proposals

This section lists the new Draft Proposals submitted in the last month and which have entered the Development Stage. At this point in the process, we are focused on assessing and clarifying the issue identified, the impacts this is having (including the impact of doing nothing), and the context of this issue within the Smart Energy Code (SEC). Solutions will not be discussed until the Change Sub-Committee has agreed that the problem statement has been fully defined.

We invite any views from the TABASC on the issue identified under each proposal, the impacts this may be having, and any areas the Proposer may need to consider further as part of developing their problem statement.

DP091 'Updating Security Assurance Status'

DP091 has been raised by Gordon Hextall of the Security Sub-Committee (SSC). The Lead Analyst from SECAS is Adam Lattimore.

Once a Party completes their Full User Security Assessment (FUSA) the SEC Panel assigns them one of four assurance statuses. Two of these, "Provisionally Approved" and "Deferred", indicate significant security deficiencies that require substantial remediation, the severity of which are not reflected in the current SEC terminology.

The SSC believes that the assurance status set should be clear to Parties and accurately reflect the situation. As such it proposes to amend these assurance status' as follows:

- "Provisionally Approved" to "Deferred"; and
- "Deferred" to "Rejected".

Additionally, there is no current provision for the SSC to require a Party to undertake a second FUSA if they are set a status of “rejected”. The SEC only allows for updates to the original User Security Assessment Response.

The draft problem statement containing the information provided by the Proposer can be found in Appendix A.

DP092 ‘New Planned Maintenance methodology’

DP092 has been raised by Chris Thompson of the DCC. The Lead Analyst from SECAS is Adam Lattimore.

In April 2019, the DCC began a trial of a new approach regarding the delivery of Planned Maintenance. The new approach sought to categorise planned changes as either low or high impact, based upon a risk-based methodology. It also amended the timings with which Planned Maintenance was scheduled and implemented.

Whilst the SEC is silent on the methodology for scoping Planned Maintenance, it does set out when the Maintenance should occur and the timescales around publishing Maintenance schedules (Sections H8.3 and H8.4). In order to trial the new approach, the SEC Panel granted the DCC a derogation against these provisions for six months (later extending for a further three months until February 2020). The Panel requested the DCC report on progress to the Operations Group.

In July, the DCC reported the trial had been a success and, following a final report to the Operations Group, intended to raise a Modification Proposal to formalise the new approach.

The draft problem statement containing the information provided by the Proposer can be found in Appendix B.

DP093 ‘Implementing IRP511 and CRP535 to support GBCS v3.2 devices’

DP093 has been raised by Chun Chen of the DCC. The Lead Analyst from SECAS is Adam Lattimore.

In July 2019, BEIS designated an uplift of the GB Companion Specification (GBCS) to version 3.2 as part of the November 2019 SEC Release.

In order to fully deliver the functionality of two resolution proposals included in GBCS v3.2 (IRP511 ‘Set Clock Alerts Refs in Alert Tables Incorrect’ and CRP535 ‘Restoring Removed Devices from the HAN’), consequential changes are required to the DCC User Interface Specification’ (DUIS) and Message Mapping Catalogue (MMC) schemas.

The amendments to the schemas had been intentionally left out of the November 2019 SEC Release in order to reduce any potential impact on testing for the SMETS1 Initial Operating Capacity (IOC).

The draft problem statement containing the information provided by the Proposer can be found in Appendix C.

DP094 ‘Supporting prepayment customers in no SM WAN scenarios’

DP094 has been raised by Andy Knowles of Utilita. The Lead Analyst from SECAS is Joe Hehir.

The Proposer has raised concern that the minimum functional requirements set out in the second major version of the Smart Metering Equipment Technical Specifications (SMETS2) do not result in a device that is sufficiently robust to serve smart prepayment customers effectively. Similarly, the Adoption and Enrolment of SMETS1 meters in the DCC leads to the same loss of resilience in relation to SMETS1 meters.

The Proposer seeks a solution to be able to effectively manage SMETS2 prepayment customers in no Wide Area Network (WAN), intermittent WAN or DCC outage scenarios equivalent to the commercially developed solution available from the Secure SMETS1 product.

The draft problem statement containing the information provided by the Proposer can be found in Appendix D.

DP095 'Alignment of SEC Credit Cover'

DP095 has been raised by Ashley Pocock of EDF Energy. The Lead Analyst from SECAS is Bradley Baker.

In the financial years 2018/2019, and 2019/20, five SEC Parties ceased trading, and it is anticipated that more will follow. This has so far resulted in unpaid DCC charges of circa £731,000 being socialised amongst all other SEC Parties. Of the five parties ceasing to trade, the credit cover circumstances have varied. The most significant example is where a SEC Party had sufficient credit cover for the first month's missed payment, but not for the following months. This alone resulted in circa £362,000 being socialised amongst all SEC Parties.

The Proposer therefore wishes to explore the current credit cover requirements to identify if there are ways it can be amended to reduce the risk of cost socialisation across the industry. As part of this modification, other aspects surrounding the Defaults process will also be explored, such as actions which the SEC Panel can take when a default occurs or is anticipated, and the actions of, and escalations to, the Authority.

The draft problem statement containing the information provided by the Proposer can be found in Appendix E.

3. Updates to Existing Modification Proposals

This section lists the existing Modification Proposals that have had actions taken or progressed to a stage where TABASC's input would be beneficial to the Proposer to consider ahead of a solution, consultation or requesting an assessment from DCC.

We invite any views from the TABASC on the issue identified under each proposal and any areas the Proposer may need to consider further during the Refinement period of the Modification process.

SECMP0066 'Advanced Shipment Notifications (ASN) for Consignment of Communications Hubs'

SECMP0066 was raised by James Nixon of Scottish Power. The Lead Analyst from SECAS is Bradley Baker.

The Modification proposes to amend SEC Appendix H 'CH Handover Support Materials' to increase the minimum notice that DCC must offer a Party regarding Advanced Shipment Notifications (ASN) for the Consignment of Communication Hubs.

The reason this has been brought to TABASC is that previously during the Modification Proposal's development, input was not sought from the TABASC. With the Modification Proposal having recently been issued for Refinement Consultation, we wanted to bring this modification to the attention of the TABASC to ensure they had a chance to provide input.

The Modification Report containing the issue, proposed solution and discussions and developments undertaken in the Refinement Process can be found in Appendix F.

4. Recommendations

The TABASC is requested to **DISCUSS** the proposals in this paper and provide any views or comments.

Harry Jones

SECAS Team

14 November 2019

Attachments:

- **Appendix A:** DP091 draft problem statement
- **Appendix B:** DP092 draft problem statement
- **Appendix C:** DP093 draft problem statement
- **Appendix D:** DP064 draft problem statement
- **Appendix E:** DP095 draft problem statement
- **Appendix F:** SECMP0066 Modification Report

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DP091 ‘Updating Security Assurance Status’

Problem statement – version 0.1

About this document

This document provides a summary of this Draft Proposal, including the issue or problem identified, the impacts this is having, and the context of this issue within the Smart Energy Code (SEC).

Proposer

This Draft Proposal has been raised by Gordon Hextall on behalf of the Security Sub-Committee (SSC).

What is the issue or problem identified?

Unclear Assurance Status

SEC Section G 'Security' states that once a Party has completed their Full User Security Assessment (FUSA) the SEC Panel shall assign them an assurance status.

Section G8.36 sets out four potential assurance statuses:

1. **Approved;**
2. **Approved subject to** the Party taking the mitigating steps outlined in FUSA;
3. **Provisionally approved** subject to the Party taking the mitigating steps outlined in FUSA, undertaking a Follow-up Security Assessment and the Panel approving the results of this; and
4. **Deferred** subject to the Party amending its User Security Assessment Response to resolve issues that are inadequately addressed, resubmitting their User Security Assessment Response and the Panel reconsidering that Party's assurance status.

The first two assurance statuses allow the Party to complete the User Entry Process. However, the latter two assurance statuses do not and indicate significant security deficiencies that require substantial remediation.

Having reviewed over 150 User Assessments the SSC believes the current wording to be potentially confusing as to what the statuses actually mean. It would like the wording to be clear and obvious to Parties. It is proposing to amend "Provisionally Approved" to "Deferred" and amend "Deferred" to "Rejected" as that more accurately reflects the situation and is in line with original policy intent.

Instructing a second FUSA

The SSC also believes it would be more appropriate that where a Party is set a status of "Rejected" ("Deferred" under the current drafting) a second FUSA is more appropriate than an updated User Security Assessment Response. A second FUSA would provide assurance for all Parties, and the DCC, that the (significant) deficiencies have been addressed.

How does this issue relate to the SEC?

SEC Section G8.36 sets out the assurance status the Panel can set (noting that this responsibility has been delegated to the SSC).

What is the impact this is having?

The current wording in the SEC is confusing. This can create the wrong impression for Parties as to what the consequence of their assurance status actually is. Removing any confusion over what the assurance status means and making it clear and obvious to Parties what is expected will make the process clearer for all.

In addition, the SSC does not currently have the ability to request a new FUSA be completed even though that may be the most appropriate course of action to efficiently and effectively resolve issues and address concerns raised.

After reviewing the Section, the SSC believes this is a sensible change to ensure greater clarity regarding different User Assessment outcomes.

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DP092 ‘New Planned Maintenance methodology’

Problem statement – version 0.1

About this document

This document provides a summary of this Draft Proposal, including the issue or problem identified, the impacts this is having, and the context of this issue within the Smart Energy Code (SEC).

Proposer

This Draft Proposal has been raised by Chris Thompson from the Data Communications Company (DCC).

What is the issue or problem identified?

Updating Planned Maintenance methodology – DCC trial of a new approach

In February 2019 the DCC noted to the SEC Panel that the method for delivering Planned Maintenance releases was sub-optimum. As such it wished to move to a risk-based approach to help deliver Planned Maintenance releases more efficiently.

Part of the new approach required amendments to existing rules of when the DCC were to produce a schedule of Planned Maintenance changes and at what times of day such changes should be implemented. The DCC therefore requested the Panel grant a derogation to these rules whilst a 6-month trial on the new methodology was carried out.

The Panel agreed to a derogation until November 2019 on the condition that the DCC first present an updated Forward Schedule of Change (FSC) to the Operations Group Sub Committee (OPSG) and that clarity was provided over some of the terminology used. Following discussions at the OPSG a trail of the new Planned Maintenance approach began on 1 April 2019.

The OPSG were to receive monthly reporting on the performance of the trail, with a full review of the trial after three months (July 2019).

Conclusions of the DCC trial

At the October 2019 Panel meeting, the DCC noted the trial was coming to an end and had proved a success, a view supported by feedback at the July OPSG. The DCC requested an extension to the derogation whilst full results of the trail were presented to the OPSG in October/November and a resulting Modification Proposal to introduce the new approach could be raised.

The Panel granted a further three-month extension whilst the OPSG discussed the results and a modification could be progressed.

How does this issue relate to the SEC?

SEC Section H8.3 sets out that the DCC may only undertake Planned Maintenance between 20.00 hours and 08.00 hours, and that the duration of Planned Maintenance should not exceed six hours in any given month. Furthermore, Section H8.4 states the DCC must provide a schedule of Planned Maintenance at least 20 Working Days prior to the start of each month that the Planned Maintenance is due to occur.

The new DCC methodology proposes the introduction of one High Impact and up to three Low Impact Planned Maintenance windows per month. Whilst the Planned Maintenance will continue to take place between 20:00 and 08:00 hours (as per Section H8.3) each Planned Maintenance window will have a maximum duration of six hours.

The DCC will continue to publish the schedule of Planned Maintenance (as per Section H8.4) and issue an email notification to all Parties 20 Working Days ahead of the month in which Planned Maintenance will occur. This notification will set out when the scheduled windows are for high and low impact changes and provide high level information on what Parties should expect in each window.

If additional Low Impact Planned Maintenance windows are required beyond this notice, a revised notice will be issued to Parties.

It is intended that high impact changes will have a minimum lead time of 20 Working Days and low impact changes a minimum lead time of 10 Working Days.

The new methodology places emphasis on how Planned Maintenance impacts Parties when it is taking place and how it affects Parties once deployed. The rules used by the DCC to select appropriate changes as high and low impact need to be captured in SEC governance.

What is the impact this is having?

The current Planned Maintenance methodology does not differentiate the specific services, nor the business impact of changes, which has several impacts:

- Low impact changes are considered in the same way as complex or high risk changes. For example, downtime on the Self-Service Interface (SSI) is treated in the same manner as Core Communication Services. The business impact and risks associated with these examples are very different.
- Notice periods are the same regardless of overall business impact. This results in unnecessary delays on low impact, low risk changes.
- The existing lead times also result in significantly extended deployment times on changes. Any alterations to scheduled changes result in significant delays.
- With the specific constraint on downtime and with no differentiation on the impact of change on Users, the result is that very large numbers of changes, both high and low in impact, are implemented in a single change window. This increases complexity and risk, whilst simultaneously constraining the DCC's ability to deliver key changes in a timely manner.
- With a focus on downtime, the result can be that high risk or complex changes where no disruption to the Services is anticipated are not classed as Planned Maintenance and therefore do not get included in the forward schedule of change.

Many of the changes included in the Maintenance windows are designed to resolve business and operational issues that impact the overall quality of DCC Services, as well as there being many changes specifically requested by the industry as enablers to their business.

What are the views of the industry?

Views of the DCC

The DCC believes the trial has been a success and that the new approach should be taken forward by amending the current SEC provisions.

Views of Panel Sub-Committees

The Operations Group is due to meet on 5 November to discuss the final output of the trial. However, views expressed to date are positive that the trial has been a success. More detailed feedback will be available after the November meeting.

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DP093 ‘Implementing IRP511 and CRP535 to support GBCS v3.2 devices’

Problem statement – version 0.1

About this document

This document provides a summary of this Draft Proposal, including the issue or problem identified, the impacts this is having, and the context of this issue within the Smart Energy Code (SEC).

Proposer

This Draft Proposal has been raised by Chun Chen from Smart DCC Limited.

What is the issue or problem identified?

Agreed approach to implementing two BEIS resolution proposals

In May 2019 BEIS issued a consultation “SMIP_CR_085 – Uplift of GBCS and SMETS2 to support Emergency Credit changes”. The consultation set out a number of amendments that were due to be designated for implementation in November 2019.

Part of the changes consulted upon was an uplift of the GB Companion Specification (GBCS) to v3.2 and subsequent changes to the TS Applicability Tables (TSAT) to mandate an Applicability Period Start Date for GBCS v3.2 of the November 2019 SEC Release.

The DCC’s response to the consultation set out that two resolution proposals (RPs) would not be fully delivered in November 2019:

- **Issue Resolution Proposal (IRP) 511 ‘Set Clock Alerts Refs in Alert Tables Incorrect’** which introduces the Set Clock Alert 0x81C6 to the Event log to allow Users to identify the need for Home Area Network (HAN) Device fault correction; and
- **Change Resolution Proposal (CRP) 535 ‘Restoring Removed Devices from the HAN’** which allows Users to use Service Request SR8.9 ‘Read Device Log’ to read the Communications Hub Function (CHF) device log. The log contains the active and historical Device which allows Users to know which historical Device has been removed from the HAN so that it could be restored if required.

Both RPs required amendments to the schemas for Appendix AD ‘DCC User Interface Specification’ (DUIS) and Appendix AF ‘Message Mapping Catalogue’ (MMC). It had been previously agreed between the DCC and BEIS (in December 2018) that changes to these schemas would not happen in November 2019 in order to avoid any complexities with the SMETS1 Initial Operating Capacity (IOC). Therefore, the full functionality of the two resolution proposals would be delivered in November 2020.

As such the scope of the two RPs in the November 2019 SEC Release was as follows:

- **IRP511** - DCC Systems will be amended to support the new Alert code in the response. However, capability for Users to configure the Alert and Parse & Correlate to translate this Alert into meaningful English is not in the scope for delivery in November 2019.
- **CRP 535** - Communications Hub implementing the removal log is in the scope. However, capability for Customers and Users to retrieve the removal log is not in scope for delivery in November 2019.

On 4 July 2019 BEIS and SECAS designated GBCS v3.2 for implementation in the November 2019 SEC Release. Therefore, to enable the planned changes a new Modification Proposal needs to be raised to introduce the remaining functionality into DUIS and MMC.

How does this issue relate to the SEC?

In order to implement the functionality for IRP511 and CRP535 changes are required to the Data Service Provider (DSP) and Parse & Correlate to provide capability for Users to configure this Alert and use their full functionality. To achieve this, the DUIS and MMC Schemas must be amended.

What is the impact this is having?

Without the required changes to DSP and Parse & Correlate needed for IRP511, Users will be unable to configure the Alert, and the response returned by Parse & Correlate will not be meaningfully translated in English.

Equally, without the changes relating to CRP535 the Historic Device Log on the CHF cannot be read for diagnostic purposes during Installation and Configuration (I&C).

The DSP and the P&C part of the IRP511 and CRP535 will allow the full use of functionality in the GBCS3.2 and SMETS2 v4.2 devices.

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DP094 ‘Supporting prepayment customers in no SM WAN scenarios’

Problem statement – version 0.2

About this document

This document provides a summary of this Draft Proposal, including the issue or problem identified, the impacts this is having, and the context of this issue within the Smart Energy Code (SEC).

Proposer

This Draft Proposal has been raised by Andy Knowles from Utilita.

What is the issue or problem identified?

Background

The Proposer predominantly supplies prepayment customers and has provided almost all of these customers with a meter compliant with the first major version of the Smart Metering Equipment Technical Specifications (a SMETS1 meter). The Proposer has raised concern that the minimum functional requirements set out in the second major version of the Smart Metering Equipment Technical Specifications (SMETS2) do not result in a device that is sufficiently robust to serve smart prepayment customers effectively. Similarly, the Adoption and Enrolment of SMETS1 meters in the Data Communications Company (DCC) leads to the same loss of resilience in relation to SMETS1 meters.

The Proposer has raised five Modification Proposals in an attempt to support the resolution of this issue, none of which have been able to find an achievable solution. Links to the original proposal forms are provided below, along with their associated submission date:

- [SECMP0028 'Prioritising Service Requests'](#) raised in December 2016;
- [SECMP0031 'Adding UTRN Functionality to SMETS'](#) raised in February 2017;
- [SECMP0032 'Prioritising Prepayment Customers in No WAN Situations'](#) raised in February 2017;
- [SECMP0037 'Pairing Local PPMIDs'](#) raised in June 2017; and
- [SECMP0038 'Sending Commands via PPMIDs'](#) raised in June 2017.

The Proposer supplements the above Modification Proposals with this Problem Statement in the hope of achieving a timely solution to the issues identified in these proposals. Modification SECMP0028 is not covered by this Draft Proposal as DCC's [SECMP00067 'Service Request Traffic Management'](#) is intended to achieve its aims.

How does SM WAN affect customers?

The Smart Meter Wide Area Network (SM WAN) is the means by which Commands are sent to meters. Utilita's SMETS1 experience suggests that around 9% of customers will experience no or very poor WAN connectivity. Utilita acknowledge that this is based on their SMETS1 experience and that SMETS2 SMWAN is an entirely separate and independent piece of infrastructure. Whilst poor SM WAN affects all customers, it has the most significant impact on prepayment customers. prepayment customers engage with their meter far more than credit customers do and inaccurate data on the meter can cause prepayment customers inconvenience or put them in financial difficulty. This is of concern because prepayment customers are more likely to be disabled or otherwise vulnerable¹.

Secure SMETS1 meter functionality in a no WAN situation includes a set of Commands which can be entered into the meter via 20,40 and 60-digit codes (UTRNs), providing a resilient solution in no/intermittent SM WAN scenarios.

However, as SMETS1 adoption and enrolment proceeds this functionality will no longer be available on these meters except for credit top-ups. Commands other than top-ups are also unavailable for SMETS2 meters. Such Commands account for approximately 1% of the Commands sent by the

¹ [Ofgem Customer Vulnerability Strategy: Prepayment meters](#)

Proposer per year (if smart meters are rolled out to all 8 million² prepayment customers, then this would be result in an estimated 5 million Commands). The reduced functionality resulting from the loss of these Commands degrades the customer's experience. It will also give rise to higher Supplier costs in responding to customer issues that would have previously been resolved using these Commands.

What is required to sufficiently support customers in no WAN scenarios?

The Proposer seeks a solution to be able to effectively manage SMETS2 prepayment customers in no WAN, intermittent WAN or DCC outage scenarios equivalent to the commercially developed solution available from the Secure SMETS1 product.

This, as a minimum, needs to include the ability to command the prepayment meter to action the following Commands:

- Deduct credit
- Set credit
- Change price
- Revert to default settings and remove data
- Open the Home Area Network (HAN)
- Change of mode
- Add debt
- Deduct debt
- Set debt
- Set friendly credit times/non-disconnect periods

SECMP00031 seeks to expand the capabilities of SMETS2 UTRNs to allow them to be used for the functions listed above, thus allowing full service of customers in no WAN scenarios. SECMP00038 seeks to allow for a means other than the SM WAN to deliver Service Requests. This too would allow Suppliers to fully service their customers where SM WAN coverage is poor or non-existent. SECMP00037 is supplementary to SECMP00038 and seeks to make pairing of Pre-Payment Meter Interface Devices (PPMIDs) in no WAN scenarios easier.

The functionality enabled by these Commands is needed for reasons such as:

- Providing a key tool for the resolution of emergency incidents. For example, these Commands enable the Supplier to manage extreme weather or other significant events by changing non-disconnect periods. As an illustration, during an extreme weather event on 3 – 4 March 2018, Utilita alone sent 963,118 additional messages were sent to meters to help to ensure that customers stay on supply. The extreme weather conditions meant that WAN connectivity was poorer than usual. Therefore, over 9% (86,000+ messages) would have been entered as a UTRN or else risk the customer being disconnected during freezing conditions.

² [Ofgem report on vulnerable consumers in the energy market 2018](#) – Section 3.11, page 39.

- Enabling us to offer our full range of services to customers, even when they do not have a WAN connection. These services include discretionary credit for customers in payment difficulty and other such activities which prevent self-disconnection.
- Enabling suppliers to ensure that top-up prices are in line with the prepayment price cap, which is updated by Ofgem every six months, in April and October. Without the ability to change prices in a no WAN situation, the customer may be paying more for their energy than they should be; and there is an additional cost for the supplier in reconciling how much money should have been paid and refunding the difference
- Enabling debt to be added to a meter. For example, when a customer requires a new device, such as a new In-Home Display (IHD). If the debt is not added promptly, a customer may face a one-off bill or commence paying for their device at a time when they face higher energy bills (e.g. during winter).
- Enabling a new IHD/PPMID to be joined to the HAN in the absence of WAN. In the absence of this functionality, customers will not be able to use their IHD/PPMID until WAN is resumed, which may disadvantage less physically able customers.
- Enabling the Supplier to refund a customer if there is a change of tenancy and reset any debt and credit balances for the new customer. Without this, customers will face delays reclaiming their money
- Reducing the number of site visits that Suppliers would otherwise be required to conduct. For example, the free top ups described in the example above would have required a site visit to over 10,000 customers. Site visits usually require the customer to be at their property, resulting in a potential loss of work or leisure time and an overall worse customer experience.
- In no WAN situations, the time taken to resolve issues relating to customer accounts is greatly reduced when UTRN functionality is available – i.e. customers do not have to wait for WAN to be re-established to update their meter.

How does this issue relate to the SEC?

DCC obligations regarding solution of reported no WAN Incidents

The obligations set out in SEC Sections F ‘Smart Metering System Requirements’ (F7.18 through to F7.22) place timescales and resolution targets on the DCC for resolution of SM WAN coverage incidents during initial installs. The obligations are that the DCC must, within 90 days;

provide a response to the installing Supplier Party that either (i) confirms that the SM WAN is now available in the relevant area such that Communications Hubs installed at premises in that area can be expected to be able to connect to the SM WAN; or (ii) provides reasons why the SM WAN is not so available.

The obligation goes on to say the DCC must be able to confirm SM WAN availability in at least 99% of cases raised. In the absence of the additional Commands set out above, which provide additional functionality in no WAN situations, the timescales under these Sections of the SEC are highly problematic.

The Proposer believes that the 90 days for which the DCC shall resolve the SM WAN in the given area is too long, as this could leave a customer without full prepayment functionality for 90 days. Where the SM WAN issue was relating to a prepayment customer, the Proposer sought to shorten the 90-day obligation to 30 days – the details are set out in SECMP0032 ‘Prioritising Prepayment

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Customers in No WAN Situations'. However, the DCC advised an estimated cost of £1bn. The Proposer also believes that there is neither clarity as to how the DCC is going to deliver against this, nor what the scenario is where the DCC cannot resolve the SM WAN within 90 days. If the DCC is unable to remotely resolve the SM WAN coverage in an area, the next step may require an engineer to be sent to the site by the Supplier to resolve the problem. However, given that the market has a prepayment price cap in operation limiting Suppliers' income, sending an engineer to site is not economically viable.

If a suitable solution to SECMP0031, SECMP0032, SECMP0037 and SECMP0038 can be delivered then this issue becomes materially insignificant as prepayment customers will have the functionality to manage their accounts during a period of no WAN.

What is the impact this is having?

Impacts on prepayment customers

The Proposer believes that no WAN scenarios greatly diminish Suppliers' ability to service prepayment customers, placing prepayment customers at a disadvantage compared to credit customers. Furthermore, the customers impacted by this lack of functionality are more likely to be vulnerable, as noted above.

Impacts on the Proposer

The loss of functionality during no WAN incidents will significantly reduce the mechanisms available to call centre operatives to manage customer accounts. Given that intermittent SM WAN results in more customer contact with the Proposer, this will result in longer calls, more complaints and, less customer engagement. Furthermore, the Proposer will incur the additional cost of relying on engineer visits in situations that are currently resolved through a UTRN.

The impacts on other Parties will be further investigated during the Development Stage.

What are the views of the industry?

Views of the DCC

The views of the DCC will be gathered during the Development Stage.

The DCC believe this problem statement re-iterates the same issues that were raised under the previous modifications noted above, with the Proposer still in need of a solution.

The DCC note that more SMETS2 installs having taken place since the previous modifications were raised. This increase in installs may provide more background information on what the problems now look like. The DCC's initial thoughts are that there isn't anything that suggests the situation has changed or worsened.

Views of SEC Parties

The views of Parties will be gathered during the Development Stage.

Views of Panel Sub-Committees

The views of Panel Sub-Committees will be gathered during the Development Stage.

Views of the Change Sub-Committee

The views of the Change Sub-Committee will be gathered during the Development Stage.

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DP095 ‘Alignment of SEC Credit Cover’

Problem statement – version 0.1

About this document

This document provides a summary of this Draft Proposal, including the issue or problem identified, the impacts this is having, and the context of this issue within the Smart Energy Code (SEC).

Proposer

This Draft Proposal has been raised by Ashley Pocock from EDF Energy.

What is the issue or problem identified?

In the financial years 2018/2019, and 2019/20, five SEC Parties ceased trading, and it is anticipated that more will follow. This has so far resulted in unpaid DCC charges of c£731,000 being socialised amongst all other SEC Parties. Of the five parties ceasing to trade, the credit cover circumstances have varied. The most significant example is where a SEC Party had sufficient credit cover for the first month's missed payment, but not for the following months. This alone resulted in c£362,000 being socialised amongst all SEC Parties.

To mitigate the risk of costs being socialised and affecting other SEC Parties, the SEC contains Credit Cover requirements. Credit cover is calculated and held by the DCC in the event that a SEC Party is unable to pay their monthly charge. Credit cover is intended to avoid unpaid charges from being socialised and it is important that all SEC Parties adhere to the credit cover requirements to minimise the impact should they enter into an Event of Default.

However, to date the current arrangements have not prevented the costs of defaulting Parties from being socialised.

The Proposer therefore wishes to explore the current credit cover requirements to identify if there are ways it can be amended to reduce the risk of cost socialisation across the industry.

As part of this modification, other aspects surrounding the Defaults process will also be explored, such as actions which the SEC Panel can take when a default occurs or is anticipated, and the actions of and escalations to the Authority.

It will also look at other Codes in order to identify opportunities for best practice and consistency as was considered previously in SECMP0016. Modification [SECMP0016 'Consideration of Maximum Credit Value in Credit Cover Calculation'](#) reduced the total amount of Credit Support that Parties are required to lodge with the DCC, enabling more Parties to become SEC Party members. In recent months however we have seen an increased frequency in Events of Default.

How does this issue relate to the SEC?

Currently, the SEC credit cover requirements feature a complicated calculation to ascertain the level of cover a Party must have in place. Due to the parameters of the credit cover calculation set out by the SEC, not all Parties must lodge for credit cover. This has resulted in high costs being socialised amongst other SEC Parties in the unfortunate event of a default.

In the event of a default, the Panel are able to take certain actions themselves including the revocation of the following rights, as stated in SEC Section M8.5:

- (a) the right of the Defaulting Party (and each other member of its Voting Group) to vote in Panel Member elections under Section C4 (Panel Elections);
- (b) the right of the Defaulting Party to raise new Draft Proposals under Section D (Modifications); and
- (c) the right of the Defaulting Party to influence the appointment of a Change Board Member, so that:
 - (i) in the case of a Supplier Party, the Change Board Member appointed by the Voting Group of which that Supplier Party forms part shall be suspended; or

- (ii) in the case of any Party other than a Supplier Party, the Secretariat shall ignore the views of that Party when considering any request to appoint or remove a Change Board Member appointed by the Party Category of which that Party forms part.

Further actions require approval of the Authority (Ofgem). It has been noted that the process of gaining approval can be drawn out, and it has been suggested that an expedited process may reduce the risk of costs being socialised. Withdrawing certain rights from a defaulting Party should, in theory, provide incentive for them to take action in resolving the Event of Default in order to reinstate their rights as quickly as possible.

SEC Section M8.6 states that in the event of a default, the Panel must request authorisation from Ofgem to withdraw:

- (d) the right of the Defaulting Party to receive Core Communication Services or Local Command Services in the 'Other User' User Role;
- (e) the right of the Defaulting Party to receive Core Communication Services or Local Command Services in any User Role other than the 'Other User' User Role;
- (f) the right of the Defaulting Party to receive any or all Elective Communication Services;
- (g) the right of the Defaulting Party to initiate Enrolment of Smart Metering Systems; and
- (h) the right of the Defaulting Party to request or receive any or all Services other than those referred to elsewhere in this Section M8.6.

Under these circumstances, SECAS will aim to build a case to suggest that Ofgem should approve the Panel's decision to suspend these rights.

In order to gain Ofgem's approval as quickly and as efficiently as possible, we propose to explore options in conjunction with the other energy industry codes. A potential collaboration with an existing code could accelerate an approval, as the event of default could prove more urgent.

What is the impact this is having?

If a Party ceases to trade and they do not have sufficient credit cover, or it was not deemed necessary for them to have it, all costs are socialised amongst SEC Parties. This has occurred twice in the past financial year and is creating frustration amongst SEC Parties that a more effective system has not yet been implemented.

If left as is, there could be many more examples in the future where Parties ceasing to trade or behaving in a manner which leads to default result in having their unpaid charges socialised.

What are the views of the industry?

Views of the DCC

The views of Parties will be gathered during the Development Stage.

Views of SEC Parties

The views of Parties will be gathered during the Development Stage.

Views of Panel Sub-Committees

The views of Panel Sub-Committees will be gathered during the Development Stage.

Views of the Change Sub-Committee

The views of the Change Sub-Committee will be gathered during the Development Stage.

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SECMP0066

‘Advanced Shipment Notifications (ASN) for Consignment of Communications Hubs’

Modification Report

Version 0.1

About this document

This document is the Modification Report for [SECMP0066 'Advanced Shipment Notifications \(ASN\) for Consignment of Communications Hubs'](#). 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 three annexes:

- **Annex A** contains the business requirements for the proposed solution.
- **Annex B** contains the redlined changes to the SEC required to deliver the proposed solution.
- **Annex C** contains the full DCC Preliminary Assessment response.

1. Summary

Section 5 of SEC Appendix H stipulates that where a Party has ordered a Consignment of Communications Hubs (CHs), the Data Communications Company (DCC) must offer that Party a minimum of two working days' notice that an Advanced Shipment Notification (ASN) for that Consignment of CHs is available via the Order Management System (OMS).

The Proposer has stated that through their operational experience, the 48-hour notice is too narrow a window for their Third-Party Logistics Partners to gain visibility of the order which is significantly increasing the risk of delivery refusals. This is causing an escalated cost to smart meter implementation.

The 48-hour notice period was set as a minimum in the SEC, but repeated requests to the Communication Service Providers (CSPs) by the Proposer to alter their practices to offer a greater notice period have been rejected.

With the consideration for extending this time period being disregarded, an unacceptably high level of delivery refusals has occurred for the Proposer.

The proposed solution is to amend SEC Appendix H Section 5 to increase the 48-hour notice to between four and ten days whereby an ASN for an ordered Consignment of CHs is made available on the OMS and the delivery of the CHs to the agreed location.

The increased timeframe will enable enough time for the ASN to be processed reducing the possibility of refused deliveries.

2. Background

What is the issue?

The Proposer feels that the minimum two-day notice period established in the SEC is insufficient to process the ASN and forward the information to their Third-Party Logistics Partners. This has led to an unacceptably high incidence of delivery refusals for the Proposer which has caused the costs of Smart Metering Implementation to rise.

There have been repeated requests to the CSPs to alter their practices to offer a greater notice period, but they have gone unheeded. Delivery refusals drive up the overall costs of the Smart Metering implementation and this modification is intended to mitigate such cost increases.

SECMP0066 was raised by James Nixon of Scottish Power on 29 October 2018 to resolve this issue.

3. Solution

Proposed Solution

The proposed solution is to amend Section 5 of Appendix H of the SEC. Once a Party has ordered a Consignment of CHs the DCC should offer that Party an increase on the current two working days' notice that an ASN is available via the OMS. This extension will allow the Party a longer time window to process the ASN and, where necessary, forward the relevant information on to their Third-Party Logistics Partners. This will result in fewer delivery refusals, aiding in the cost reduction of Smart Metering implementation.

Legal text

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

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 |

If the proposed solution is implemented, it will impact Large and Small Suppliers, the DCC and Other SEC Parties. The current process involves CHs being received by the DCC from the manufacturers, re-palletted and spot-tested, then being shipped to delivery addresses to relevant Parties (which is stored in the ASN).

The Preliminary Assessment states that to facilitate such changes, the DCC will require a third warehouse. This is due to the DCC's two current warehouses working at full capacity. The third warehouse will need to be constructed to house the CHs as well having staff trained and employed.

Existing contracts will have to be reviewed and amended for Service Users and Communication Service Providers (CSPs).

IT System changes will also need to be implemented across the DCC and CSPs as these systems are not integrated.

The extension of the ASN will also require Health and Safety standards in the warehouses to be reviewed.

The full impacts on DCC Systems and DCC's proposed testing approach can be found in the DCC Preliminary Assessment response in Annex C.

SEC and subsidiary documents

The following parts of the SEC will be impacted:

- Appendix H 'CH Handover Support Materials 1.3'

Other industry Codes

The proposed solution will not have any impact on other industry codes.

Greenhouse gas emissions

The proposed solution will not have any impact on greenhouse gas emissions.

5. Costs

DCC costs

The estimated DCC implementation costs to implement this modification is £1,750,000. The breakdown of these costs are as follows:

| Breakdown of DCC implementation costs | |
|--|------------|
| Activity | Cost |
| Service User/CSP/Avarto contract changes | £250,000 |
| CSP set up cost (warehouse lease/security requirements/warehouse fitment/IT systems/recruiting and training of new staff/additional transport) | £1,500,000 |

More information can be found in the DCC Preliminary Assessment response including detailed cost calculations in Annex C.

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

Additional costs to SEC Parties will be gathered during the Refinement Consultation.

6. Implementation approach

SECAS is recommending an implementation date of:

- **30 November 2023** (November 2023 SEC Release) if a decision to approve is received on or before 30 November 2020.

The rationale behind this is due to the lead time for building a new warehouse and implementing new business processes which the DCC have stated will take at least three years with the new facilities not coming online until 2023.

7. Discussions and development

Working Group meeting discussions

The modification was discussed in a Working Group held on 5 December 2018. The proposed solution was initially to extend the notice period to ten working days. The DCC explained that this would prove costly due to a significant restructure in current practices. The option of having regulated deliveries four times a month was also discussed, however the Proposer stated that this would not address the issue of the 48-hour timeframe.

The DCC did manage to hold meetings with a number of other Suppliers and offer support from their Logistics Team to help address ASN-linked process issues. Unfortunately, bilateral meetings between the DCC and the Proposer have not taken place due to logistical problems.

During the subsequent Working Group discussions, the Proposer suggested that they would be keen to know how much extra cost would be incurred for an increase in two, four, six, eight or ten days.

The Proposer queried if the need for a third warehouse applies for each time period extension (4, 6, 8 and 10 days). The DCC confirmed that this was necessary as they already operate their warehouses at full capacity.

The potential 2023 implementation was also discussed as the Proposer felt that this was exaggerated. It was discussed that planning permission would be required to construct a new warehouse or attempt to extend the currently occupied warehouses. As stated in the Preliminary Assessment, it was stated that time will also be needed to hire and train staff and fit the warehouse accordingly as well as to install the IT infrastructure. This does not include the possible contract re-negotiations to extend the 48-hour window.

A Working Group member questioned the OMS and Comms Hub processes. The DCC commented that damage can occur in transit from manufacturers. This can result in faulty units so the DCC perform random sample testing when the CHs are received at the warehouse. This testing removes the possibility of the ASNs being made available well in advance of delivery dates.

8. Conclusions

Benefits and drawbacks

The Proposer and the Working Group have identified the following benefits and drawbacks in implementing this modification:

Benefits

- The benefits will be gathered during the Refinement Consultation

Drawbacks

- The drawbacks will be gathered during the Refinement Consultation

Proposer's rationale against the General SEC Objectives

Objective (a)¹

The Proposer believes that SECMP0066 will better facilitate SEC Objective (a) as minimising the risk of delivery refusals will improve the efficient provision and installation of smart metering systems.

Objective (b)²

The Proposer believes that SECMP0066 will better facilitate SEC Objective (b) as the modification will allow the DCC to comply at all times with the objectives of the DCC.

Objective (d)³

The Proposer believes that SECMP0066 will better facilitate SEC Objective (d) as extending the 48-hour notice period will allow Scottish Power to effectively compete in commercial activities within the supply of energy.

Working Group members' views

The Working Group have varied views on this modification. Some agree that the ASN timeframe is not sufficient, but others have commented that their logistics and systems are set up around the current process and there would be a significant cost to them to change this as well as the cost incurred via the modification.

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

² Enable the DCC to comply at all times with the objectives of the DCC and to discharge the other obligations imposed upon it by the DCC License;

³ Facilitate effective competition between persons engaged in, or in commercial activities connected with, the supply of energy;

Sub-Committee views

Sub-Committees views will be gathered as part of the Refinement Consultation.

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 |
| CH | Communications Hub |
| DCC | Data Communications Company |
| ASN | Advanced Shipment Notification |
| OMS | Order Management System |
| CSP | Communication Service Provider |



Smart Energy Code

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