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DP111 'SMDA Budget Amendments'

Modification Report Version 0.1

About this document

This document is a draft Modification Report. It currently sets out the background, issue, and progression timetable for this modification, along with any relevant discussions, views and conclusions. This document will be updated as this modification progresses.

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1. Summary

This Draft Proposal was raised by Terry Jefferson on behalf of the EUA.

Following the National Audit Office's (NAO) report on "Rolling Out Smart Meters", the Department for Business, Energy and Industrial Strategy (BEIS) commissioned an independent review into device interoperability on change. The report was released in October 2019, with one of the recommendations being that energy suppliers and the Smart Metering Device Assurance (SMDA) Board should review the SMDA funding model to ensure SMDA can provide long-term test assurance. Following this recommendation, amendments should be suggested to the SMDA funding model.

2. Issue

What are the current arrangements?

The current SMDA funding model is suffering due to a number of issues, including delays within the overall programme, a number of issues within the DCC Communication systems and the volume of devices being submitted into the Scheme. In addition, SMDA is a 'not for profit' Scheme, currently relying on a mix of limited Energy Supplier Members plus Manufacturers and Meter Asset Providers (MAPs) for membership funding.

Following the NAO report dated 23 November 2018 on "Rolling Out Smart Meters"¹, BEIS commissioned an independent review² into device interoperability on change. The report was released in October 2019, with one of the recommendations being that "Energy suppliers and the SMDA Board should review the SMDA funding model to ensure SMDA can provide long-term test assurance."

What is the issue?

Whilst its importance is recognised by all regulatory bodies and included in areas such as the Joint Industry Plan³, the Scheme is not a mandated requirement. The funding model therefore does not represent the whole GB market, leaving current funding capabilities significantly reduced. As such, a more viable model that takes account of the whole of the industry and relevant beneficiaries is required to ensure the longevity of the Scheme and the security of operations of devices for consumers on CoS.

As outlined in the BEIS Review, "Based on the feedback from energy suppliers there is only a low level of test assurance for equipment they inherit on CoS where the device models may be different to those they are installing. Large energy suppliers all pointed to SMDA as providing them with necessary interoperability on change test assurance." Energy Suppliers rely solely upon the SMDA Scheme to demonstrate interoperability on CoS, therefore supporting the longevity of the SMDA Scheme aligns with SEC objective (a)⁴.

What is the impact this is having?

Not addressing the current funding deficiencies puts the SMDA Scheme at risk of not being able to continue to provide testing capabilities, due to the minimal level of funding coming through. This raises the risk against all Energy Suppliers and consumers of interoperability on change being impacted, particularly in light of the responses provided by the Suppliers in the BEIS Review as outlined above.

¹ <https://www.nao.org.uk/report/rolling-out-smart-meters/>

² 'Review of Smart Metering assurance for device interoperability on change' Report Commissioned by UK Government Department for Business, Energy & Industrial Strategy - Confidential

³ BEIS Joint Industry Plan - Confidential

⁴ Facilitate the efficient provision, installation, operation and interoperability of smart metering systems at energy consumers' premises within Great Britain

Appendix 1: Progression timetable

The suggested timetable for DP111 is for the Draft Proposal to receive comments from SEC Parties to gauge initial reactions to the issue. Following this, it will be presented at the next Change Sub-Committee (CSC) for initial viewing, and if well received will be asked for decision. If recommended for approval, it will be taken to the next Panel meeting for conversion to a Modification Proposal on 14 February 2020 and enter the Refinement Process.

Timetable	
Action	Date
Initial comments from SEC Parties	W/B 20 Jan 20
Taken to CSC for decision	28 Jan 20
Taken to Panel for conversion to Modification Proposal	14 Feb 20

Appendix 2: Glossary

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

Glossary	
Acronym	Full term
BEIS	Government Department of Business, Energy and Industrial Strategy
CoS	Change of Supplier
CSC	Change Sub-Committee
MAPs	Meter Asset Providers
NAO	National Audit Office
SEC	Smart Energy Code
SMDA	Smart Meter Device Assurance