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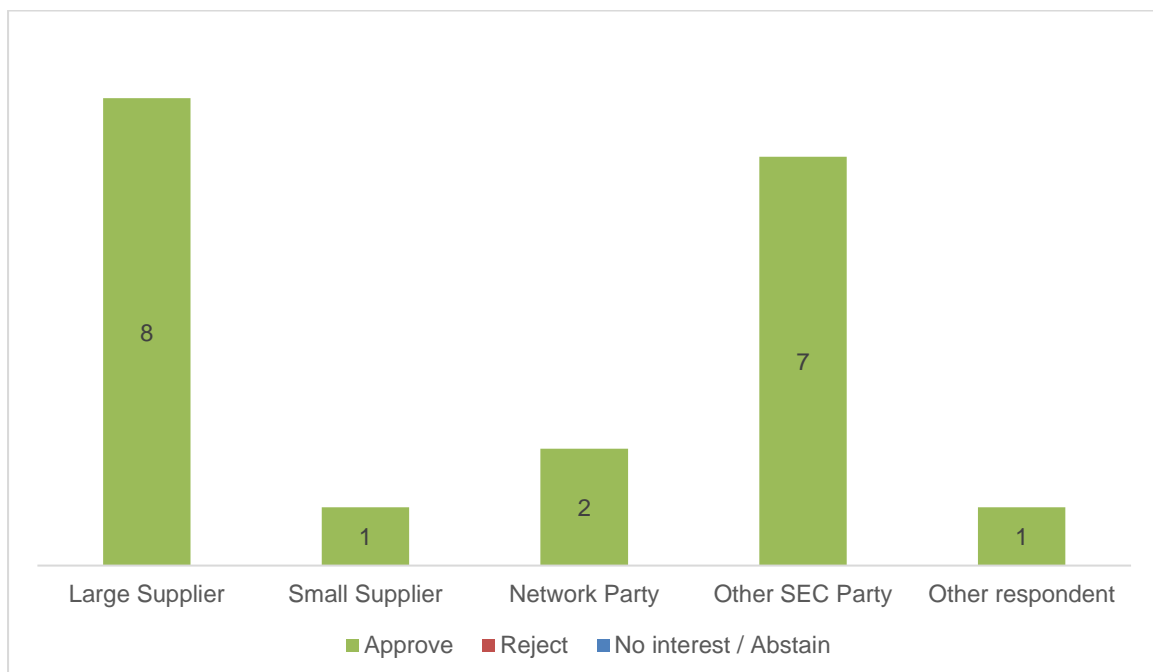
# MP123 'IVP Realignment of SMETS2 v2.0 and v3.1'

## Modification Report Consultation responses

### About this document

This document contains the full collated responses received to the MP123 Modification Report Consultation.

### Summary of responses



## Question 1: Do you believe that MP123 should be approved?

| Question 1               |                |          |   |
|--------------------------|----------------|----------|---|
| Respondent               | Category       | Response | Rationale   |
| Centrica/<br>British Gas | Large Supplier | Approve  | <p>We agree with the proposer that the current situation with the Covid-19 pandemic, and the Government's social distancing guidance issued to help reduce the spread of the virus, means only essential meter installations are taking place.</p> <p>This has / will lead to a large number of Smart Metering Technical Specifications 2 (SMETS2) v2.0 and v3.1 Devices being held by Suppliers or within the supply chain. until the end of the Government's lockdown measures. It is likely that a significant proportion of these devices, will not be installed prior to the existing Installation Validity Period (IVP) End Dates of 27 October 2020, precise number being difficult to predict, due to uncertainty over the duration of lockdown.</p> <p>The proposal to extend the IVP End Dates by 6 months is a pragmatic solution to this issue. This will help to avoid the unnecessary scrappage, or significant cost of trying to reuse / recycle, which could be several millions of pounds (£m's). It will also enable manufacturers to keep production facilities open, operating at minimum throughput, in the knowledge that further SMETS 2 v2.0 or v3.1 meters can still be utilised. This is vital to facilitate a rapid ramp up of production of SMETS 2 v4.2 Devices, once they have Commercial Product Assurance. If factories close, it is anticipated that there will be a lead-time of 3-5 months to re-establish deliveries at BAU volumes, which would hamper recovery</p> <p>The proposal to move the date by 6 months is pragmatic at this stage. The proposed date assumes that supplier installs will return to normal by the end of October 2020. As this cannot be certain, manufacturers and suppliers should keep this under review and, if necessary, future modification proposals may be required.</p> |

| Question 1                           |                 |          |   |
|--------------------------------------|-----------------|----------|---|
| Respondent                           | Category        | Response | Rationale   |
|                                      |                 |          | <p>We agree with the proposer that implementation of this modification would better facilitate SEC General Objective (a), as this will help to better facilitate the efficient provision and installation of smart metering systems.</p> <p>We also believe that implementation of this proposal will help to better facilitate the fourth General SEC Objective. Ensuring that existing devices, within supplier stock or the supply chain, can be installed, will prevent additional costs for those suppliers (and manufacturers) that are actively installing SMETS2 meters. This prevents a perverse commercial advantage to less 'active' suppliers and will therefore better facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy (consistent with the fourth General SEC Objective).</p> |
| <b>Itron Metering Solutions Ltd.</b> | Other SEC Party | Approve  | Itron supports the concerns raised in the modification proposal and believes there is a potential for a large number of meter assets to be stranded or scrapped if the current Installation End Date of 27 October 2020 is maintained for SMETS2 v2.0 and v3.1 devices.   |
| <b>Bulb Energy</b>                   | Large Supplier  | Approve  | <p>Bulb strongly support this SEC Mod for the reasons set out below:</p> <p>1) Risk of 'stranded', uninstalled SMETS2 v2.0 assets</p> <p>Uninstalled assets create cost to suppliers, and ultimately consumers – it is not an efficient operation of the SMETS2 supply and installation chain, creating extra cost for the rollout programme</p> <p>Bulb, like all large suppliers, has stopped smart meter installations due to COVID 19 and we expect a ramp up of installations back up to pre-COVID levels once government restrictions are lifted</p> <p>This means the rate of installation of SMETS2 v2.0 devices is now much slower than would have occurred had COVID not occurred and there is significant uncertainty as to how the</p>  |

| Question 1 |          |          |   |
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| Respondent | Category | Response | Rationale   |
|            |          |          | <p>rate of installation may increase as soon as government restrictions are lifted and further through 2020</p> <p>As of 21<sup>st</sup> April, Bulb have ~200,000 SMETS2 v2.0 devices ordered/delivered but not installed, which would need to be installed before the SMETS v2.0 deadline. The uncertainty from COVID means we cannot guarantee installing these before the current deadline</p> <p>The SMETS2 v2.0 deadline should be extended to October 2020 (and reviewed accordingly through the summer to ascertain if SMETS2 v2 installation rates are at a sufficient rate to not result in SMETS2 v2 assets left stranded with suppliers</p> <p>2) Delays to SMETS2 v3.2 and 4.2 approval, testing and production owing to COVID</p> <p>Again, COVID 19 has resulted in unexpected and re-prioritisation for manufacturers to best work with suppliers to manage the impact of reduced installations across production and supply chains. We have worked very positively with our manufacturers, including L&amp;G, on the immediate challenges we have faced</p> <p>The expected consequence is delays to upcoming releases like SMETS2 v3.2 and v4.2. We understand, similarly, that other SMETS2 meter variants may be subject to delay as production plans are adjusted</p> <p>Where approval, testing and production is delayed owing to COVID impacts, it is not reasonable for manufacturers to meet previously set-out deadlines for v3.2 and v4.2 approval, thereby creating delays to devices being available for testing, supplier approval and large-scale production</p> <p>The SMETS2 v2 deadline should be extended to October 2020 (and reviewed accordingly) to ensure that manufacturer approval, testing and scaled production timelines can match the deadlines suggested.</p> |

| Question 1                            |                 |          |   |
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| Respondent                            | Category        | Response | Rationale   |
| EDF                                   | Large Supplier  | Approve  | We agree that this change will better facilitate SEC Objective (a) as it will better facilitate the efficient provision and installation of smart metering systems by enabling suppliers to minimise the number of in stock devices that can't be installed as a result of the current IVPs.  |
| Western Power Distribution            | Network Party   | Approve  | We believe that this modification should be approved as it better facilitates SEC Objective (a) but ensuring efficient installation and operation of smart metering systems during these unprecedented times.   |
| Calvin Capital                        | Other SEC Party | Approve  | <p>We are fully supportive of this change proposal. Given the unexpected COVID19 emergency, we believe it is unrealistic to retain the current IVP end dates for SMETS2v2.0 and SMETS2v3.1 compliant equipment.</p> <p>Maintaining the current IVP dates will lead to unavoidable and excessive stranded stock which is undesirable. Additionally it may cause a dip in the installation rate due to the scarcity of SMETS2v4.2 devices available, assured and fully tested within the supply chain given the COVID19 related delays being encountered with both testing and assurance processes.</p> <p>By extending the current IVP dates by six months stranded stock will be reduced and the availability of SMETS2v4.2 devices should be improved avoiding any reduction in the installation rate.</p> |
| Horizon Energy Infrastructure Limited | Other SEC Party | Approve  | Given the current situation, this seems sensible  |
| Octopus Energy                        | Large Supplier  | Approve  | Octopus Energy support the decision to extend the installation validity period (IVP) end-date for SMETS2 v2.0 and SMETS2 v3.1 device for the following reasons;   |

| Question 1                                      |                |          |   |
|---|----------------|----------|---|
| Respondent                                      | Category       | Response | Rationale   |
|   |                |          | <p>Large volumes of v2.0 and v3.1 assets are held in our supply chain that will not be used before the 27<sup>th</sup> October leading to scrapped meters, increased costs and environmental issues.</p> <p>There re little to no live installations of the SMETS2 v4.2 and little time to carry out testing, production proving, pilot and transition phases.</p> <p>Lack of SMETS2 v4.2 will lead to a gap in our smart meter rollout with low volumes of installs until devices are more readily available.</p> <p>We have a large volume of CHTS 1.0 in the supply chain, there is uncertainty with the compatibility of CHTS 1.0 with SMETS2 v4.2 and the current recommendation is not to install using this combination.</p> <p>At present, there are no dates for returning to pro-active installs following the COVID-19 situation. There will be a mobilisation period to return to our planned installation volumes.</p> |
| <b>OVO (S) Electricity Ltd; OVO (S) Gas Ltd</b> | Large Supplier | Approve  | SEC Objective (a).  |
| <b>E.ON Energy Solutions Limited</b>            | Large Supplier | Approve  | E.ON supports extending the IVP date for SMETS2 v2 and v3.1 by a minimum of six months. However, we believe nine months would be a more appropriate solution to ensure that there is less risk of obsolescence costs or environmental waste due to social distancing measures implemented by the government which has resulted in only low volume emergency meter work being carried out currently. E.ON also supports a quick implementation of this modification.   |

| Question 1                       |                 |          |   |
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| Respondent                       | Category        | Response | Rationale   |
| ScottishPower Energy Retail Ltd. | Large Supplier  | Approve  | We believe the proposed solution is the most pragmatic way to prevent further disruption and the introduction of unnecessary costs.   |
| Landis + Gyr                     | Other SEC Party | Approve  | <p>By approving the modification, this provides additional time for those SMETS2 v2.0 devices that are already held by suppliers, MAPs and in manufacturers supply chains to be utilised effectively as CPA regulations have removed the ability for firmware on these devices to be modified in any way. This is in line with SEC general objective (a).</p> <p>It also supports general objective (d) as some new/ smaller suppliers will be disproportionately disadvantaged where they typically use a third party MOP/installer as this work is unlikely to be classed as essential during the COVID-19 lockdown thereby putting them at a competitive disadvantage.</p> <p>The introduction of V4.2 and V3.1 devices is additionally stressed at this time by:</p> <ol style="list-style-type: none"> <li>1. a number of manufacturers facing suspension of CPA assessments (with unknown dates for recommencement) which would otherwise have progressed to support the original date of 27 October 20.</li> <li>2. Lack of system testing of these v4.2/ v3.1 devices with R1 comms hubs to provide potential switchover to these devices prior to new R2 comms hub volume availability.</li> </ol> <p>By enabling the continuing utilisation of SMETS2 v2.0 devices, this supports manufacturers keeping factories operational at a reduced level. This helps to reduce the timescale risk of restarting after a break in supply chain which would have the additional impact of delaying a ramp up of installations post the completion of the lock down phase.</p> |

| Question 1  |                   |          |  |
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| Respondent  | Category          | Response | Rationale  |
| <b>Npower Group</b>                               | Large Supplier    | Approve  | Given the restrictions on activity resulting from the COVID-19 lockdown, it is sensible and prudent to extend the end date for installation of this equipment. This will bring greater efficiency and reduce wastage and we agree that it facilitates general SEC objective (a).   |
| <b>Scottish and Southern Electricity Networks</b> | Network Party     | Approve  | SSEN believe the proposed solution to extend the IVP end-date for SMETS2 v2.0 and SMETS2 v3.1, allowing Manufacturers and Suppliers to use up existing stock of devices, will better facilitate SEC Objective (a).   |
| <b>Secure Meters (UK) Limited</b>                 | Other SEC Party   | Approve  | Concur with assessment as outlined in modification report.   |
| <b>Energy and Utilities Alliance</b>              | Trade Association | Approve  | <p>This Modification Proposal has been shared with the EUA Members. It is noted that a number have actively contacted EUA to express support and approval for this modification to progress to implementation.</p> <p>Due to the impacts of Covid-19, which has effectively halted the Smart Metering implementation roll out, this modification provides additional time for those SMETS2 v2.0 devices that are already built to be utilised once the restrictions are lifted and SM roll out can again commence at volume.</p> <p>Also, the for development and associated delivery of the next generation of v4.2/ v3.1 devices may be slowed due to impacts of Covid-19 restrictions, with particular concern highlighted on the timescales needed to complete and gain CPA assurance. Approval of this modification will allow the continued use and installation of SMETS2 v2 devices beyond 27<sup>th</sup> October, which ensures there are sufficient devices within the supply chain for implementation plans to be met once installations at volume can recommence.</p> |
| <b>Magnum Utilities Limited</b>                   | Other SEC Party   | Approve  | Seems practical  |

| Question 1                  |                 |          |  |
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| Respondent                  | Category        | Response | Rationale  |
| <b>Social Energy Supply</b> | Small Supplier  | Approve  | <p>There are large volumes of v2.0 and v3.1 assets in the global supply chain that won't be used before the 27<sup>th</sup> October leading to waste of unused meters, increased costs and environmental issues.</p> <p>There are currently only 2 SMETS2 V4.2 CPL listed meters (1 ESME, 1 GSME) with little to no live installations having taken place. There is little time to carry out testing, production proving, pilot and transition phases.</p> <p>Lack of SMETS2 V4.2 devices on the 27<sup>th</sup> of October will likely lead to a gap in the SMART programme with low volumes of installations until devices are more readily available</p> <p>There are large numbers of CHTS 1.0 comms hubs in the supply chain, this is still the live version in the North region. There is uncertainty around compatibility of CHTS 1.0 comms hubs with SMETS2 V4.2 meters with the current recommendation not to install using this combination.</p> <p>There are currently no dates for returning to pro-active installs following the Covid-19 pandemic. There will then be a re-mobilisation period to return to previous installation volumes from campaigning through to installation</p> |
| <b>SMS PLC</b>              | Other SEC Party | Approve  | <p>SMS PLC support a decision to extend the Installation Validity Period (IVP) end-date for SMETS2 v2.0 and SMETS2 v3.1 device for the following reasons;</p> <ol style="list-style-type: none"> <li>1- There are large volumes of v2.0 and v3.1 assets in the global supply chain that will not be used before the 27<sup>th</sup> October leading to scrapped meters, increased costs and environmental issues.</li> </ol>   |

| Question 1 |          |          |  |
|------------|----------|----------|--|
| Respondent | Category | Response | Rationale  |
|            |          |          | <p>2- There are currently only 2 SMETS2 V4.2 CPL listed meters (1 ESME, 1 GSME) with little to no live installations having taken place. There is little time to carry out testing, production proving, pilot and transition phases.</p> <p>3- Lack of SMETS2 V4.2 devices on the 27<sup>th</sup> of October will likely lead to a gap in the SMART programme with low volumes of installations until devices are more readily available</p> <p>4- There are large numbers of CHTS 1.0 comms hubs in the supply chain, this is still the live version in the North region. There is uncertainty around compatibility of CHTS 1.0 comms hubs with SMETS2 V4.2 meters with the current recommendation not to install using this combination.</p> <p>5- There are currently no dates for returning to pro-active installs following the Covid-19 pandemic. There will then be a re-mobilisation period to return to previous installation volumes from campaigning through to installation.</p> |

## Question 2: Please provide any further comments you may have

| Question 2   |                 |   |
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| Respondent   | Category        | Comments  |
| <b>Centrica/<br/>British Gas</b>                     | Large Supplier  | We agree with the proposer that end dates within the Technical Specifications Applicability Table (TSAT) for CHTS 1.0 & 1.1 will also need to be amended. These dates are currently fall in January and April 2021 and are therefore less urgent. We expect that once the DCC has a firmer view on their firmware delivery roadmap they will be progress the necessary modification to amend the applicable end dates. The CHTS dates can be dealt with separately from this modification proposal, there is no immediate dependency. |
| <b>Itron Metering<br/>Solutions Ltd.</b>             | Other SEC Party | -   |
| <b>Bulb Energy</b>                                   | Large Supplier  | -   |
| <b>EDF</b>   | Large Supplier  | The current COVID-19 situation is ongoing and evolving, the overall impacts that it will have on the rollout of smart meters won't be known for some time. The extension of the current IVP end dates by six months is a prudent step at this time to provide regulatory certainty to suppliers, however it may the case that these dates may need to be extended further in the future to minimise the number of devices that are unnecessarily stranded, at a cost to consumers.  |
| <b>Western Power<br/>Distribution</b>                | Network Party   | -   |
| <b>Calvin Capital</b>                                | Other SEC Party | Depending upon the impact of COVID19, it may be that a longer extension that six months is actually required.<br><br>Any change should be done in such a manner than it can be extended again quickly if required.  |
| <b>Horizon Energy<br/>Infrastructure<br/>Limited</b> | Other SEC Party | It's the intention of all parties to move to SMETS2v4.2 and this change is well under way. There is currently a large number of devices in the supply chain with suppliers, MAPs, meter manufacturers and meter operators   |

| Question 2                                      |                |   |
|---|----------------|---|
| Respondent                                      | Category       | Comments  |
|   |                | <p>that won't be installed prior to the Smart Metering Equipment Technical Specifications (SMETS) 2 v2.0 and v3.1 deadline of 27 October 2020.</p> <p>The current situation around Covid-19, the uncertainty of when installs will restart and consumer reaction to allowing a meter exchange, lead us to believe that an extension of six months won't be enough. If an end date has to be applied, then it would be better to allow 12 months. We would like consideration to be given to not agreeing an end date now.</p>   |
| <b>Octopus Energy</b>                           | Large Supplier | <p>Octopus Energy supports the decision to extend the IVP but recommends for the period to be extended by 12 months. We believe that the impact of COVID-19 will have on installation volumes, supply chain problems, device approval delays, SMETS2 v4.2 mobilisation and transition period will be more significant than 6 months.</p> <p>We may see a drop in conversion rates in our campaign post COVID-19 until consumers are more confident to let engineers into their properties.</p> <p>Given the cost already incurred, 6 months will still represent a risk to stock write offs, a further cost risk that should be avoided where possible.</p> <p>If not already included in this SECMOD we also recommend that the installations end date of CHTS1.04 and CHTS1.1 to be delayed as the same issues highlighted above also apply to the industry comms hubs.</p> |
| <b>OVO (S) Electricity Ltd; OVO (S) Gas Ltd</b> | Large Supplier | <p>OVO (S) strongly support this MP and agree with the reasons for why it has been raised and the need to change the IVP dates.</p>   |
| <b>E.ON Energy Solutions Limited</b>            | Large Supplier | <p>These comments should be considered but should not delay the speed in which this modification is approved or implemented.</p> <p>The 'Summary' section of the Modification Report suggests that this extension is on the assumption that install figures are back to those pre-COVID-19, but this is not mentioned in the 'Solution' section in either</p>   |

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| Question 2                              |                 |  |
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| Respondent                              | Category        | Comments   |
|   |                 | document. This is an important point to ensure the solution is appropriate for the current uncertain situation. Who will do the review and when will this happen are questions that should be answered as part of this. With regards to the uncertainty around the current situation, E.ON believe that an extension of nine months would be more appropriate. This would take in to account any further social distancing measures, a considered relaunch of smart meter installations and the additional costs of having to create another SECMOD should six months not be sufficient. Additional to this, NCSC have advised of delays of potential CPA accreditations, in which some SMETS2v4.2 firmware could be affected by. By assessing E.ON's current stock levels, timelines for firmware versions and estimated installs for the remainder of the year, the six months suggested represents a best case scenario with little contingency for the wide-ranging uncertainty of the COVID-19 impacts. |
| <b>ScottishPower Energy Retail Ltd.</b> | Large Supplier  | In light of the unpredictability of the current situation, we are concerned that the proposed six-month extension may ultimately prove insufficient. We would therefore suggest a more cautious approach that saw these IVP end dates either being extended indefinitely or replaced with dates that take greater account of the uncertainty regards the impact that social distancing measures might have on the consumer uptake of smart meters once the current restrictions are eventually lifted.<br><br>Therefore, if a new date is to be chosen, we would suggest that a 12-month extension would be more appropriate.  |
| <b>Landis + Gyr</b>                     | Other SEC Party | Given the uncertainty surrounding the COVID-19 timescales and the impact upon meter installations, it will be important for industry to review the position post the 27 October 20 date to determine both: <ol style="list-style-type: none"> <li>1. The level of installations at that time (as this proposal assumes a return to pre-COVID lockdown levels by then).</li> <li>2. Any associated comms hub dependency given the technical challenges understood to be currently being discussed and any consequential supply chain challenges as a result.</li> </ol>   |

| Question 2  |                   |  |
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| Respondent  | Category          | Comments   |
|   |                   | The six month proposal provides time (October 20 to April 21) for this review to take place and consequential action if necessary.   |
| <b>Npower Group</b>                               | Large Supplier    | No further comments.   |
| <b>Scottish and Southern Electricity Networks</b> | Network Party     | N/A  |
| <b>Secure Meters (UK) Limited</b>                 | Other SEC Party   | -  |
| <b>Energy and Utilities Alliance</b>              | Trade Association | As outline in rational.  |
| <b>Magnum Utilities Limited</b>                   | Other SEC Party   | <p>It's the intention of all parties to move to SMETS2v4.2 and this change is well under way.</p> <p>We currently hold a large volume of assets that won't be installed prior to the Smart Metering Equipment Technical Specifications (SMETS) 2 v2.0 and v3.1 deadline of 27 October 2020.</p> <p>With the current crisis and our uncertainty of when exchanges and installs will recommence. Along with this the uncertain reaction of the consumers as to whether they will allow engineers into their properties once lockdown is lifted leads us to think that an extension of only 6 months will not be enough time to deplete the current stock levels. Rather than having an end date it would be better to allow the run down of the stock and the introduction of v4.2 stock with v2.0 and v3.1 being phased out of the CPL gradually.</p> <p>We would like consideration to be given to not agreeing an end date now.</p> |

| Question 2                  |                 |   |
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| Respondent                  | Category        | Comments  |
| <b>Social Energy Supply</b> | Small Supplier  | <p>We are supportive of our metering agent's recommendation of a 12 month extension due to the impact COVID-19 will have on installation volumes, supply chain problems, device approval delays, SMETS2 4.2 mobilisation and transition period will be more significant than 6 months.</p> <p>It is also unclear what the longer-term effects COVID -19 will have on the roll out, we anticipate a potential decrease in conversion rates at campaigning until consumers are more confident to let engineers in their properties.</p> <p>Given the cost already occurred, a 6-month increase will still represent a risk of stock wastage, a further cost risk that the industry should try to avoid.</p> <p>If not included already in this SECMOD we are also supportive of our metering agent's recommendation to delay the Installation End Date for CHTS1.0 and CHTS1.1 comms hubs as the same issues highlighted above also apply to the industry comms hubs.</p> |
| <b>SMS PLC</b>              | Other SEC Party | <p>SMS PLC would welcome a decision to extend the IVP but would recommend that the period is to be extended by 12 months. We believe the impact that COVID-19 will have on installation volumes, supply chain problems, device approval delays, SMETS2 4.2 mobilisation and transition period will be more significant than 6 months.</p> <p>It is also unclear what the longer term effects of COVID -19 will have on the roll out, a potential decrease in conversion rates at campaigning until consumers are more confident to let engineers in their properties.</p> <p>Given the cost already occurred, 6 months will still represent a risk of stock write offs, a further cost risk that the industry should try to avoid.</p>  |