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MP130 'CH order and delivery changes due to COVID-19'

Annex C

Refinement Consultation responses

About this document

This document contains the non-confidential collated responses received to the MP130 Refinement Consultation.

Question 1: Do you agree with the solution put forward?

Question 1			
Respondent	Category	Response	Rationale
Calvin Asset Management Limited	Other SEC Party	Yes	-
Scottish Power Energy Retail Ltd.	Large Supplier	Yes	We agree this is the most pragmatic solution in the circumstances.
Centrica plc / British Gas	Large Supplier	Yes	<p>The proposed solution offers suitable relief to suppliers that have ordered, in good faith, but are no longer able to receive, store and utilise DCC Communication Hubs. The proposed arrangements offer an equitable solution to an issue, that is not in the control of any SEC Party, that has provided forecasts / orders for Communication Hubs. Without such a proposal, suppliers that are actively installing SMETS2 smart metering systems would unfairly be commercially disadvantaged due to incurring excess costs from comms hub stock charges, unnecessary logistical burden and/or be in breach of SEC obligations due to being unable to take delivery of Orders.</p> <p>Implementation will also prevent the unnecessary delivery of Communication Hubs and help to ensure that employees, throughout the supply chain, are not required to facilitate deliveries, or manage excessive stock. Implementation of this proposal therefore supports the government Covid-19 guidance on social distancing and safe working practices.</p> <p>Although we are supportive of implementation of the proposed legal text, we do not support approval of the draft Temporary CH Ordering and Delivery Rules document at this stage.</p> <p>Firstly, we do not agree with part of the proposed formula for the calculation of a SEC Party's Minimum Communications Hub Order for each Mid-Term Delivery Month (PMCHO_{pm}). As detailed within the Section 3.3 ("Mid-Term Orders") of the Temporary CH Ordering and Delivery Rules, orders for 1 January 2021 until and including 31 December</p>

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Question 1			
Respondent	Category	Response	Rationale
			<p>2021 are proposed to be calculated with reference to a SEC Party's Total Market Share based on total meters as of 15 April 2020 (PTMS). There is no rationale for a SEC Party's market share to be based on a fixed point in time that will be up to 20 months out of date. Instead, we believe the PTMS should reflect changes in supplier customer portfolios and use the market share for each supplier in the month directly proceeding each Mid-Term Delivery Month.</p> <p>Secondly, it has become apparent from a DCC Logistic team communication today, that minimum order quantities are only being calculated for energy suppliers SEC Parties that place orders themselves, not all energy supplier SEC Parties. This appears to be due to non-supplier SEC Parties, that place orders, not having a respective market share. As a result, supplier minimum quantities, for energy suppliers that place orders directly, will have to be inflated (by c.20%) to cover off the difference. This leads to an inequitable situation for, predominately, Large Suppliers. Whilst it is understood that some ordering parties may not have a market share, the document should allow for this in some way to ensure that all energy supplier SEC Parties are allocated a suitable minimum order quantity.</p> <p>As the Temporary CH Ordering and Delivery Rules document sits outside of the SEC, as a DCC controlled document, we propose that only the legal text for this modification proposal is subject to Panel approval and Change Board vote. The DCC should be allowed further time to address any concerns that have been raised with the associated document.</p>
OVO (S) Electricity Ltd; OVO (S) Gas Ltd	Large Supplier	Yes	We agree
E.ON	Large Supplier	Yes	<p>We agree with this proposal conditional on the post-Covid scenario of Smart Meter Installs returning to pre-Covid volumes by end of September-20.</p> <p>As agreed at the DCC Supply Chain Capacity Working Group meeting on 19th May, should the UK see: a further spike in COVID cases; enter a second Government directed</p>

Question 1			
Respondent	Category	Response	Rationale
			<p>Lockdown period; or encounter any other event that reduces customer demand for Smart Meter Installations, the Supply Chain Capacity Working Group will be reconvened and assess further reduction measures. These reduction measures would be required to avoid Suppliers being obligated to take delivery and incur costs associated an excessive volume with Comms Hubs not required.</p> <p>All our responses in this Consultation are based on Smart Meter Installs returning to pre-Covid volumes by end of September-20</p>
Stark Software International Ltd. (SSIL)	Other SEC Party	Yes	-
npower	Large Supplier	No	-

Question 2: Will there be any impact on your organisation to implement MP130?

Question 2			
Respondent	Category	Response	Rationale
Calvin Asset Management Limited	Other SEC Party	Yes	Calvin is currently holding stock and with no installations currently taking place the temporary changes in the CH ordering mechanism will assist Calvin in managing our future orders and stock volumes.
Scottish Power Energy Retail Ltd.	Large Supplier	No	Having been closely involved with the working group that developed these proposals, we now expect any consequent impacts to be immaterial
Centrica plc / British Gas	Large Supplier	Yes	There will be some marginal implementation effort to amend manual process for the forecasting and ordering process. These changes are not significant.
OVO (S) Electricity Ltd; OVO (S) Gas Ltd	Large Supplier	No	We are already set up for this in this current climate. No material changes are needed.
E.ON	Large Supplier	No	All forecasting and stock movement associated with MP130 will be dealt with by E.ON's BAU processes
Stark Software International Ltd. (SSIL)	Other SEC Party	No	-
npower	Large Supplier	Yes	-

Question 3: Will your organisation incur any costs in implementing MP130?

Question 3			
Respondent	Category	Response	Rationale
Calvin Asset Management Limited	Other SEC Party	No	-
Scottish Power Energy Retail Ltd.	Large Supplier	No	Implementation costs will be immaterial
Centrica plc / British Gas	Large Supplier	No	Although there will be some minor cost incurred due to manual changes to ordering process whilst the temporary arrangements are in place these are not significant.
OVO (S) Electricity Ltd; OVO (S) Gas Ltd	Large Supplier	No	Negligible but within the rounds of what we do already and far more acceptable than the alternative
E.ON	Large Supplier	Yes	The proposal requires E.ON to accept volumes of Comms Hubs above those that are required to match its demand for 2020 and early 2021, which will result in E.ON incurring additional 3 rd Party storage and stock movement costs, plus additional CH Storage rental costs. These costs, however are more than offset by the proposal delaying deliveries and reducing volumes
Stark Software International Ltd. (SSIL)	Other SEC Party	No	-
npower	Large Supplier	Yes	-

Question 4: Do you believe that MP130 would better facilitate the General SEC Objectives?

Question 4			
Respondent	Category	Response	Rationale
Calvin Asset Management Limited	Other SEC Party	Yes	-
Scottish Power Energy Retail Ltd.	Large Supplier	Yes	Given the circumstances surrounding the current COVID19 crisis, which gave rise to these proposals, we agree with the Proposer that this modification will better facilitate General SEC Objective (a) in that it will better facilitate the efficient provision and installation of smart metering systems.
Centrica plc / British Gas	Large Supplier	Yes	We agree with the proposer that implementation will help to better facilitate General SEC Objective (a) as it will avoid the unnecessary delivery of communication hubs to suppliers / MOPs and therefore facilitate a more efficient provision and installation of smart metering systems (i.e. avoidance of inefficient logistics and warehousing activity). We also believe that implementation will help to support the fourth General SEC Objective (d). The proposed solution will prevent 'active' suppliers from receiving communication hubs that they are not able to take delivery of, or that they would incur significant stock charges and warehousing costs for. As active suppliers would be impacted more than suppliers that are not currently installing smart meters, or installing to a lesser extent, the costs incurred would be inequitable. Implementation of the proposal will go some way to address this and therefore will help to facilitate effective competition between suppliers.
OVO (S) Electricity Ltd; OVO (S) Gas Ltd	Large Supplier	Yes	It meets the SEC Objective a
E.ON	Large Supplier		Compared to the existing SEC provisions, the proposal is a post-Covid more efficient approach to Supply Chain management.

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Question 4			
Respondent	Category	Response	Rationale
Stark Software International Ltd. (SSIL)	Other SEC Party	Yes	<p>MP130 would better facilitate SEC Objective (a) by improving efficiency in the provision of Smart metering equipment during the COVID-19 pandemic and SEC Objective (b) by enabling the DCC to more efficiently discharge its licence obligations in response to the restrictions in place.</p> <p>The SEC objective should take this in to account and certainly a reduced service for the next 12 months and with the facility to implement again should we experience another pandemic.</p>
npower	Large Supplier	No	-

Question 5: Noting the costs and benefits of this modification, do you believe MP130 should be approved?

Question 5			
Respondent	Category	Response	Rationale
Calvin Asset Management Limited	Other SEC Party	Yes	-
Scottish Power Energy Retail Ltd.	Large Supplier	Yes	As above
Centrica plc / British Gas	Large Supplier	Yes	<p>The proposed solution offers suitable relief to suppliers that have ordered, in good faith, but are no longer able to receive, store and utilise DCC Communication Hubs. The proposed arrangements offer an equitable solution to an issue that is not in the control of any SEC Party that has provided forecasts / orders for Communication Hubs. Without such a proposal, suppliers that are actively installing SMETS2 smart metering systems would unfairly be commercially disadvantaged due to incurring excess costs from comms hub stock charges, unnecessary logistical burden and/or be in breach of SEC obligations due to being unable to take delivery of Orders.</p> <p>Implementation will also prevent the unnecessary delivery of Communication Hubs and help to ensure that employees, throughout the supply chain, are not required to facilitate deliveries, or manage excessive stock. Implementation of this proposal therefore supports the government Covid-19 guidance on social distancing and safe working practices.</p>
OVO (S) Electricity Ltd; OVO (S) Gas Ltd	Large Supplier	Yes	We are unable to accept all the CHs we have ordered. This needs to be implemented.
E.ON	Large Supplier	Yes	The proposal improves the position compared to current SEC provisions

Question 5			
Respondent	Category	Response	Rationale
Stark Software International Ltd. (SSIL)	Other SEC Party	Yes	-
npower	Large Supplier	No	-

Question 6: How long from the point of approval would your organisation need to implement MP130?

Question 6			
Respondent	Category	Response	Rationale
Calvin Asset Management Limited	Other SEC Party	None	-
Scottish Power Energy Retail Ltd.	Large Supplier	We could implement MP130 immediately following its approval	The impacts on our organisation are expected to be minimal.
Centrica plc / British Gas	Large Supplier	1 day from Authority approval, as proposed, would suffice. We would expect due to the nature of this proposal that this should be achieved by 27 May 2020.	There is very little implementation effort for suppliers so minimum lead time requirements
OVO (S) Electricity Ltd; OVO (S) Gas Ltd	Large Supplier	-	Subject to the mitigation of the CSP N defective CHs not being provided, we could have all this in place to commence immediately.
E.ON	Large Supplier	Immediately	All appropriate management have been kept apprised of the Working Groups progress and are comfortable with the conclusion reached and the future potential concerns as noted in our response.

Question 6			
Respondent	Category	Response	Rationale
Stark Software International Ltd. (SSIL)	Other SEC Party	0 days	SUFL are ready to implement this solution today
npower	Large Supplier	-	N/A

Question 7: Do you agree with the proposed implementation approach?

Question 7			
Respondent	Category	Response	Rationale
Calvin Asset Management Limited	Other SEC Party	Yes	-
Scottish Power Energy Retail Ltd.	Large Supplier	Yes	As above
Centrica plc / British Gas	Large Supplier	Yes	The implementation approach is appropriate given the urgent nature of the modification proposal.
OVO (S) Electricity Ltd; OVO (S) Gas Ltd	Large Supplier	Yes	We agree
E.ON	Large Supplier	Yes	<p>E.ON understands that the DCC is under unreasonable pressure from certain CSP's to complete implementation immediately or they will continue to deliver May's OMS Comms Hubs to Suppliers.</p> <p>This lack of flexibility does not reflect the Working Group's collaborative intent set out, and E.ON would reserve the right to reject any deliveries that are contrary to the solution proposed in this consultation.</p>
Stark Software International Ltd. (SSIL)	Other SEC Party	Yes	-
npower	Large Supplier	No	Unclear what volume of comms hubs we are committing to.

Question 8: Do you agree that the legal text will deliver MP130?

Question 8			
Respondent	Category	Response	Rationale
Calvin Asset Management Limited	Other SEC Party	-	-
Scottish Power Energy Retail Ltd.	Large Supplier	Yes	-
Centrica plc / British Gas	Large Supplier	Yes	<p>We agree that the legal text, that introduces the Temporary CH Ordering and Delivery Rules, will deliver the solution as set out in the modification report.</p> <p>However, although not part of the legal text, we do not agree with the proposed Temporary CH Ordering and Delivery Rules document (as per our response to Question 1 above). We therefore request that only the legal text for this modification proposal is subject to Panel approval and Change Board vote. The DCC should be allowed further time to address any concerns that have been raised with the associated document.</p>
OVO (S) Electricity Ltd; OVO (S) Gas Ltd	Large Supplier	Yes	We agree it does
E.ON	Large Supplier	Yes	<p>The proposed changes to the SEC Section F5 and the new “Temporary Communications Hub Ordering and Delivery Rules” deliver the proposals as per discussions at the Working Group.</p> <p>We note the extracted section from the SEC Section F5 amendments text below, and interpret this as the mechanism for reconvening the Working Group should further Covid related events transpire that impacts Smart Meter Installation demand as set out in our response to question 1</p>

Question 8			
Respondent	Category	Response	Rationale
			<i>"The DCC may from time to time amend the Temporary CH Ordering and Delivery Rules subject to the Panel's approval..."</i>
Stark Software International Ltd. (SSIL)	Other SEC Party	Yes	-
npower	Large Supplier	No	-

Question 9: Do you believe there will be any impacts on or benefits to consumers if MP130 is implemented?

Question 9			
Respondent	Category	Response	Rationale
Calvin Asset Management Limited	Other SEC Party	Yes	-
Scottish Power Energy Retail Ltd.	Large Supplier	Yes	The implementation of MP130 will serve to reduce supplier's short term cost exposure; costs that might otherwise find their way through to consumers prematurely
Centrica plc / British Gas	Large Supplier	Yes	Positive benefits from suppliers avoiding inequitable costs
OVO (S) Electricity Ltd; OVO (S) Gas Ltd	Large Supplier	Yes	We will not incur the costs forced upon us for devices we're not able to install
E.ON	Large Supplier	Yes	Consumers are at less risk of any impacts related to older Comms Hub firmware versions (e.g. before fixes to HAN stability, PAYG & R2 compliance) than they would have been without the proposal.
Stark Software International Ltd. (SSIL)	Other SEC Party	No	-
npower	Large Supplier	Yes	potential increase in costs to npower from renting more comms hubs than required.

Question 10: Please provide any further comments you may have

Question 10		
Respondent	Category	Comments
Calvin Asset Management Limited	Other SEC Party	-
Scottish Power Energy Retail Ltd.	Large Supplier	No
Centrica plc / British Gas	Large Supplier	n/a
OVO (S) Electricity Ltd; OVO (S) Gas Ltd	Large Supplier	This whole process is under the framework of governance set up by the DCC and we expect that to continue until this situation is behind us and we're able to manage installations again.
E.ON	Large Supplier	<p>E.ON confirms that it does not want any CSP North 2.02.04 Comms Hubs that have been offered during the Working Group Meetings. There is a lack of clarity on the fit for purpose nature of this firmware at present. Linked to this, we also note with concern the CSP North statement that all hubs held in storage will be R2 Hubs. This seems a risk linked to the current issues with 2.02.04, and we would be interested to understand their options for reflashing firmware on large volumes of Hubs.</p> <p>We also would seek bi-lateral engagement with the DCC to explore the option of further reducing deliveries of CSP North and South hubs during 2020 through specified quantities being reallocated to any Service Users that required additional hubs.</p> <p>Whilst we welcome the measures taken by the DCC and its CSP partners, we would reflect that in comparison to general Supplier engagement with Meter and PPMID manufacturer relating to COVID response:</p> <ul style="list-style-type: none"> • DCC discussions and Working Group engagement started a month later • CSP proposals involved commitment to May-21 and Dec-21, whereas Suppliers commitments do not extend beyond 2020.

Question 10		
Respondent	Category	Comments
		We also restate the requirement to renegotiate these long-term commitments in the event of 2 nd COVID lockdown or similar, and would encourage the DCC to engage more promptly should this occur.
Stark Software International Ltd. (SSIL)	Other SEC Party	-
npower	Large Supplier	-