

This document is classified as **White** in accordance with the Panel Information Policy. Information can be shared with the public, and any members may publish the information, subject to copyright.



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.

Contents

1. Summary.....	3
2. Background.....	4
3. Solution	5
4. Impacts	6
5. Costs	7
6. Implementation approach	8
7. Discussions and development	9
8. Conclusions	10
Appendix 1: Glossary	12

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

If you have any questions on this modification, please contact:

Bradley Baker

020 7770 6597

bradley.baker@gemserv.com

Smart Energy Code Administrator and Secretariat (SECAS)

8 Fenchurch Place, London, EC3M 4AJ

020 7090 7755

sec.change@gemserv.com