Department for Business, Energy & Industrial Strategy

Department for Business, Energy & Industrial Strategy
1 Victoria Street,
London SW1H 0ET

www.gov.uk/beis

25 September 2020

The Authority (Ofgem), the SEC Panel, SEC Parties and other interested parties

Dear colleague,

SMART METERING IMPLEMENTATION PROGRAMME: DIRECTION TO RE-DESIGNATE THE SMETS1 SVTAD (SMART ENERGY CODE APPENDIX AK)

1. This direction letter relates to the DCC consultation of 14 August 2020 on SMETS1 Device Model Combination Testing (DMCT) Process Improvement[1] involving proposed changes to SEC Appendix AK – the SEC Variation Testing Approach Document for SMETS1 Services (SMETS1 SVTAD).

2. The SMETS1 SVTAD sets out the rights and obligations for a range of SMETS1 testing matters. The version of the SMETS1 SVTAD that was last designated is dated 3 April 2020.

3. The DMCT process allows for DCC to propose not to undertake testing of a DMC, prior to recommending it for entry on the EPCL, where it considers a DMC to be substantively equivalent to another entry on the EPCL, another proposed entry or a DMC that is planned for testing[2]. Supplier Parties may challenge DCC's assessment of substantive equivalence but were not required to provide a rationale for that objection. Historically, such a challenge would automatically have required DCC to test the devices that were subject to dispute and there were no provisions in the SEC for the DCC to appeal a Supplier Party's objection where it considered its grounds for recommending substantive equivalence to be sound. There is a balance to be struck between testing and enrolling on the basis of substantive equivalence: disproportionate testing would lead to a material increase in the cost and timescales for the DMCT process, which would postpone how quickly meters become available for migration, delaying the benefits of smart metering for both consumers and industry. However, inappropriate reliance on substantive equivalence could result in potentially consumer-impacting defects not being picked up.

4. On 18 September, DCC submitted an amended SMETS1 SVTAD to BEIS for designation together with its consultation conclusions and copies of the five

[1] https://www.smartdcc.co.uk/customer-hub/consultations/dmct-process-improvement/
[2] Set out in Clause 20.6 (d) of the SMETS1 SVTAD

responses received from stakeholders. The DCC's initial proposed changes to the SMETS1 SVTAD included amendments to the SVTAD to require a Supplier Party to set out its reasons for objection, to make such objection within ten working days of being notified of a proposed use of substantive equivalence, and provided a right for the DCC to refer objections on the proposed treatment of a DMC as substantively equivalent to the Secretary of State for determination where the DCC still holds a differing opinion to an objecting Supplier Party.

5. Four of the five respondents were supportive of the DCC's proposed improvements to the DMCT Process. The respondent who objected to the change set out its view as to why it considered reliance on substantive equivalence to be inappropriate for aspects of the MOC (Secure) cohort, asserting that it opposed the principles of the proposed amendments to the DMCT process on the basis that they would result in a wrong decision. BEIS has considered the Supplier Party's concern but is satisfied that a referral process needs to be created for those cases where the DCC and a Supplier Party cannot resolve their dispute over the proposed use of substantive equivalence.

6. BEIS considers it is inappropriate for a Supplier Party to have an absolute veto over the proposed use of substantive equivalence for a DMC is relevant to many Supplier Parties, and therefore that DCC should be able to refer the matter to BEIS for determination if necessary. The SEC already provides for matters in the Transition Migration Approach Document (TMAD) to be referred to the Secretary of State for determination. BEIS will ensure appropriate processes are followed and will utilise such technical expertise as may be necessary to enable it to make a determination. We have also clarified in the drafting of the new SMETS1 SVTAD clause 20.12A that DCC must provide the rationale for its position to the Secretary of State as part of any referral.

7. Two of the five respondents also considered the ten working day period for a Supplier Party to raise objections to be insufficient time for analysis. BEIS notes that DCC has responded in its conclusions document that the drafting should be amended to accommodate a 20-working day objection period.

8. BEIS welcomes the further engagement at the TBDG sub-group on 16 September where DCC clarified with attendees the basis for each type of Substantive Equivalence, given some queries raised by consultation respondents. We note the commitment made by the DCC to further engage with the respondent to the consultation that had more generally voiced their opposition to the use of substantive equivalence for the MOC (Secure) cohort.

9. Four out of five respondents supported the proposed date for the Secretary of State to re-designate the SMETS1 SVTAD, one of whom expressed support for DCC to expedite the provision of the conclusions report to BEIS. One respondent objected to the proposed re-designation date on the basis that they also objected to the process changes.

10. BEIS considers that it is requisite and expedient to amend the SMETS1 SVTAD to include the proposed improvements to the DMCT Process, consistent with the support expressed by the majority of respondents and the further changes mentioned above. As such, BEIS concludes that it is also appropriate for a new version of SVTAD (v.4.0) to be designated today, as it appears in Annex A. A marked-up version of the document showing changes relative to the version previously in legal effect is provided at Annex B for reference.

Direction

This direction is made for the purposes of the smart meter communication licences granted to Smart DCC Ltd under the Electricity Act 1989 and the Gas Act 1986 (such licences being the "DCC Licence") and the Smart Energy Code designated by the Secretary of State pursuant to the DCC Licence (such code being the "SEC").

Words and expressions used in this direction shall be interpreted in accordance with Section A (Definitions and Interpretation) of the SEC.

Pursuant to Condition 22 of the DCC Licence and Section X5 (Incorporation of Certain Documents into this Code) of the SEC, the Secretary of State directs that, with effect from 25 September 2020, the SEC Variation Testing Approach Document for SMETS1 Services previously designated and incorporated into the SEC as Appendix AK of the SEC is hereby re-designated and incorporated in the form set out in Annex A of this direction.

For the avoidance of doubt, any re-designation of the SVTAD shall be without prejudice to anything done under the DCC Licence or the SEC on or after the SVTAD first being designated, or to the continuing effectiveness of anything done under the SVTAD prior to its re-designation (which shall have effect as if done under the re-designated document).

This direction is also being notified to the SEC Administrator and an updated version of the SEC to reflect these changes will be available on the SEC website in due course.

Yours faithfully,

Duncan Stone

Deputy Director & Head of Delivery,
Smart Metering Implementation Programme
(An official of the Department for Business, Energy & Industrial Strategy authorised to act on behalf of the Secretary of State)

ANNEXES (separate documents)

Annex A: SEC Appendix AK – SEC Variation Testing Approach Document for SMETS1 Services (SMETS1 SVTAD) v4.0 clean

Annex B: SEC Appendix AK – SEC Variation Testing Approach Document for SMETS1 Services (SMETS1 SVTAD) v4.0 marked up against v3.0