



Department for
Business, Energy
& Industrial Strategy

Department for Business,
Energy & Industrial Strategy
1 Victoria Street,
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www.gov.uk/beis

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

23 October 2020

Dear Colleague,

Smart Metering Implementation Programme: consultation on a change to Smart Meter Communication Licences

This document constitutes a consultation on the proposal to introduce a new licence condition into the Smart Meter Communication Licences with regards to the production and implementation of plans.

This consultation runs until 17:00 on 9 November 2020. Details of how to respond are provided in the Consultation Document at Annex A.

Yours faithfully,

Duncan Stone

Deputy Director and Head of Delivery,
Smart Metering Implementation Programme

ANNEXES

Annex A Consultation Document

Annex B Legal drafting

Annex A: Consultation Document

1. General Information

Why we are consulting

This document seeks stakeholders' views on the proposal to introduce a new licence condition into the Smart Meter Communication Licences (the “**DCC Licence**”).

Timing

Responses to this consultation should be submitted **by 17:00 on 9 November 2020**.

Responding to the consultation

Your response will be most useful if it is framed in direct response to the questions posed, by reference to our numbering, though further comments and evidence are also welcome.

Responses should be submitted to: smartmetering@beis.gov.uk

When responding, please state whether you are responding as an individual or representing the views of an organisation.

Confidentiality and data protection

Information you provide in response to this consultation, including personal information, may be disclosed in accordance with UK legislation (the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential please tell us but be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

We will process your personal data in accordance with all applicable data protection laws. See our [privacy policy](#).

We will summarise all responses and publish this summary on the SEC website. The summary will include a list of names or organisations that responded, but not people's personal names, addresses or other contact details.

Territorial extent

This consultation applies to the gas and electricity markets in Great Britain.

Quality assurance

This consultation has been carried out in accordance with the government's consultation principles.

If you have any complaints about the way this consultation has been conducted, please email: beis.bru@beis.gov.uk

2. Proposed New DCC Licence Condition

Background

- 2.1. The Data Communications Company (DCC) has embarked on a significant programme of work under its “Network Evolution Programme” (NEP) which was set out in a paper to the SEC Panel on 16 October 2020 and encompasses work to:
- future proof the Smart Metering telecommunications platform by procuring Communications Hubs with 4G capability and access to 4G telecommunications network capability;
 - replace the current Data Services Provider (DSP) contract which, depending on whether options to extend it are exercised, will ultimately expire in 2024;
 - re-procure the “Trusted Service Provider” which underpins the SMKI Services; and
 - introduce further automation of testing.

Proposed New Licence Condition

- 2.2. Government has a strong interest in the NEP, since it has the potential to impact the benefits delivered to consumers as a result of the smart metering rollout. Government continues to play a role in the realisation of Smart Metering benefits. The NEP may preserve or increase overall smart metering benefits but could also increase costs.
- 2.3. In light of the emergence of the NEP in particular, we consider it necessary to put in place provisions that provide for appropriate oversight, consultation and governance of the NEP through the introduction of a new DCC licence condition 13B, which is modelled on existing licence conditions 13 and 13A.
- 2.4. These licence conditions enable us to require the DCC to produce detailed plans for the delivery of the NEP arrangements after consulting the SEC Panel and SEC Parties, and for DCC to give effect to any such plans that are approved by the Secretary of State. This will allow us to provide clarity, coordination, and improved structure around these developments as we have done in the past with other DCC programmes, so that consumers can be assured of the best outcomes. This will also ensure that the SEC Panel and SEC Parties continue to be engaged and involved in the development of the Programme, including with respect to the development of requirements, testing approaches and go-live decision-making where relevant.
- 2.5. The introduction of this new licence condition provides discretion as to which aspects of the NEP we ask the DCC to produce detailed plans for. We intend to use it to focus on those elements of the NEP that have the potential to have a material impact on the benefits for consumers that result from the smart metering rollout. It is currently anticipated that this will at least include the core aspects of 4G Comms Hub and Networks workstream.

Consultation Questions

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| Q1. | Do you agree with our proposal to introduce a new licence condition 13B into the DCC licence? |
| Q2. | Do you have any comments on the proposed drafting of condition 13B? |

Annex B: Proposed New Condition 13B

Condition 13B. Network Evolution Arrangements

Introduction

- 13B.1 This condition enables the Secretary of State to make appropriate provision under this Licence and the Smart Energy Code for the purpose of facilitating the achievement of efficient, economical, co-ordinated and timely Network Evolution Arrangements.

Part A: Production of Plans for the Network Evolution Arrangements

- 13B.2 Where the Secretary of State gives a direction to the Licensee under this paragraph 13B.2, the Licensee must, by no later than the date specified in the direction, prepare and submit to the Secretary of State, for approval, a plan (or plans) for the design, development, and implementation of the systems, processes, and procedures intended to comprise any part or the whole of the Network Evolution Arrangements, as may be specified in any such direction.
- 13B.3 For the purpose of producing and submitting the plan (or plans) required under paragraph 13B.2, the Licensee must first:
- (a) issue the plan in draft to the SEC Panel and all SEC Parties;
 - (b) consult with those persons about the proposed content of the plan; and
 - (c) have due regard to the responses to the consultation in determining whether, and if so how, to amend the plan before submitting it to the Secretary of State for approval.
- 13B.4 The Licensee must, as soon as practicable following the consultation undertaken in accordance with paragraph 13B.3(b), submit its proposed plan to the Secretary of State for approval, together with:
- (a) a fair and accurate summary of the comments received by the Licensee in the course of the consultation; and
 - (b) an explanation of how and to what extent (if any) the Licensee has taken account of such comments in the plan submitted for approval.
- 13B.5 Where the Secretary of State does not approve the Licensee's proposed plan, the Secretary of State may issue a direction to the Licensee:
- (a) to make such modifications, or modifications of such nature or purpose or effect, to the plan as are specified in the direction;
 - (b) for that purpose to comply with any requirements with respect to process and timeframe as may be specified in the direction; and
 - (c) to resubmit a proposed plan to the Secretary of State for approval by such date as may be specified in the direction.

- 13B.6 The Secretary of State may give a direction under paragraph 13B.5 in respect of any plan submitted to it under paragraph 13B.4 or paragraph 13B.5(c).
- 13B.7 The Secretary of State may, following any such consultation as he considers appropriate with SEC Parties and such other persons as he considers appropriate, approve a plan submitted to him under paragraph 13B.4 or 13B.5(c) (as the case may be).

Part B: Implementing approved plans

- 13B.8 The Licensee must take all reasonable steps to give effect to the plan (or plans) approved by the Secretary of State, and such steps:
- (a) must include:
 - (i) working in conjunction and cooperation with SEC Parties, the SEC Panel and, where applicable, of SECCO Ltd and any other relevant persons, with a view to achieving that purpose in accordance with such timescales as are specified; and
 - (ii) making changes to existing Relevant Service Capability and/or procuring additional Relevant Service Capability, in each case to such extent as may be required for that purpose; and
 - (b) may include the establishing of processes and procedures to be followed by SEC Parties, including the Licensee, for the orderly and co-ordinated delivery and implementation of, and transition and/or migration to, the Network Evolution Arrangements and notifying SEC Parties of such processes and procedures.

Part C: Powers to direct and approve production of new plans

- 13B.9 This Part C applies if the Secretary of State is of the opinion that the plan (or plans) established by virtue of Part A above is no longer suitable for the purpose of facilitating the implementation of the Network Evolution Arrangements.
- 13B.10 If this Part C applies, the Secretary of State may direct the Licensee to produce a new plan (or plans), covering the same matters as those for which paragraph 13B.2 provides and any additional matters specified in the direction, which will be more suitable for the purposes of facilitating the implementation of the Network Evolution Arrangements.
- 13B.11 A direction given under paragraph 13B.10 may include requirements for the new plan (or plans) to replace, in whole or in part, the plan (or plans) already established by virtue of Part A above, or to add to the provisions of any such plan (or plans).
- 13B.12 In complying with a direction given under paragraph 13B.10, the Licensee must do so in accordance with the provisions of paragraphs 13B.3 to 13B.5.
- 13B.13 Where any new plan (or plans) produced under this Part C has been approved by the Secretary of State pursuant to paragraph 13B.4 or paragraph 13B.5(c) (as the case may be), the Licensee must implement the approved plan (or plans) (with any amendments

that may have been specified in the approval) in the same terms as apply to the Licensee under paragraph 13B.8.

Part D: Interpretation

13B.14 In this Condition:

Network Evolution Arrangements	<p>means arrangements for:</p> <ul style="list-style-type: none">(a) utilising the newer forms of next-generation wireless mobile telecommunications technology for the secure telecommunication platform used (or to be used) for the purposes of communicating with Smart Metering Systems;(b) ensuring, including by way of re-procurement where required, continuity in the provision of data services with respect to Smart Metering Systems;(c) delivering further automated testing of system changes required for implementation of changes proposed and/or made to the Smart Energy Code; and(d) ensuring, including by way of re-procurement where required, continuity in the provision of the SMKI Service, <p>and any other arrangements which the Secretary of State reasonably considers are materially associated with or required to support the arrangements referred to in paragraphs (a) to (d) above.</p>
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