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MP111 'SMDA Budget Amendments'

Modification Report

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About this document

This document is a Modification Report. It sets out the background, issue, solution, impacts, costs, implementation approach and progression timetable for this modification, along with any relevant discussions, views and conclusions.

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This document also has six annexes:

- **Annex A** contains the joint Smart Metering Device Assurance (SMDA)/Smart Energy Code (SEC) Consultation.
- **Annex B** contains the joint SMDA/ SEC Consultation Responses.
- **Annex C** contains the solution options document.
- **Annex D** contains the redlined changes to the SEC required to deliver the Proposed Solution.
- **Annex E** contains the proposed Terms of Reference for the SMDA Sub-Committee (SMDASC).
- **Annex F** contains the responses received to the Refinement Consultation and comments from the SMDA.

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1. Summary

This Draft Proposal was raised by Terry Jefferson on behalf of the Energy and Utilities Alliance (EUA).

Suppliers have a licence obligation to ensure Devices they procure and install are compliant with the Smart Metering Equipment Technical Specifications (SMETS), essentially to ensure Devices are interchangeable and interoperable as part of the whole Smart ecosystem. The SMDA Scheme was set up to provide assurance to consumers, industry Parties and financiers that smart meter equipment will work effectively in a smart environment. The Scheme provides independent assurance testing of smart metering equipment covering both interoperability and interchangeability of the Devices.

The current SMDA funding model is suffering due to a number of issues, including delays within the overall Smart Metering programme rollout, a number of issues within the development of the Data Communications Company (DCC) Communications Hubs and the low volume of Devices being submitted into the Scheme (Device submission is voluntary). In addition, the SMDA is a 'not for profit' Scheme, currently relying on a mix of Energy Supplier Members plus Device Manufacturers and Meter Asset Providers (MAPs) for voluntary membership funding.

Following a National Audit Office (NAO) report in November 2018, BEIS performed its own review. One of the report's recommendations was that Suppliers and the SMDA Co Board should review the SMDA funding model to ensure the SMDA can provide long-term test assurance. A joint SEC/SMDA consultation also showed a significant number of industry Parties were in favour of bringing the SMDA Scheme and funding under the vires of the SEC. A number of solutions were put forward during and one following the consultation.

The Proposed Solution is for the SMDA Company (SMDA Co) Board to become a SEC Panel Sub-Committee and the SMDA Management Panel to become a Sub-Group of the SMDASC. The fixed costs of running the SMDA Scheme would then be funded via the SEC Panel budget. The SEC Panel would oversee the SMDASC and The Smart Energy Code Company (SECCo) would become responsible for contracting with the Test House(s). This will bring the essential task of assuring interchangeability and interoperability under the SEC where long-term funding can be ensured.

The majority of respondents to the Refinement Consultation were in favour of this approach. Most of the opposition came from Network Parties who felt it was unfair to make them pay for a service they did not benefit from.

This modification will impact Supplier Parties and Network Parties as the SEC funding is levied through the DCC Charges. The estimated cost is approximately **£700k-£800k** per year. This will be an Authority Determined Modification and is recommended for implementation in an ad-hoc SEC Release one Working Day after decision.

2. Issue

What is the SMDA?

Suppliers have a Licence obligation (Condition 39 of the Electricity Supply Licence and Condition 33 of the Gas Supply Licence) which requires Suppliers to *'take all reasonable steps to ensure that a Smart metering System is installed at Premises in respect of which it is the Relevant [Gas/Electricity]*

Supplier. 'Smart Metering System' is further defined as having *'the functional capability specified by and complies with the other requirements of that Version of the SME Technical Specification'*.

BEIS estimated that the Smart Metering programme will cost £11bn to implement and deliver a £5.7bn cost saving. It is therefore critical that the individual Devices that are part of the system are compatible with each other to ensure the system works for all Parties.

The SMDA Scheme was developed and introduced by the industry to provide an independent assurance and a confidence mechanism that smart metering Devices would continue to operate effectively including following a Change of Supplier (CoS). It was established that Suppliers would be unable to test a wide combination of smart Devices themselves. A central solution was deemed the most effective and efficient way of giving Suppliers confidence that all smart metering Devices are indeed interoperable and interchangeable on the Home Area Network (HAN). It is a 'not for profit' Scheme, currently relying on a voluntary mix of Suppliers, Manufacturers and MAPs for voluntary membership funding.

What is the issue?

The current SMDA funding model is suffering due to a number of issues, including delays within the overall Smart Metering programme rollout, issues within the DCC Communications Hubs and the low volume of Devices being voluntarily submitted into the Scheme. In addition, the SMDA is a 'not for profit' Scheme that relies on voluntary membership funding. Whilst the initial intent was for the SMDA scheme to gradually increase its scope according to the industry's requirements to offer an increasing service, this has not been possible due to the limited funds.

During the five years the SMDA has been in operation on a voluntary basis, no other testing services of a comparable nature have come into operation and Suppliers have little choice for independent testing and assurance of Devices. Under the Smart Meter Communication Licence awarded to the DCC, Condition 22 states efficient operation and interoperability of smart metering Devices is an objective of the SEC, and the principal contents of the SEC include arrangements designed to provide assurance of SMETS compliance.

Following the NAO's 23 November 2018 report "Rolling Out Smart Meters"¹, BEIS commissioned an independent review² into Device interoperability. The report was released in October 2019, with one of the recommendations being that *"Energy suppliers and the SMDA Board should review the SMDA funding model to ensure SMDA can provide long-term test assurance."*

Whilst its importance is recognised by all regulatory bodies and has been included in areas such as the BEIS Joint Industry Plan³, the Scheme is not a mandated requirement. The funding model therefore does not represent the whole Great Britain (GB) Supplier market, leaving current funding capabilities significantly reduced from what was expected. As such, a more viable model that takes account of the whole of the industry and relevant beneficiaries is required to ensure the longevity of the Scheme and the security of operations of Devices for consumers particularly on CoS.

As outlined in the BEIS Report, *"Based on the feedback from energy suppliers there is only a low level of test assurance for equipment they inherit on CoS where the device models may be different to those they are installing. Large energy suppliers all pointed to SMDA as providing them with necessary interoperability on change test assurance."* With Suppliers relying solely upon the SMDA

¹ <https://www.nao.org.uk/report/rolling-out-smart-meters/>

² 'Review of Smart Metering assurance for device interoperability on change' Report Commissioned by UK Government Department for Business, Energy & Industrial Strategy - Confidential

³ BEIS Joint Industry Plan - Confidential

Scheme to demonstrate interoperability on CoS, a critical part of ensuring the smart metering system works to deliver the estimated benefits, supporting the longevity of the SMDA Scheme aligns with SEC Objective (a)⁴.

What is the impact this is having?

Not addressing the current funding deficiencies puts the SMDA Scheme at risk of not being able to continue to provide testing capabilities, due to the minimal level of funding coming through. This raises the risk against all Suppliers and consumers of interoperability on CoS being impacted, particularly in light of the responses provided by the Suppliers in the BEIS Review as outlined above. Ultimately this risks the success of the smart metering programme and the delivery of the potential £5.7bn cost savings predicted by BEIS.

3. Solution

Proposed Solution

The Proposed Solution is for the SMDA Scheme fixed costs (contracting with the Test House and System Operator etc) to be funded through the SEC and variable costs to be paid directly to the Test House by the Party submitting the Device for testing.

The SMDA fixed costs would be agreed and approved as part of the SEC Panel budget and then be charged to Parties as DCC fixed costs. These are charged 94% to Suppliers (further apportioned by market share) and 6% to Network Parties (further apportioned by market share). Whilst it is a licence condition for Suppliers to ensure the Devices they procure are compliant with the SMETS, both Suppliers and Network Parties interact with Devices, send Service Requests and receive responses and Alerts.

The SMDA Co Board will become a SEC Panel Sub-Committee (the SMDASC) and the SMDA Management Panel (SMDAMP) will become a sub-group of the SMDASC as set out in the SMDASC terms of reference. SECCo would then become responsible for contracting with the Test House(s) and the Scheme Operator. The SEC Panel will become responsible for overseeing the work of the SMDASC and would also agree the budget as part of the SEC Panel budget.

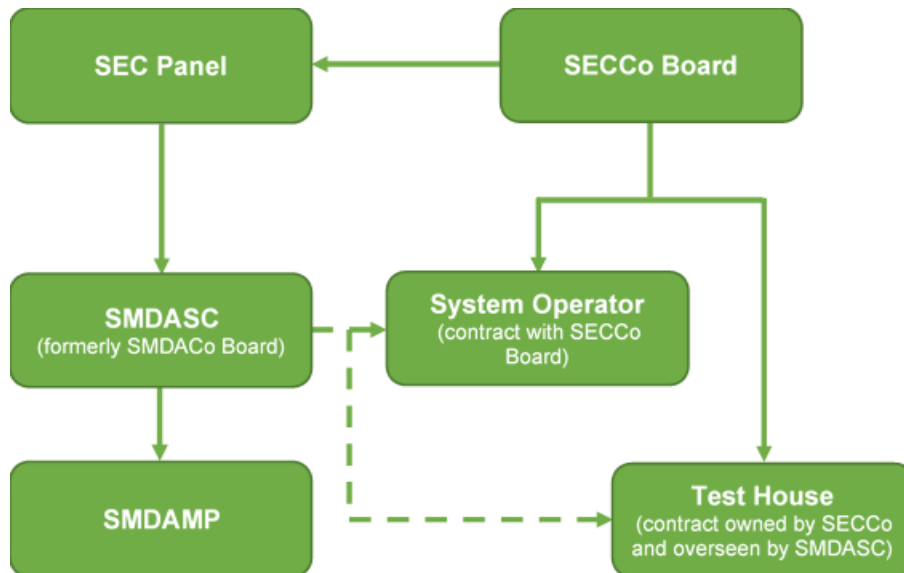
SEC Parties would be able to become members of the SMDA free of charge, although they would be required to actively state to the SMDA that they wished to be members to ensure engagement. Some members of the SMDA are not currently SEC Parties and the SMDA Co Board (which will become the SMDASC) will allow non-SEC Parties to become SMDA members for a nominal administrative fee. This would then entitle them to access to SMDA documentation (including the Device Assurance Register (DAR)).

Whilst there could be a review of the scope, membership and terms of reference as part of this modification the lack of funding is critical, and it is essential that the Scheme secures long term funding immediately. For this reason, the Smart Energy Code Administrator and Secretariat (SECAS) and the Proposer are recommending that the Scheme move under the vires of the SEC in its current

⁴ Facilitate the efficient provision, installation, operation and interoperability of smart metering systems at energy consumers' premises within Great Britain

form and these issues can be addressed with input from all SEC Parties following implementation, giving the matters due consideration.

A summary of the roles, responsibilities and membership is given below, and the terms of reference can be found in Annex E.



Roles, responsibilities and membership

Role of the SMDA Co Board (which will become the SMDASC)

Current structure and make up

Five members:

- Two Supplier Representatives
- Two Manufacturer Representatives (BEAMA and EUA)
- One MAP Representative

One further attendee:

- Energy UK (no voting rights)

The Proposed Solution is that the structure remains the same.

Current role

The SMDA Co Board is responsible for the management of the SMDA Co, including the company finances and legal obligations. It oversees the Scheme Operator's delivery of its contractual obligations, including the ongoing management of the appointed Test House for the Scheme, and approves the financial cost of the Scheme Operator activities. The Board's focus is more strategic rather than day-to-day decision making on the technical specifications and tests.

Proposed role

The group will continue to focus on the strategic elements of the Scheme, for example taking decisions on whether the scope of testing should change, and associated costs incurred by Scheme members. The requirement to manage SMDA Co Limited will be removed, and it will instead oversee the delivery of the Test House contract, including the management of the testing regime and the development of the testing specifications based on industry requirements. It will continue to oversee the Scheme Operator elements on behalf of SECCo. The SMDASC will continue to have sight of and give approval to expenditure under the Scheme, on behalf of the SEC Panel.

Role of the SMDA Management Panel (which will become a sub-group of the SMDASC)

Current structure and make up

Nine members:

- Two Supplier representatives
- Two MAP representatives
- Four Manufacturer representatives:
 - One Electricity Smart Metering Equipment (ESME) manufacturer (BEAMA)
 - One Gas Smart Metering Equipment (GSME) manufacturer (EUA)
 - One Prepayment Metering Interface Device (PPMID) / In-Home Display (IHD) manufacturer
 - One further member
- One Electricity Network Party representative

Guest attendees:

- The Scheme Operator (Chair of the meeting)
- The Test House
- The DCC

The Proposed Solution is that the structure remains the same.

Current role

The role of the Management Panel is to manage the SMDA Scheme efficiently and in accordance with its objective of providing assurance of the interoperability and interchangeability of smart meter Devices.

This is done by overseeing the development of potential changes to the test specifications and test scripts, as well as providing a decision-making body for all technical aspects and testing process issues relating to the SMDA Scheme.

The Management Panel is also responsible for ensuring the commercial assessment of all technical changes and escalating items to the SMDA Board where expenditure approvals are required.

Finally, the Management Panel can convene a Technical Sub Committee as required to discuss in-depth details of a certain issue and change.

Proposed role

The role of the Management Panel would remain the same.

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

Breakdown of Other SEC Party types impacted			
	Shared Resource Providers	✓	Meter Installers
✓	Device Manufacturers		Flexibility Providers

Suppliers and Network Parties would be impacted as they would be required to fund the ongoing fixed costs of the SMDA Scheme. Other SEC Parties, specifically Device manufacturers, would be impacted as they would no longer be required to pay fixed costs only variable costs when submitting a Device.

DCC System

There are no impacts to any DCC Systems.

SEC and subsidiary documents

The following parts of the SEC will be impacted:

- Section A 'Definitions and Interpretation'
- Section F 'Smart Metering System Requirements'

The changes to the SEC required to deliver the Proposed Solution can be found in Annex D.

Consumers

Consumers will benefit as the SMDA Scheme provides independent assurance that Devices are interoperable and interchangeable. This will ensure compatibility of Devices in the field, fewer exchanges of Devices and fewer site visits, with their associated costs and inconvenience. It will also ensure the continued viability of the Smart Metering programme which benefits consumers. A

proportion of the estimated BEIS cost savings were around consumers having correct and current information from their smart metering system. With this information they would be able to compare and make decisions on switching Suppliers to save money. In addition, they could adopt energy efficiency measures as well as innovations such as Time of Use Tariffs and Low Carbon Technologies such as Electric Vehicle charging and use of heat pumps.

Other industry Codes

There are no impacts on other industry Codes.

Greenhouse gas emissions

There are no impacts on greenhouse gas emissions, although reduction of Device exchanges has a positive environmental impact, both in terms of wastage and reduction of site visits. In addition, the envisaged change in consumer behaviour in terms of the uptake and management of Low Carbon Technologies may be affected if Devices are not interoperable and interchangeable.

5. Costs

DCC costs

There are no DCC costs. There is no requirement for a DCC Impact Assessment as the SMDA fixed costs will be included in the Sec Panel budget. The budget is consulted upon and agreed by SEC Panel. This is then passed to DCC to include as part of their fixed costs. The variable costs of the SMDA Scheme will be charged by the Test House(s) directly to the Device manufacturers submitting Devices for testing.

SECAS costs

The estimated SECAS implementation costs to implement this modification is seven days of effort, amounting to approximately £4,200. The activities needed to be undertaken for this are:

- Setting up a new Sub-Committee and sub-group
- Updating the SEC and releasing the new version to the industry.

There will be additional ongoing costs, estimated to be between £700k-£800k per year, although this will be reviewed and confirmed by the Panel each year when it sets the annual SEC Budget. These costs will cover the fixed costs of the SMDA Scheme, including the System Operator costs and Test House costs. This may change if industry agrees that the scope of SMDA should increase but this will be verified and agreed by the industry members on the SEC Panel. In addition, a consultation on the SEC budget is undertaken every year before it is approved.

SEC Party costs

Most Network Parties do not currently participate in the SMDA Scheme and therefore currently do not incur costs. Under this modification Network Parties would incur their proportion of costs (6% of the costs, further apportioned by market share).

Several Large Suppliers are already part of the SMDA Scheme. They would benefit from this modification as their costs would be reduced, although they highlighted that they are currently cross-subsidising other Parties. Only one Small Supplier organisation (representing two Small Suppliers) responded; they highlighted that they are not members of the SMDA and therefore do not currently incur any costs but would do if this change was implemented.

6. Implementation approach

Recommended implementation approach

SECAS is recommending an implementation date of:

- **One Working Day after decision** (ad-hoc SEC Release)

If approved, funding will be required for the 2021/22 financial year. The SEC budget for this will be finalised and consulted upon in January 2021 and the costs for running the SMDA Scheme will need to be included for clarity. SECAS is therefore recommend implementation as soon as possible after decision for the costs to be confirmed within the SEC budget 2021/22 before it is finalised.

The majority of respondents to the Refinement Consultation believed this implementation approach was appropriate so that the SEC Panel budget consultations for the next financial Year (2021/22) could include the funds for the SMDASC.

7. Assessment of the proposal

Observations on the issue

The Change Sub-Committee (CSC) agreed that the issue raised was a valid one. However, members were not clear how this proposal related to the SEC, as it does not reference the SMDA, and therefore whether it was something that required a modification.

In March 2020, members of the SMDA Board attended the SEC Panel meeting, outlining the rationale for the modification. The Panel recognised the Scheme's issues as well as the value that the Scheme brought to the industry, though requested further evidence that this issue impacted SEC Parties.

Development Stage consultation

The Panel, SECAS and the SMDA agreed that a joint consultation would be developed to seek feedback from SMDA Members and SEC Parties on the value of the Scheme within the industry and the preferred funding model. The aim of the consultation was to allow both SEC Parties and SMDA members an opportunity to shape the design of the proposed funding model and ensure that the agreed approach was sustainable and fair across all industry participants.

The consultation document can be found in Annex A. The responses received to this consultation can be found in Annex B and are summarised below.

What did the consultation ask?

The consultation was split into two parts. The first part asked about the importance and value of the SMDA Scheme to the respondent. The other part asked about a preference of funding model, where nine suggested funding models were provided. In this part of the consultation, the respondents were asked to rank the funding models in order of most favourable to least favourable.

The consultation also inquired into whether the SMDA costs (both fixed and variable) should be covered explicitly in the SEC. This included questions as to whether all SEC Parties should fund the SMDA model if not every SEC Party benefits from it. For those that do, they were asked whether they should have some say in the SMDA's governance process if it's being funded by those parties.

Summary of the responses

25 responses were received in total. Below is a breakdown of some of the key results:

- 20 respondents were both SMDA members and SEC Parties;
- 19 respondents rated the SMDA Scheme as either 'very important' (12) or 'quite important' (seven) to them for validating interoperability and interchangeability;
- 22 respondents believed the funding mechanism should change, answering 'strongly agree' (17) or 'agree' (five);
- The most favourable funding model returned was funding the SMDA Scheme through the SEC;
- The least favourable funding model returned was no change to the current model;
- 21 respondents believed the SMDA **fixed** costs should be covered under the SEC, answering 'strongly agree' (12) or 'agree' (nine);
- 21 respondents believed the SMDA **variable** costs should not be covered under the SEC, answering 'strongly agree' (nine) or 'agree' (12);
- 24 respondents believed that if the SMDA Scheme is funded by SEC Parties that the SEC Panel should be involved in the SMDA governance, answering 'strongly agree' (11) or 'agree' (13); and
- 22 respondents believed that in the event of SMDA being funded by SEC Parties that a SEC Panel representative should sit on the SMDA board, answering 'strongly agree' (nine) or 'agree' (13).

The full set of consultation responses can be found in Annex B.

Scheme value

The Scheme's value for validating interoperability and interchangeability of smart meter Devices within the industry was included as part of the consultation in order to confirm BEIS's initial findings that the industry is reliant on the Scheme.

Around half of the participants (12 out of 25) felt that the Scheme was ‘very important’ for providing independent testing assurance as it is seen to be the only viable method for interoperability and interchangeability testing. An additional seven participants commented that the Scheme was ‘important’.

Respondents recognised the need for reliable independent testing to be conducted to support a competitive market and protect consumers, with some organisations confirming that SMDA assurance is required within their contracts between MAPs, Suppliers and manufacturers. Suppliers also use the Scheme as a mechanism to satisfy their licence obligation with BEIS and a need for a central assurance system that was cost-efficient was identified through the comments.

The Scheme also offers confidence to the industry by providing members with access to a list of assured Devices and reports tolerated issues to manufacturers for resolution. This testing reduces the risk of the Device impacting equipment in the field, as the Scheme has previously identified an interchangeability issue between two Devices.

According to responses, the Scheme prevents additional costs from testing Devices in isolation and benefits customers during the switching process. The Scheme’s technical ability and collaboration with leading Parties to develop documents including the testing baseline was praised.

Of those participants who believed the Scheme was “neither important nor unimportant” or “not very important”, three were Electricity Network Parties, two were Suppliers and one “other”. Rationale included that the current number of Devices assured was limited compared to the number of Devices installed in the live environment and the type of testing within the scope does not provide Network Parties with the assurance that Devices comply with SEC requirements. The DCC commented that they believed the industry engagement with the Scheme is not sufficient and that alternative methods for testing are emerging which may fully meet the needs of the industry however, they did not detail what these were and if they offered the same independence as the SMDA Scheme .

When asked whether participants used an alternative method to demonstrate interoperability and interchangeability of meters there were mixed results. Some only use the SMDA while others have developed their own extensive, end to end testing systems or use alternative DCC-led testing. Many of these alternative methods are limited on the number of meters and Device model combinations that can be tested, either on a case by case basis or through the inheritance of a meter and do not offer the efficiencies and independence of the SDMA scheme.

Funding mechanism

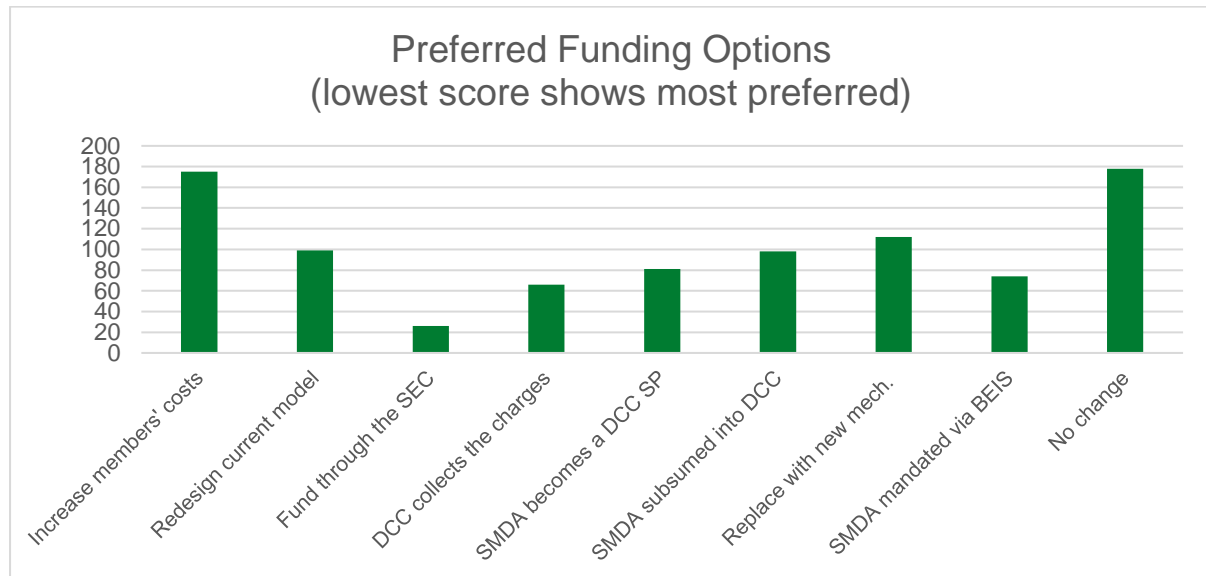
22 out of 25 respondents agreed that the current SMDA funding mechanism should be changed, with only one Party disagreeing. This participant questioned whether the costs of the Scheme outweigh the benefits if current funding is not sufficient to manage the Scheme and suggested that the Scheme focus on providing greater value and uptake before requesting SEC funding.

A list of nine potential funding options were provided to participants who were asked to rank their preferred option. Of the 23 respondents who answered this question, 19 participants listed SEC funding as their preferred mechanism, with an additional three participants listing it in their top three options. This option would benefit manufacturers by reducing the testing fee as it would no longer cover fixed cost and should encourage Device submission.

The second preferred option was a funding mechanism similar to Alt HAN, where the DCC collects the charges to pass-through. This option was not the first option for most parties and while it was believed to be a fair option, it was thought that it may be inappropriate due to the lack of independence, as well as the DCC’s ability to take on the additional responsibility.

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The least preferred option was no change to the current funding model, supporting the Scheme's view that the model needs to change in order for the Scheme to be successful. If the Scheme ceased to exist, there were concerns that this would leave the industry with insufficient interoperability testing.



Several participants commented that the Scheme should be compulsory either within the industry or within SEC and should include Communications Hub variants.

Throughout the consultation it was suggested that the DCC could develop its own testing capacities. However, based on previous experience, some participants believed that this could cause confusion within the industry and that the costs of developing documentation like test scripts may outweigh the benefits.

No alternative funding mechanisms were raised in the responses as it was believed the options provided were sufficient, though the below suggestions were made:

- DCC fund independent services such as SMDA Communications Hub testing
- SMDA testing be conducted in DCC Test Labs as long as independence can be maintained
- SEC funding is limited to 2024, during which time the Scheme's scope and scale should be reassessed

When looking in more detail at the SEC funding option, 21 participants agreed that the SMDA fixed costs should be covered by the SEC as the benefits included:

- All Supplier members contributing towards the Scheme
- Costs spread fairly across industry
- Testing costs for manufacturers may be reduced
- The SEC can input on the Scheme's scope
- More sustainable mechanism
- Pressure for current Scheme members to bear the majority of costs reduced

A common stance from Network Parties was that they did not want to incur any Scheme costs as they saw little benefit of the Scheme. However, it was confirmed that Network Party derived Service Requests are subject to SMDA testing.

Furthermore, 21 participants agreed that variable costs (i.e. testing fees) should be funded by Device manufacturers. This would incentivise manufacturers to ensure their Devices are high quality prior to submission and to ensure that funding costs are fair throughout the industry.

Alternatively, the variable costs could also be charged back through the SEC but via a single Party (i.e. the Device manufacturer) rather than centralised through the SEC.

Participants were then asked to highlight which SEC Parties should be involved with funding the Scheme's fixed cost. Out of the three options available (Suppliers, Network Parties, or Other SEC Parties), Supplier Parties were believed to gain the most from the Scheme as they have a licence obligation to ensure Devices are interoperable and interchangeable. Almost all respondents agreed that Supplier Parties should pay, while 15 out of 25 thought Network Operators should also pay.

A number of participants believed that all SEC Parties should share the cost of Scheme funding, including MAPs but excluding manufacturers.

Governance

24 out of 25 participants agreed that the SEC should be involved with the Scheme's governance process, with only one Party selecting 'neither agree nor disagree'. This participant agreed that the SEC should be represented within the SMDA governance process rather than have the Scheme be solely integrated into SEC's governance process.

Participants were keen to see an increased SEC involvement in the Scheme, agreeing with the proposal to introduce a SEC Panel representative onto the SMDA Board. Participants also suggested that the SEC be included in Management Panel meetings or that a separate independent SEC Working Group be established to discuss technical delivery.

Solution development

The joint SMDA/SEC Consultation put forward nine solution options for discussion. More details of these solutions can be found in the Consultation in Annex A. The most favoured solution was that the SMDA funding be brought into the SEC to ensure long term independent assurance. Other options were not taken forward for the reasons set out in Annex C, with key reasons summarised below.

Legal Advice

The SEC Lawyer advised that the scope of the SMDA remit is consistent with the existing description of the SEC and the Panel under the DCC Licence. It did not see a problem with bringing the SMDA Scheme under the SEC. The SEC Lawyer did, however, advise that the governance should also be brought under the SEC, not just the funding. This removed option 3 as a feasible solution.

DCC Licence Changes

Any solution requiring changes to the DCC Licence would require Ofgem to hold an additional period of consultation with no guarantee that suggested changes would be implemented. This removed options 4, 5, 6 and 7 as feasible solutions.

Further solution option

Following the Refinement Consultation another, tenth, solution suggested was to bring the SMDA Scheme into the SEC as a SEC Panel Sub-Committee. This would ensure continued funding without licence changes but would bring the governance and funding under the vires of the SEC as per the advice of the SEC lawyer. This was not included in the joint Consultation as it was suggested in subsequent discussions, but it was consulted upon in the Refinement Consultation.

Assessment of solution options	
Funding option	Recommendation
1. Increase costs for existing SMDA members	<ul style="list-style-type: none"> Do not take forward – this does not provide an effective solution. Current members are likely to withdraw exacerbating the problem.
2. Redesign the current funding model, for example to a price-per-meter installed model	<ul style="list-style-type: none"> Do not take forward – this does not provide an effective solution. This solution was discounted when SMDA was initially set up. Does not address the cross -subsidy issues.
3. The SMDA Scheme is funded through the Smart Energy Code (SEC).	<ul style="list-style-type: none"> The SEC Lawyer has advised that the governance of SMDA should be brought under the SEC if the funding is to be brought under the SEC.
4. Data Communications Company (DCC) collects the charges as pass-through, similar to Alternative Home Area Network (Alt HAN) funding	<ul style="list-style-type: none"> Legal Advice suggests any cost recovered directly through the DCC will require a Licence change by Ofgem which will take several months and is not guaranteed implementation.
5. SMDA Co becomes a contracted service provider to DCC	<ul style="list-style-type: none"> Legal Advice suggests any cost recovered directly through the DCC will require a Licence change by Ofgem which will take several months and is not guaranteed implementation.
6. The SMDA Scheme becomes subsumed into, and operated by, DCC	<ul style="list-style-type: none"> Legal Advice suggests any cost recovered directly through the DCC will require a Licence change by Ofgem which will take several months and is not guaranteed implementation.

Assessment of solution options	
Funding option	Recommendation
7. The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	<ul style="list-style-type: none"> Legal Advice suggests any cost recovered directly through the DCC will require a Licence change by Ofgem which will take several months and is not guaranteed implementation.
8. The SMDA Scheme is mandated via the Department for Business, Energy and Industrial Strategy (BEIS)	<ul style="list-style-type: none"> BEIS does not support this option, and so it has not been investigated further
9. No change to current funding model	<ul style="list-style-type: none"> This is the 'do nothing' option and so has not been investigated further here as it was not supported in the consultation.
10. Bring the SMDA Co Board into the SEC as a SEC Panel Sub-Committee	<ul style="list-style-type: none"> This fulfilled all the legal requirements and would secure funding whilst providing robust governance and cost controls.

Working Group discussions

The joint consultation options and issues associated with them were discussed with the Working Group. The Working Group was generally supportive of the tenth option. However, Network Parties expressed an interest to extend the scope to include testing relevant to them since they would, under this solution, be asked to pay some of the fixed costs.

There were also some suggestions that the DCC should submit Communications Hubs for testing.

Working Group members were also concerned about the overlap with [MP138 'DCC Service Testing in ETAD'](#). However, it was confirmed by the SMDA Scheme and the DCC that the DCC testing being offered under MP138 was only to manufacturers during Device development and was not an independent assurance of interoperability and interchangeability that the SMDA Scheme offers.

Panel discussions

The Panel was supportive of the tenth option and agreed that bringing the Scheme under SEC governance and associated funding is the right approach, but some members thought this would likely come at costs higher than quoted. They believed the SMDA Scheme had never fulfilled the ambitions it had set out to achieve and had always been underfunded. One Panel member suggested that if the Scheme was to be designed today from scratch, a higher budget would be put forward as part of that. The Proposer commented that the current funding model of membership had suffered with not all Suppliers participating and manufacturers not presenting Devices for testing. This had led to the Scheme not growing as quickly as anticipated.

A Panel member noted not all Suppliers are signed up to the SMDA Scheme, which has been a core part of the original funding issues.

Currently, the Scheme is asking manufacturers to submit Devices for assurance where only some customers (those who are members) are effectively asking them to do so. A Network Party Panel member commented that they would like to see the scope expanded but they were supportive of the Scheme.

The Panel agreed that there was no argument with the benefits that the Scheme would bring. Once the costs were socialised as suggested, it thought there would likely be an increase in participation. The Panel noted that the scope and costs of the SMDA Scheme could be re-examined as part of the SEC budget agreement process. The BEIS representative highlighted that Suppliers had a Licence obligation to 'maintain a healthy HAN'. They believed that HAN stability issues recently discussed at the Smart Metering Design Group (SMDG) could be reduced through increased SMDA testing.

Support for Change

Working Group views

The Working Group was supportive of the Proposed Solution. However, there were some concerns about the scope. It was clarified that once the Scheme was managed under the SEC with secured funding the scope could be discussed and potentially extended further.

SMDACo Board views

The Proposed Solution was presented to the SMDACo Board, which was supportive of the changes.

Panel's views

Panel members expressed support for the solution. One Panel member highlighted that the Scheme is 'highly appropriate' and would like to see it continue and the scope potentially increased.

Industry views

There were 18 responses to the Refinement Consultation. 13 were in support and five were not. There were several themes to the responses which are summarised below:

Awareness and Participation

Some respondents believed that spreading the costs through the SEC budget would increase awareness and participation. Increased participation would give Parties the option to provide input to how the Scheme is run to ensure it is cost effective and fit for purpose. They also felt this would increase the potential for SEC Parties to work together on addressing concerns around Device and firmware issues. It was believed that this modification would ensure governance and funding. This is important to reach a higher level of confidence that Devices are working as they should.

Another respondent suggested that manufacturers should see reduced fees due to the removal of fixed costs, which should reduce the barriers to them using the Scheme. This would increase the number of Devices being submitted benefiting the whole smart metering programme and industry.

Funding

Respondents in favour believed that this proposal was the most economic and equitable way of funding the Scheme and ensuring its long-term financial stability. They felt that the security of long-term funding would enable the Scheme to be at the forefront of asset testing, as opposed to awaiting funding to arrive before testing can begin.

Some larger Suppliers noted that they have made a significant financial commitment to the Scheme since its inception. This has ensured that the Scheme has remained operational for everyone including the information made available around Device issues. Specifically, it was identified that this has meant that all SEC Parties have benefited from this cross subsidy.

Those not in favour believed incorporating the funding of the SMDA under the SEC means that Network Parties are then contributing 6% of the annual cost of the SMDA. They felt that ensuring Device compliance with the SMETS, the GB Companion Specification (GBCS) and SEC obligations is the requirement of the Supplier and not the Network Party. Furthermore, funding via Network Parties will eventually be passed onto Suppliers via Use of System charging.

They also felt that the Scheme did not have any benefits for them or their customers. However, they would evaluate the benefit of including Network Parties in the funding model in future, if the scope was extended to include Network Party compliance testing.

A further respondent stated that the solution needs to account for costs in proportion across Suppliers and MAPs so that all contribute fairly and benefit. SECAS recommends that this suggestion should be considered by the SMDASC if, and when, the modification is implemented

Governance

Respondents believed that the solution provided appropriate governance through the SEC Panel to allow the Scheme to adapt and meet the future requirements as they develop.

Some respondents felt the SMDAMP should report directly to the SEC Panel and be responsible for the performance of the SMDA scheme. Other respondents felt the membership of the SMDASC should be reviewed. The current membership is determined by SMDA members, and respondents believed this should be changed take account of all SEC Parties who are being asked to pay for the SMDA Scheme, specifically to include Network Parties. Other respondents believed that Network Parties should not be expected to be representatives on the Sub-Committee or be required to pay for a scheme that doesn't benefit them. One respondent believed that the current set up of the groups within SMDA was inefficient and should be reconsidered, however SECAS recommends that these suggestions should be considered by the SMDASC if, and when, the modification is implemented and long term funding is secured.

Scope

The comments on scope were mainly from respondents who did not support the Proposed Solution.

Respondents believed that the remit of the SMDA Scheme has been to “provide assurance testing of smart metering equipment covering both interoperability and interchangeability of the Devices”. They highlighted that this does not mean that the SMDA tests all of the Device functionality, only that the Device can properly switch on CoS.

They further believed Supplier Licence obligations stipulate that Devices installed by them are to be compliant with the SMETS, and therefore the SMDA testing regimes should include testing to ensure

that all Network Parties specific requirements are being met and are to a standard acceptable to Network Parties. One respondent stated that the current scope of SMDA testing does not adequately test the key issues some Network Parties are seeing in the live environment. However, they believed that if the scope of the SMDA testing were to be widened there would be less Device issues encountered in the live environment, but the costs of providing the assurance would likely rise exponentially.

Several respondents felt that Communications Hubs should be included in the SMDA Scheme scope.

One respondent pointed out that the SMDA Scheme has no 'teeth' to prevent a Supplier installing a meter which has not fully passed all testing. They asked why the modification does not look to provide any additional powers to the SMDA Scheme and suggested that perhaps it should.

This modification is not looking to change the scope or remit of the SMDA Scheme, but to ensure long term funding is secured. Once the modification is implemented these issues can be given appropriate consideration withal SEC Parties and SMDA members able to provide input into scope and governance discussions.

Benefits for the consumer

Many respondents believed there would be a clear benefit for energy consumers. Respondents believed the number of meter manufacturers and meter models, and therefore the Device combinations, will raise as the roll out continues. They further believe the levels of churn of customers between Suppliers will increase. They stated that having a singular independent Scheme to validate interoperability and interchangeability will be efficient and cost effective.

One respondent considered a high priority is resolving Device or firmware issues efficiently for more Devices and Device combinations. This would prevent the inconvenience of site-visits, exchanges, and the distress of consumers experiencing issues with their smart metering Device.

Another respondent stated that at present multiple Suppliers are testing the same Devices, which leads to duplication of effort and unnecessary cost. Supplier integration testing will always be required to ensure that Devices and the DCC ecosystem interact with Supplier back office systems and processes on an end to end basis. However, they hoped that the level of asset testing carried out by Suppliers will be reduced as a result of the SMDA outputs, therefore driving down costs to serve.

One Party believed this funding change to the SEC will enable the SMDA to get itself ahead by being able to test new Devices and technology straightaway, meaning more consumers will be able to access to benefits of smart metering (such as Polyphase and twin element).

Another Party considered the sooner SEC Parties could be notified of Device interoperability and interchangeability issues (preferably before Devices are installed in consumers premises) the faster a solution could be found. This should reduce impact that Device and firmware issues have on consumers, as well as reducing the need for a site-visit and/or exchange which can cause them inconvenience.

General views

All respondents, even those who were not in support of the Proposed Solution, agreed that the funding arrangements needed to be changed. One respondent believed that not including the SMDA scheme within the SEC governance arrangements from the outset was a mistake that they considered had risked the initial phase of the smart meter deployment.

Many respondents highlighted there is an increasing number of Device models and combinations. As such, the potential benefits of developing the SMDA Scheme are likely to outweigh the costs. Further, this modification should be seen as an opportunity to improve cost control through the support of stronger governance.

Legal text

There were several comments around the legal text which have been addressed. The comments and actions taken can be found in Annex F. These included:

- Allowing more than one test house to be procured
- MAP access to the DAR
- Clarification that variable costs for testing will be paid directly to the Test House, not through the DCC
- Minor changes to the terms of reference

Panel's views

When the Modification Report was presented to Panel on 13 November 2020, they requested that it undergo a 15 Working Day Modification Report Consultation rather than the 5 Working Days as proposed. SECAS has amended the proposed timetable to take this into account. Ofgem agreed to liaise with SECAS to ensure a decision was delivered in a timely manner.

Business case

On the inception of the Smart Metering Programme, BEIS estimated that implementation would cost £11bn and likely result in £5.7bn cost savings. This included an estimated £0.8bn saving by Network Parties from access to smart meter information, allowing more efficient running of the networks (including power outage Alerts and a more focused reinforcement programme). This can only happen if the whole smart metering ecosystem works together in an interoperable and interchangeable way. Only by independently ensuring this can consumers access the information about their energy usage to ensure they can make decisions about switching Suppliers and making energy efficient choices. This becomes more important as the use of Low Carbon Technologies grows.

Whilst Suppliers have the Licence obligation to ensure the Devices they procure are interoperable and interchangeable, especially on Change of Supplier, only a small number of Suppliers are members of the SMDA Scheme which offers independent Device assurance. Many other industry Parties benefit from the information that is made freely available from the Scheme, benefiting from the financial investment that those who have chosen to become members provide.

Network Parties believe they do not currently gain any benefit from the Scheme as the issues they are seeing in the live environment are not covered. Whilst this may be the case currently, they still benefit from the current testing and assurance. The inability for the SMDA Scheme to increase its scope has come from a lack of funding. The funding model in the Proposed Solution will require Network Parties to pay 6% of the costs (further apportioned by market share) whilst Suppliers will pay the majority of the costs (94%, further apportioned by market share). Device manufacturers pay variable costs when submitting Devices for testing, ensuring they can innovate and develop their Devices fully before submitting.

Bringing the SMDA Scheme governance and funding under the SEC will ensure long term funding to enable the Scheme to consider expanding the scope (to include issues specific to Network Parties and Communications Hubs) and increased cost control through stronger governance. This will ensure costs are apportioned fairly across the whole industry.

Funds for the 2020/21 financial year are already exhausted. If funding is not secured for the SMDA Scheme for the next financial year (2021/22) the Scheme will no longer continue to exist. This would mean each Party (Suppliers and Network Parties) would need to procure or develop their own testing. This would not be an efficient use of resources. It is unlikely Parties working individually (particularly smaller Parties) would be able to test a multitude of Devices and Device model combinations and so testing would be limited and information about issues is unlikely to be shared. Securing SMDA funding ensures there is a facility to test multiple Devices and Device model combinations and the information on issues is available to many Parties (all SEC Parties and those non-SEC Parties who chose to be SMDA members).

SEC Parties (Suppliers and Network Parties) would be required to pay via the SEC Panel budget for the SMDA fixed costs. However, **they would not be mandated to use the Scheme** if they wished to procure testing from elsewhere. SECAS has been assured by its in-house legal advisors, the SEC Lawyer and by legal advice from a Large Suppliers' in-house legal team that this does not breach competition laws.

Views against the General SEC Objectives

Proposer's views

*SEC Objective (a)*⁵

The Proposer believes that this modification better facilitates SEC Objective (a) as it will ensure Devices are compatible with each other to prevent communication problems.

*SEC Objective (e)*⁶

The Proposer believes that this modification better facilitates SEC Objective (e) as it will ensure Device manufacturers innovate to ensure the development of Devices makes them interoperable and interchangeable.

Industry views

SEC Objective (a)

Respondents believed this modification better facilitates SEC Objective (a) as:

- the assurance of Device interoperability is an essential aspect of the efficient and effective rollout of smart meters to deliver the intended consumer benefits and avoid interoperability issues;

⁵ Facilitate the efficient provision, installation, operation and interoperability of smart metering systems at energy consumers' premises within Great Britain.

⁶ Facilitate innovation in the design and operation of energy networks to contribute to the delivery of a secure and sustainable supply of energy

- Devices need to be compatible with each other to prevent communication problems and Device replacement; and
- Devices must be compatible with the Total System (interoperable) and each other (interchangeable) and this will help to prevent operational issues with installed Devices.

SEC Objective (c)⁷

Respondents believed this modification better facilitates SEC Objective (c) as it will facilitate energy consumers management of their use of electricity and gas by providing confidence that the smart meter is functioning correctly.

SEC Objective (d)⁸

Respondents believed this modification better facilitates SEC Objective (d) as

- It will help facilitate competition between Suppliers by providing confidence that smart meters gained via CoS will function correctly and not need replacement;
- it will ensure that all Supplier parties have access to the SMDA governance arrangements and that fixed costs are shared in a fair and equitable manner between all Suppliers; and
- it will avoid SMDA Supplier members effectively cross subsidising non-SMDA Supplier members and therefore facilitate effective competition.

SEC Objective (e)

Respondents believed this modification better facilitates SEC Objective (e) as it will ensure Device manufacturers innovate to ensure the development of Devices makes them interoperable and interchangeable.

Those respondents that did not support the modification believed:

- Without a change in the scope of testing along with the level of compliance required to pass when testing devices, this will not improve the output of the SMDA and better facilitate the general SEC Objectives; and
- As there is no proposed change to the scope of the SMDA, they don't believe that the modification as it currently stands better facilitates any of the SEC Objectives.

⁷ Facilitate energy consumers' management of their use of electricity and gas through the provision of appropriate information via smart metering systems

⁸ Facilitate effective competition between persons engaged in, or in commercial activities connected with, the supply of energy

Appendix 1: Progression timetable

Following this Refinement Consultation, the Modification Report will be presented to Panel in November and proceed to the Report Phase. SECAS is recommended an expedited Modification Report Consultation to allow for the Change Board to vote on its recommendation at its scheduled November meeting. The modification would then be submitted to the Authority for decision.

Timetable	
Event/Action	Date
Draft Proposal raised	20 Jan 2020
Presented to CSC for initial comment	28 Jan 2020
Development Stage consultation	24 Apr – 22 May 2020
Panel converts Draft Proposal to Modification Proposal	17 Jun 2020
Develop business requirements and solution with the Proposer	Late Jun 2020
Legal advice sought	July 2020
Modification discussed with Working Group	2 Sep 2020
Modification discussed with Panel	11 Sep 2020
Refinement Consultation	14 Sep - 2 Oct 2020
Discussion at Working Group	4 Nov 2020
Modification Report approved by Panel	13 Nov 2020
Modification Report Consultation	16 Nov 2020 – 4 Dec 2020
Change Board Vote	18 Dec 2020
Authority decision (anticipated date)	Jan 2021

Appendix 2: Glossary

This table lists all the acronyms used in this document and the full term they are an abbreviation for.

Glossary	
Acronym	Full term
BEAMA	British Electrotechnical and Allied Manufacturers Association
BEIS	Government Department of Business, Energy and Industrial Strategy
CoS	Change of Supplier
CSC	Change Sub-Committee
DCC	Data Communications Company
ESME	Electricity Smart Metering Equipment
EUA	Energy and Utilities Alliance
ETAD	Enduring Testing Approach Document
GSME	Gas Smart Metering Equipment
HAN	Home Area Network

Glossary	
Acronym	Full term
IHD	In-home Display
MAPs	Meter Asset Providers
NAO	National Audit Office
PPMID	Prepayment Meter Interface Device
SEC	Smart Energy Code
SECCo	SEC Company
SMDA	Smart Meter Device Assurance
SMDA Co	SMDA Company
SMDAMP	SMDA Management Panel
SMDASC	SMDA Sub-Committee
SMDG	Smart Metering Design Group



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DP111 'SMDA Budget Amendments'

Annex A

Joint SEC/SMDA Consultation

Responding to this consultation

This is a joint Smart Energy Code (SEC) and Smart Meter Device Assurance (SMDA) consultation relating to the issues raised under SEC Draft Proposal [DP111 'SMDA Budget Amendments'](#).

We invite you to respond to this consultation and welcome your responses to the questions set out in this form. To help us better understand your views, please provide rationale to support your responses.

To help us process your response efficiently, please email your completed response form to either sec.change@gemserv.com or smdaso@gemserv.com with the subject line 'DP111 SEC/SMDA Consultation response'.

If you have any questions or you wish to respond verbally, please contact:

- **SEC:** Harry Jones, DP111 Lead Analyst, on 020 7081 3345 or email sec.change@gemserv.com.
- **SMDA:** Lorna Clarke, SMDA Scheme Operator, on 020 7090 1066 or email smdaso@gemserv.com.

Deadline for responses

This consultation will close at **17:00** on **Friday 22 May 2020**.

We may not be able to take late responses into account.

Background to this consultation

Introduction

The SMDA Scheme was developed and introduced by the industry to provide an assurance and confidence mechanism that smart metering Devices would continue to operate effectively following a Change of Supplier (CoS). It was established in recognition that Energy Suppliers would be unable to test a wide combination of smart Devices themselves, and that a central solution would be the most effective and efficient way of giving Suppliers confidence that all smart metering devices are indeed interoperable and interchangeable on the Home Area Network (HAN).

This consultation is designed to review the funding mechanism of the SMDA Scheme, with the aim of establishing a fair and sustainable model to enable the Scheme to continue its vital work for the smart meter industry.

What is the issue?

Following the National Audit Office's (NAO's) report 'Rolling Out Smart Meters' dated 23 November 2018, BEIS commissioned an independent review into device interoperability on change. The report, published in October 2019, recognised that the industry is reliant on the SMDA Scheme to provide assurance around interoperability on change. One of the recommendations of the report is that that *"Energy suppliers and the SMDA Board should review the SMDA funding model to ensure SMDA can provide long-term test assurance."*

As outlined in the BEIS Report, *"Based on the feedback from energy suppliers there is only a low level of test assurance for equipment they inherit on CoS where the device models may be different to those they are installing. Large energy suppliers all pointed to SMDA as providing them with necessary interoperability on change test assurance"*. Small Energy Suppliers have also confirmed reliance on the outputs from SMDA and its membership.

Funding of the Scheme is under pressure due to several issues, including delays within the overall programme, issues within the Data Communications Company (DCC) ecosystem and the low volume of Devices being submitted into the Scheme. In addition, the SMDA Scheme is a 'not for profit' scheme, currently relying on a small sub-set of the overall number of Energy Suppliers, Manufacturers and Meter Asset Providers (MAPs) contributing to its funding. Whilst its existence and objectives are recognised by all regulatory bodies as a critical component to the delivery of Smart Metering in Great Britain (GB) and included in areas such as BEIS's Joint Industry Plan (JIP), the Scheme is not a mandated requirement. While the Scheme clearly benefits the whole GB market, the current funding model does not represent the whole market, leaving current contributions significantly reduced. As such, a more viable model that is funded by all relevant beneficiaries is required to deliver fairness across the industry, and to ensure the longevity and ongoing operation of the Scheme.

This consultation is aimed at seeking confirmation from SEC Parties that the SMDA Scheme fulfils a key role in providing test assurance and explores alternative funding models aimed at securing the long-term viability of the service.

Potential funding model options

To date, the SMDA Scheme has been funded by its Energy Supplier, MAP and Manufacturer members, either through set up fees, subscription fees and/or testing fees. As a non-mandated, voluntary scheme, the number of Devices submitted into the Scheme has been lower than expected, and therefore the funding received to date have not been enough to cover the costs of running the Scheme.

Several funding options have been considered by the SMDA Board and as part of the BEIS Review. Table 1 below outlines several different options that have been considered, including the pros and cons of each option:

Funding Option	Pros	Cons
1. Increase costs for existing SMDA members	<ul style="list-style-type: none"> Could result in more income, assuming the same number of devices are submitted as would have been before the increase 	<ul style="list-style-type: none"> Likely to lead to fewer device submissions and therefore an overall drop in income Doesn't address the concern that non-SMDA members are benefitting from the outputs of the Scheme without contributing to the Scheme's upkeep SMDA membership is voluntary and increased costs could lead to a reduction in members and then a greater increase in costs for remaining members
2. Redesign the current funding model, for example to a price-per-meter installed model	<ul style="list-style-type: none"> Depending on the model agreed, it could result in more income and a fairer split of costs based on market share 	<ul style="list-style-type: none"> Various funding models were proposed when the current model was agreed. The current model was the only option considered viable. For example, the price-per-meter installed model was rejected as it was considered to infringe on individual competitive contracts. There is no evidence to suggest a different outcome would be reached now Doesn't address the concern that non-SMDA members are benefitting from the outputs of the Scheme without contributing to the Scheme's upkeep
3. The SMDA Scheme is funded through the SEC	<ul style="list-style-type: none"> Ensures a fair split of funding across all industry beneficiaries Gives the SEC the option to change scheme provider, for example if performance was an issue 	<ul style="list-style-type: none"> SEC Panel is unable to have input into the governance of the SMDA Scheme, nor have any control over the running costs. The proposed mitigation would be to appoint a Panel representative to the SMDA Board, which would also provide independent scrutiny of the SMDA Scheme.

4. DCC collects the charges as pass-through, similar to Alt HAN funding	<ul style="list-style-type: none"> Ensures a fair split of funding across all industry beneficiaries 	<ul style="list-style-type: none"> Would mean the governance of the SMDA Scheme would sit completely outside of the SEC Panel, but would still require approval from SEC Panel for any proposed changes
5. SMDA Co becomes a contracted service provider to DCC	<ul style="list-style-type: none"> Ensures a fair split of funding across all industry beneficiaries Costs could be scrutinised by DCC DCC could choose to use SMDA to test Comms Hubs 	<ul style="list-style-type: none"> May lose some level of independence, depending on contractual requirements agreed with DCC Doesn't guarantee that manufacturers would have to use the SMDA Scheme
6. The SMDA Scheme becomes subsumed into, and operated by, DCC	<ul style="list-style-type: none"> Costs could be shared across all industry participants, through DCC charging mechanism Could continue to use existing SMDA processes so reduced risk of increased set up costs 	<ul style="list-style-type: none"> Would lose benefit of independence from testing inputs and outputs DCC is currently not set up to undertake testing directly, rather it facilitates manufacturers to be able to undertake their own testing, therefore unclear who would be performing interchangeability testing under this option DCC is not mandated to test meters Could cause issues with cost justification model for DCC (Ofgem)
7. The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	<ul style="list-style-type: none"> Costs could be shared across all industry participants, through DCC charging mechanism 	<ul style="list-style-type: none"> Would lose benefit of independence from testing inputs and outputs Could result in additional costs to industry if new processes need to be established DCC is currently not set up to undertake testing directly, rather it facilitates manufacturers to be able to undertake their own testing, therefore unclear who would be performing interchangeability testing under this option SMDA issues independent assurance to manufacturers which can be used by parties in the events of disputes. Unclear whether DCC could do the same DCC not mandated to test meters Could lose SMDA Governance structure

		<ul style="list-style-type: none"> • Could cause issues with cost justification model for DCC (Ofgem)
8. The SMDA Scheme is mandated via BEIS	<ul style="list-style-type: none"> • Would require all industry participants to use the Scheme, thereby increasing device submissions and revenue • Ensures a fair split of funding across all industry beneficiaries • Similar model already working successfully in the form of the CPA 	<ul style="list-style-type: none"> • Following discussions with BEIS, they have confirmed that this option is not viable as the SMDA Scheme is an independent, industry-owned scheme
9. No change to current funding model	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Significant risk that the SMDA Scheme becomes unviable • JIP, NAO report and BEIS independent report recommendations will not be met • Key element of BEIS assurance framework would be missing

Table 1 – Funding Options

Of all the options considered, securing the funding of the SMDA Scheme via a mechanism to which all Energy Suppliers (as the key beneficiaries of SMDA) contribute appears to be the most viable and appropriate option. As the SEC is a multi-Party agreement which defines the rights and obligations of Energy Suppliers, Network Operators and other relevant parties involved in the end-to-end management of smart metering in GB, funding the costs of the SMDA Scheme through the SEC (Option 3 above) seems to be the most logical solution.

The SEC includes the ability to set a fair and equitable charging methodology which is used as a vehicle to ensure that the required level of funding is provided by those who rely on the prescribed services. SEC Section K 'Charging Methodology' provides the charging methodology for similar initiatives including the Alternative Home Area Network (Alt HAN) arrangements (Section K5A), and SEC Section J 'Charges' provides for payment of charges.

Engagement between SMDA and SEC to date

In January 2020, SEC Draft Proposal DP111 was raised highlighting the problem the SMDA Scheme is facing and requesting a change to the SEC to allow the Scheme to be funded through this mechanism. In March 2020, members of the SMDA Board attended the SEC Panel meeting, outlining the rationale for the modification. The SEC Panel recognised the issue and the value that the SMDA Scheme brings to the industry. As such, it was agreed that a joint consultation should be developed to seek feedback from SMDA Members and SEC Parties on whether and how this proposed funding model could work in practice.



This consultation is therefore designed to give both SEC Parties and SMDA Members an opportunity to shape the design of the proposed funding model, to ensure that the agreed approach is sustainable and fair across all industry participants.

Proposed approach

As part of the SEC Modification Process, a problem statement has been drafted, and, once finalised, will move through to the solution design stage of the process. This consultation is designed to provide answers to several outstanding questions and help to shape the solution proposed.

This consultation is formed of two parts. The first section focuses on the broader question of whether the SMDA Scheme is valued by the industry and if so, which funding model would be most appropriate to ensure its longevity.

The second section hones in specifically on Option 3 as listed in Table 1, that of the SMDA Scheme being funded through the SEC, as at this stage this is viewed as the most suitable solution. For this option, the preferred approach is for the SMDA Scheme's fixed costs to be covered by the SEC budget, on-charged to Users by the DCC. Variable charges would continue to be funded by Manufacturers submitting Devices to the SMDA Scheme for testing. As not all Device Manufacturers are SEC Parties, this would ensure the cost of the Scheme continues to be split across all SMDA member groups. Other areas under consideration include whether all SEC Parties should be required to pay, and the governance processes that should exist should this model be adopted.



Respondent details

Respondent details	
Name	Click and insert your name
Organisation	Click and insert the name of the organisation you are responding for
Phone number	Click and insert a phone number we can call you on with any queries

Confidential information	
Does your response contain any confidential information?	
Response	Click and select your response
<p>If 'yes', please clearly mark all confidential information (e.g. in red font).</p> <p>Any confidential responses may be shared with the SEC Panel, SEC Change Board and the Authority under a Red classification in accordance with the SEC Panel Information Policy, and with the SMDA Board.</p>	

Consultation questions – part 1

Question 1	
What type of industry participant are you?	
Response	Click and select your response

Question 2	
Are you an SMDA Member, a SEC Party, or both?	
Response	Click and select your response

Following the NAO's report into the smart meter rollout, BEIS undertook some analysis into the levels of testing being conducted by industry participants. Both the preliminary analysis and the independent review that BEIS commissioned outlined that *"energy suppliers and other relevant parts of industry support are reliant on the SMDA Scheme to provide assurance over interoperability on change."*

Based on this feedback, we are keen to confirm this position with SEC Parties and therefore confirm the importance of the SMDA Scheme to industry.

Question 3	
As an independent test assurance scheme, how important is the SMDA Scheme to you in validating interoperability and interchangeability of smart meter devices?	
<i>Please provide your rationale.</i>	
Response	Click and select your response
Rationale	Click and insert the rationale for your response

Question 4	
Are there any other methods that you currently use to validate interoperability and interchangeability of smart meter devices outside of the SMDA Scheme?	
<i>If so, please outline them here, explaining your rationale for using this approach, whether or not it complements the assurance provided by the SMDA Scheme and if not, why your chosen approach is preferred.</i>	
Response	Click and insert your response and any supporting rationale

As outlined in the background to this consultation, the current funding approach for the SMDA Scheme is not sustainable and therefore a new model is required.

Question 5	
<p>To what extent do you agree that the funding mechanism for the SMDA Scheme needs to change?</p> <p><i>Please provide your rationale.</i></p>	
Response	Click and select your response
Rationale	Click and insert the rationale for your response

Question 6		
<p>Having considered the different funding options outlined in Table 1, please rank the nine options in accordance to your preference.</p> <p><i>Use number 1 for your most preferred option and number 9 for your least preferred option. Please provide the rationale for your rankings.</i></p>		
Response	Increase costs for existing SMDA members	Click and select your response
	Redesign the current funding model	Click and select your response
	The SMDA Scheme is funded through the SEC	Click and select your response
	DCC collects the charges as pass-through, similar to Alt HAN funding	Click and select your response
	SMDA Co becomes a contracted service provider to DCC	Click and select your response
	The SMDA Scheme becomes subsumed into, and operated by, DCC	Click and select your response
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	Click and select your response
	The SMDA Scheme is mandated via BEIS	Click and select your response
	No change to current funding model	Click and select your response
Rationale	Click and insert the rationale for your response	

Question 7	
<p>Are there any other funding options that you think should be considered?</p> <p><i>If so, please outline them here, explaining your rationale for proposing this option and why it is more beneficial than the other options proposed.</i></p>	
Response	Click and insert your response and any supporting rationale

Consultation questions – part 2

Reviews into different funding options undertaken to date by the SMDA Co Board has led to the conclusion that funding under the SEC is the most preferable and fair option for the Scheme and industry participants. While the results from this consultation will be used to validate this analysis, and may ultimately lead to a different conclusion, the SMDA Co Board and SEC Panel are keen to explore this option further as part of this consultation to understand how this could best be taken forward, should it emerge as the preferred option. The following questions therefore focus on gathering further feedback on how the SEC funding option could be taken forward.

SMDA costs are split into two categories: fixed and variable.

The **fixed element** covers the activities that are required to be undertaken, regardless of whether a Device is submitted into the Test Lab for testing. These include:

- the Scheme Operator's cost to engage with members, administer Management Panel and Board meetings, and maintain the SMDA website and the Device Assurance Register;
- the fixed costs of the SMDA Lab, including connections to the DCC Systems, purchasing of Communications Hubs, and rent for the lab space; and
- maintenance and updates to the SMDA testing artefacts to ensure the Scheme's testing baseline aligns with the latest technical specifications and requirements defined by the government in the timeframes set out in the Smart Metering Programme's JIP.

Variable costs cover the cost of performing tests on submitted Devices.

The current proposed approach is for fixed costs to be covered under the SEC and for variable costs to be paid for by Manufacturers submitting their Devices into the SMDA Scheme for testing. The fixed costs of the SMDA Scheme vary each year depending on the extent to which the Scheme's testing artefacts need to be updated to align with industry changes. The budget is agreed each year by the SMDA Co Board, and typically the fixed costs equate to around £500,000 - £700,000 a year.

Question 8

To what extent do you agree that SMDA *fixed* costs should be covered under the SEC?

Please provide your rationale.

Response

Click and select your response

Rationale

Click and insert the rationale for your response

Question 9

To what extent do you agree that SMDA *variable* costs should NOT be covered under the SEC?

Please provide your rationale.

Response

Click and select your response

Rationale

Click and insert the rationale for your response



SEC costs are paid for by all SEC Parties, through the DCC. It is recognised that some Parties have a more direct link with the SMDA Scheme than others. If it is agreed that SMDA costs are to be paid for by SEC Parties, it should be done in a fair and proportionate way.

Question 10		
Which SEC Parties do you think should pay for the SMDA Scheme?		
<i>Please respond yes/no for each Party Category. Please provide your rationale.</i>		
Response	Suppliers	Click and select your response
	Network Parties	Click and select your response
	Other SEC Parties	Click and select your response
Rationale	Click and insert the rationale for your response	

SMDA Co is its own limited company, with its own governance structure, including a Board and a Management Panel. The Board is responsible for the strategic and financial decisions of the Company, and comprises of representatives from Energy Suppliers, MAPs and Device Manufacturers. The Management Panel is responsible for the technical development of the Scheme and comprises representatives from Energy Suppliers, MAPs, Device Manufacturers and District Network Operators. The DCC also attends Management Panel meetings as a guest.

If the funding model were to change to sit under the SEC, with SEC Parties paying for the Scheme, it could be argued that the SEC Panel, on behalf of Parties, should have greater visibility and input into the SMDA governance process. There are several potential options, including expanding the SMDA Board members to include a SEC Representative, through to moving the SMDA Scheme to fully sit under the SEC.

The preferred approach would be to include a SEC Panel representative as an SMDA Board member, thereby giving the SEC visibility and input into the decisions being taken by SMDA Co, while retaining the current governance structure which has served the SMDA Scheme well since its inception.

Question 11	
To what extent do you agree that, if the SMDA Scheme is to be funded by SEC Parties, that the SEC Panel should be involved in the SMDA governance process?	
<i>Please provide your rationale.</i>	
Response	Click and select your response
Rationale	Click and insert the rationale for your response

Question 12	
To what extent do you agree with the with the proposed governance approach, outlined above, of having a SEC Panel representative on the SMDA Board?	
<i>Please provide your rationale.</i>	
Response	Click and select your response
Rationale	Click and insert the rationale for your response

Question 13

If you disagreed with the proposed approach in Question 11, please outline your preferred governance approach.

Response

Click and insert your response and any supporting rationale

Question 14

Please provide any further comments you may have.

Comments

Click and insert any further comments

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DP111 ‘SMDA Budget Amendments’

Joint SEC/SMDA Consultation

Annex B

Joint SEC-SMDA Consultation responses

About this document

This document contains the full non-confidential collated responses received to the DP111 Joint SEC-SMDA Consultation. All confidential responses have been removed and will be shared only with the SEC Panel and SMDA Board members.

Does your response contain any confidential information?

	Respondent	Response
1.	Calvin Asset Management Ltd	No
2.	Chameleon Technology	No
3.	Octopus Energy	No
4.	George Wilson Industries Ltd	Yes
5.	NMI Certin	Yes
6.	Honeywell	No
7.	Western Power Distribution	No
8.	Drax Group (Haven Power and Opus Energy)	No
9.	DCC	No
10.	CMAI	No
11.	EDF	No
12.	Critical Software Technologies Limited	No
13.	E.ON	Yes
14.	Horizon Energy Infrastructure	No
15.	SMS	No
16.	Electricity North West Limited	No

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	Respondent	Response
17.	EUA	No
18.	ENA	No
19.	OVO	No
20.	Scottish and Southern Electricity Networks	No
21.	Utility Warehouse	Yes
22.	Centrica	No
23.	UK Power Networks	No
24.	Landis+Gyr	No
25.	Scottish Power	No

Question 1: What type of industry participant are you?

Question 1	
Respondent	Response
Calvin Asset Management Ltd	Meter Asset Provider (MAP)
Chameleon Technology	IHD/PPMID/CAD device manufacturer
Octopus Energy	Large Energy Supplier
George Wilson Industries Ltd	Device Manufacturer
NMI Certin	Other (please specify) – Test House
Honeywell	Manufacturer
Western Power Distribution	Electricity Network Operator
Drax Group	Energy Supplier
DCC	Other (please specify) – DCC
CMAF	Meter Asset Provider (MAP)
EDF	Large Energy Supplier
Critical Software Technologies Limited	Other (please specify) – Software Service provider
E.ON	Large Energy Supplier
Horizon Energy Infrastructure	Meter Asset Provider (MAP)
SMS	Other
Electricity North West Limited	Electricity Network Operator

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Question 1	
Respondent	Response
EUA	Other (Trade Association)
ENA	Trade Association for Electricity and Gas Network Operators
OVO	Large Energy Supplier
Scottish and Southern Electricity Networks	Networks Party
Utility Warehouse	Large Energy Supplier
Centrica	Large Energy Supplier
UK Power Networks	Electricity Network Operator
Landis+Gyr	Device Manufacturer
ScottishPower Energy Retail Ltd	Large Energy Supplier

Question 2: Are you an SMDA Member, a SEC Party, or both?

Question 2	
Respondent	Response
Calvin Asset Management Ltd	Both
Chameleon Technology	Both
Octopus Energy	SEC Party only
George Wilson Industries Ltd	Both
NMI Certin	Both – SEC Party and the SMDA Appointed Test House
Honeywell	Both
Western Power Distribution	We are members of the SMDA via the ENA (Energy Networks Association)
Drax Group	SEC Party only
DCC	SEC Party only
CMAF	Both – Some members are SMDA Members, SEC Parties or both
EDF	Both
Critical Software Technologies Limited	Both
E.ON	Both
Horizon Energy Infrastructure	Both
SMS	Both
Electricity North West Limited	Both (with SMDA membership being administered through the Energy Networks Association)

Question 2	
Respondent	Response
EUA	Both
ENA	SMDA Member Representing six DNOs and one iDNO (DNOs are all SEC Parties)
OVO	Both
Scottish and Southern Electricity Networks	Both
Utility Warehouse	Both
Centrica	Both
UK Power Networks	Both
Landis+Gyr	Both
ScottishPower Energy Retail Ltd	Both

Question 3: As an independent test assurance scheme, how important is the SMDA Scheme to you in validating interoperability and interchangeability of smart meter devices?

Question 3		
Respondent	Response	Rationale
Calvin Asset Management Ltd	Very important	<p>At the current time the SMDA is the only viable method to provide inter-operability and interchangeability testing. We are fully supportive of the scheme. SMDA assurance is a requirement in our Energy Supplier and Manufacturer Contracts.</p> <p>However, the current scheme has serious problems relating to:</p> <ul style="list-style-type: none"> • Non-mandation of the scheme leading to some suppliers “free-riding” • Funding • Inability to provide a full test due to environment issues • Lack of testing of DCC hubs which restricts the value of the tests carried out and provides the opportunity for devices to fail to work as anticipated with the hubs once installed <p>These problems need to be resolved to secure the long-term viability of the scheme.</p>
Chameleon Technology	Quite important	Not all supplier customers stipulate SMDA as a requirement
Octopus Energy	Neither important nor unimportant	As an inheritor of a very large range of devices the uptake of the current scheme is too patchy to be of value.
George Wilson Industries Ltd	Quite important	Confidential – not for disclosure beyond the groups noted in the cover note.

Question 3		
Respondent	Response	Rationale
NMI Certin	Very important	<p>NMi provides independent and impartial testing and certification services on an international wide basis. It is the global leader in the competitive market testing and certifying measuring instruments for trade.</p> <p>NMi recognises the key role interoperability and interchangeability assurance provides consumers, energy suppliers, DNOs and MAP. NMi provides smart metering testing and assurance services to the GB rollout alongside service provision in other European initiatives.</p> <p>NMi believes the GB rollout, in consideration of the competitive metering market, needs independent interoperability and interchangeability assurance more than most other smart metering rollouts. This is necessary to support competitive markets, asset risk management and to protect consumers. It is difficult to see any argument for not having a Scheme such as SMDA to support the GB rollout.</p>
Honeywell	Important	<p>Both Manufacturers and Suppliers recognise that the industry is reliant on the SMDA Scheme to provide assurance for both interoperability and interchangeability, <i>“Based on the feedback from energy suppliers there is only a low level of test assurance for equipment they inherit on CoS where the device models may be different to those they are installing. Large energy suppliers all pointed to SMDA as providing them with necessary interoperability on change test assurance”</i>.</p> <p>Our customers will stipulate SMDA certification as a contractual requirement, therefore as a manufacturer it is necessary for us to achieve SMDA approval in order to supply meters to the market.</p>
Western Power Distribution	Not very important	As a Network Operator we expect devices that are installed to comply with SEC Requirements. The issues that we are finding in the production environment are not solely in relation to interoperability and interchangeability. We feel that the SMDA Scheme does not support the types of testing, or volume of assured meters that would provide DNOs with the assurance that they require.
Drax Group	Not very important	The concept is good and there are potential benefits if used properly. However, both awareness and use of the Scheme do not seem to be widespread. The metering manufacturers we deal with don't see it as an important stage gate.

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Question 3		
Respondent	Response	Rationale
		Without extensive coverage the Scheme's benefits are limited and we do not agree that small suppliers rely on the outputs from SMDA and its membership.
DCC	Neither important nor unimportant	<p>DCC has seen the effects of the lack of mandatory device assurance manifest across a number of activities as the volumes of installed meters, and the corresponding variety of device combinations, increases. We are seeing problems and issues that could or should have been caught prior to occurring in the production environment and affecting DCC's customers and ultimately the energy consumers.</p> <p>Effective, efficient and truly independent device assurance testing is critical to the enduring delivery of DCC services.</p> <p>DCC queries whether the current scheme operated by SMDA fully meets the needs of the industry. It is the assurance solution developed and operated by larger SEC Parties and their device suppliers and financiers, but has not achieved significant engagement for suppliers, meter manufacturers or meter asset providers.</p> <p>The market design intended for device assurance to be a competitive service, and alternative options are emerging, but this proposal seeks to embed SMDA as the only option. Criticism of aspects of the design and operation of the scheme has been expressed by a number of stakeholders – and in the reports described above.</p> <p>A broader debate may be needed to ensure the long-term assurance solution meets the needs of the industry.</p> <p>DCC is concerned that addressing the funding challenges of a competitive service that is not currently economically sustainable may obviate the need to address the reasons why the scheme has failed to deliver.</p>

Question 3		
Respondent	Response	Rationale
CMAP	Very important	CMAP members have been involved in the SMDA scheme from the outset, recognising the need for a device assurance scheme to provide suppliers with a mechanism to satisfy their licence obligations to ensure that the smart devices they are responsible for are inter-operable and inter-changeable. We agree with the BEIS report conclusion that the market is depending on SMDA for interoperability and interchangeability testing and we recognise the need for a central assurance system to provide an effective and cost-efficient mechanism for suppliers to use for all devices including those they install and those that they gain through consumer change of supplier events.
EDF	Very important	<p>SMDA is valuable insofar as it has independence, technical ability and potential access to a 'zoo' of manufacturer devices which enables it to find issues before they impact equipment in the field. SMDA provides a set baseline to assure devices against. The baseline was agreed by leading manufacturers and energy suppliers. SMDA has a structure that enables parties to discuss technical issues at an individual device level.</p> <p>As SMDA members we are aware that the scheme has already flagged interchangeability issues where both devices work as expected with other devices but not when paired together. The devices in question meet the relevant technical specifications, however there will always be differences in the interpretation of these specifications. Without SMDA these examples would never have been discovered until an exchange was carried out in production.</p>
Critical Software Technologies Limited	Very important	Having an independent party providing device assurance is key to ensure reliability and security within SMIP.
E.ON	Very important	With the variety of meter manufacturers within SMETS2 and the increasing levels of churn within the industry, having a singular independent scheme to validate interoperability not only saves industry parties additional costs completing these tests in isolation but also allows for verification of a consistent customer experience regardless of asset type. This supports reduced costs to the customer and an improved customer experience. SMDA provides an independent assurance for an

Question 3		
Respondent	Response	Rationale
		asset that a supplier may have no prior experience with such as on churn, and therefore the supplier can be confident that asset will work as expected.
Horizon Energy Infrastructure	Very important	This is the only scheme that provides this level of testing. It has found issues with devices that haven't been found through any other testing and assurance. We recognise the need for a device assurance scheme to provide suppliers with a mechanism to satisfy their licence obligations to ensure that the smart devices they are responsible for are inter-operable and inter-changeable. We agree with the BEIS report conclusion that the industry is depending on SMDA for interoperability and interchangeability testing. We recognise the need for a central assurance system to provide an effective and cost-efficient mechanism for suppliers to use for all devices including those they install and those that they gain through consumer change of supplier events.
SMS	Important	<p>The Value of the Scheme was in the first initial phase of the roll out, which it was not available for. MAP's therefore took on more risk to get a roll out started in SMDA's absence. Now we are 18 Months + into the roll out, the value of SMDA and Device assurance has not been relevant or provided more assurance than our own testing.</p> <p>The only further value SMDA could add would be at HAN Combination Level, but this is not published – of as widespread as the HAN Combinations listed on the DPL, where in reality – the firmware upgrades are sent to.</p>
Electricity North West Limited	Very important to the Smart Metering System	<p>The Responsible Supplier has a duty to ensure that all the Devices forming part of that Smart Metering System are interoperable with the DCC Total System to the extent necessary to enable those Devices to respond to Commands received from or via the DCC in accordance with the requirements defined in the GB Companion Specification.</p> <p>The SMDA scheme provides independent assurance that ownership and operation of Devices can be safely and securely transferred on a Change of Supply, giving confidence to both the existing and</p>

Question 3		
Respondent	Response	Rationale
		new Energy Suppliers that the devices will operate correctly and deliver benefit to customers and the industry,
EUA	Very important	<p>SMDA was established as a central assurance regime to determine whether Smart Metering Equipment is SMETS(n) compliant from an interoperability perspective (the interpretation of interoperability now includes what was also known as ‘interchangeability’). A number of Suppliers, Manufacturers and Meter Asset Providers (MAPs) identified a common benefit in establishing the SMDA central assurance regime. In doing so it provides a mechanism for all parties, including manufacturers, to test devices against DCC test environments and to give industry assurance through the application of a consistent testing regime. The scheme is independent from any individual manufacturers, Suppliers, DCC or any other industry parties, therefore providing an independent assurance regime (and a not for profit organisation also).</p> <p>As outlined within the consultation, it recognised that the industry is reliant on the SMDA Scheme to provide assurance for both interoperability and interchangeability, “Based on the feedback from energy suppliers there is only a low level of test assurance for equipment they inherit on CoS where the device models may be different to those they are installing. Large energy suppliers all pointed to SMDA as providing them with necessary interoperability on change test assurance”. It is also worth noting the report said Small Energy Suppliers have also confirmed reliance on the outputs from SMDA and its membership.</p> <p>Also, it is recognised by most of our members, while scheme assurance is an integral part of most Meter Manufacturers supply contract (to Suppliers and/or MAPs), the scheme needs to be cost effective, adequately funded in a fair and equitable manner across all benefiting parties, it must be up to date and able to support the key objectives of the scheme now and in the longer term.</p> <p>That noted, that one of our members has expressed concern that under the schemes current form, it is not fit for purpose and an alternative methodology could be sought. They suggest a tool similar to</p>

Question 3		
Respondent	Response	Rationale
		DLMS that can be used and assessed by a body similar to SECAS/DCC/SMDA, this may be a much reduced price. One of the reason sighted for objecting One reason
ENA	Not very important for DNOs as currently scoped but would be essential for the overall success of the smart metering system if the scope can be expanded.	The key challenge for DNOs is that interoperability and interchangeability are not the only areas that have presented issues in the live environment. Therefore, in its current state the SMDA Scheme does not support the types of testing, validation of SEC compliance, or volume of assured meters (currently 2 partially assured ESMEs out of 66 live meter variants), that would provide DNOs with an appropriate level of assurance that devices do comply with the SEC requirements.
OVO	Very important	We believe a central, independent testing agency is essential for Suppliers to meet their licence obligations of ensuring interoperable SMETS2 meters. Such a centralised agency will give cross-industry confidence in new meter variants and firmware releases, and PPMIDs, and over time will dramatically reduce the duplication of testing across industry, thereby lowering costs.
Scottish and Southern Electricity Networks	Important	This is very important for SSEN as this is the only scheme available which has the ability to validate interoperability and interchangeability of smart meter devices.
Utility Warehouse	Very important	Confidential – not for disclosure beyond the groups noted in the cover note.
Centrica	Very important	The SMDA scheme should provide sufficient assurance to suppliers that devices they are installing, or more importantly devices they gain via the change of supplier process, are fit for purpose. It is not

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Question 3		
Respondent	Response	Rationale
		<p>possible for individual manufacturers or suppliers to carry out such test assurance activities on all device, and all device combinations, and therefore we are reliant on the SMDA scheme (or equivalent).</p> <p>The SMDA scheme has had its issues, namely the timing of the scheme alongside the development of DCC systems and communication hub firmware. This has prevented the scheme being utilised to the extent that suppliers had hoped and has prevented devices from achieving full test assurance status. Another concern with the existing scheme is that it does not include all smart metering devices, namely the absence of DCC provided communication hubs. The final issue, and subject of this consultation, has been the funding. As a supplier member of SMDA, we have invested significantly in the scheme and continue to do so. With only a small percentage of suppliers being SMDA members, this inequitable arrangement is not sustainable.</p> <p>We believe all the issues above can be addressed, and should be tackled as part of this review, for an enduring scheme to be put in place that delivers the necessary test assurance that all parties require.</p>
UK Power Networks	Not very important	The key challenge for ENOs is that interoperability and interchangeability are not the only areas that have presented issues in the live environment. Therefore, in its current state the SMDA Scheme does not support the types of testing, validation of SEC compliance, or volume of assured meters (currently two partially assured ESMEs out of 66 live meter variants), that would provide ENOs with an appropriate level of assurance that devices are compliant with SEC requirements.
Landis+Gyr	Quite Important	SMDA would be very valuable if it delivered full assurance on interoperability. This is not the case with the scheme today. A broader selection of devices / firmware should be tested with a higher level of Robustness. Prepayment testing needs significant improvement.
ScottishPower Energy Retail Ltd	Quite Important	While we traditionally regarded SMDA assurance as essential, at this time we note that many millions of Devices have already been deployed into the live environment without having any such

Question 3		
Respondent	Response	Rationale
		accreditation in place. We offer no comment as to the interchangeability of these deployed Devices; however, it should be recognised that the purpose of SMDA was to provide comfort to gaining suppliers that most, if not all, Devices would have such accreditation.

Question 4: Are there any other methods that you currently use to validate interoperability and interchangeability of smart meter devices outside of the SMDA Scheme?

Question 4		
Respondent	Response	Rationale
Calvin Asset Management Ltd		We do not use any other methods outside the SMDA scheme.
Chameleon Technology		Through force of our wide market penetration we have been involved in extensive end to end integration effort since the commencement of the Programme. We have deployment experience with all model combinations, so have a case by case empirical evidence base of interoperability and interchangeability.
Octopus Energy		No formal methods. Just bilaterals with manufacturers and other industry members.
George Wilson Industries Ltd		Confidential – not for disclosure beyond the groups noted in the cover note.
NMI Certin		Not applicable – NMI is an independent test house. We assure interoperability and interchangeability of devices in a number of international markets. Certification free from commercial or other potential conflicts of interest provides the only viable route to demonstrate assurance. The value of independent and impartial testing and assurance is recognised internationally as the only valid means of providing confidence to all relevant parties.
Honeywell		<p>Honeywell completes its own thorough testing of their devices to validate they are SMETS compliant and therefore check a large number of factors related to interoperability.</p> <p>Interchangeability factors are also tested during internal testing with PPMID/IHD manufacturers, Supplier testing and DCC led testing. However it is understood that SMDA is an independent scheme and is able to test a greater level of interchangeability and interoperability using other manufacturers equipment.</p>

Question 4		
Respondent	Response	Rationale
Western Power Distribution		Network Operators are not responsible for the devices or ensuring interoperability and interchangeability and therefore we do not use any methods to validate this. Unfortunately we generally identify issues in the live environment and in most cases these are not related to interoperability or interchangeability.
Drax Group		<p>We check firmware and device models against the Central Products List. Our perception of the SMDA scheme is that few meters have been through the testing, so its usefulness is limited.</p> <p>Ultimately, we have little control over the metering devices we inherit on Change of Supplier (CoS). We are not generally aware of which smart metering device a customer has until we begin supplying them.</p>
DCC		<p>DCC undertakes extensive interoperability testing as part of the change delivery of communications hub hardware and firmware. This is necessarily conducted with a limited, but representative, subset of available smart meter devices, and is constrained mainly by device availability and the readiness or capacity of device manufacturers to support DCC testing alongside supporting testing for SMDA and their energy supplier customers.</p> <p>DCC is working with SMDA to evaluate the opportunities to work together to introduce Communications Hubs into the scheme, but at the time of consultation, the proof of concept activity is ongoing.</p>
CMAP		SMDA is the primary mechanism for MAPs.
EDF		<p>We are only able to validate that the devices that we intend to install are compliant with the Technical Specifications, can be operated as expected, and are interoperable with the DCC. As an output of this testing we check that they work using our own business processes i.e. service requests via the DCC.</p> <p>We have to regression test our devices with new firmware and occasionally hardware versions of DCC Communications Hubs. We also have requirements on our Manufacturers to confirm that the devices we accept meet the relevant certification requirements e.g. ZigBee, DLMS and CPA.</p> <p>What we cannot practically do, and therefore rely on the SMDA for, is obtain and test other energy suppliers' chosen devices against our own HAN device combinations. This would not be viable in terms of cost, time and duplication of effort.</p>

Question 4		
Respondent	Response	Rationale
Critical Software Technologies Limited	N/A	
E.ON		Confidential – not for disclosure beyond the groups noted in the cover note.
Horizon Energy Infrastructure		No other methods are currently used. Some testing is performed through manufacturers, suppliers which is valuable but not extensive.
SMS		SMS host a DCC RTL, in which all meter manufacture volunteer test meters. HAN Combinations are created, based on DCC's DPL – prioritised by the Energy Suppliers Portfolio of different HAN Combinations and then issued the appropriate firmware upgrade, a set of end to end regression tests are made to prove HAN Stability as well as performance of the new firmware. This is repeated to a multitude of HAN Combinations and the results published to Energy Suppliers. If a change to a HAN combination regressed – an alternative upgrade path is advised (if available) and if not – the firmware is rejected.
Electricity North West Limited		Interoperability is an Energy Supplier responsibility and therefore not applicable to an Electricity Network Party.
EUA		<p>Meter Manufacturers conduct a significant level of testing of their devices to validate they are SMETS(n) compliant and therefore cover many aspects of interoperability. There is also some testing completed with the DCC / other Meter Manufactures at the DCC test event.</p> <p>Also, there is generally Supplier end to end testing completed within the full Smart test Eco-system, but again focusing on interoperability with the DCC. The Supplier testing also tends to focus on the key Business Processes to support their Business Drivers and therefore may not cover all aspects of functionality. As outlined above, SMDA is an independent scheme and therefore endeavours to have a wider remit of interoperability assurance, but also has a focus on interchangeability, which is unique. Therefore, SMDA assurance covers both interoperability and interchangeability.</p>

Question 4		
Respondent	Response	Rationale
		That noted, one member outlined to their knowledge there is little evidence in the field that interchangeability is happening at present. Typically, if issues with devices are encountered following CoS, they believe the whole set is generally replaced.
ENA		Ensuring interoperability and interchangeability is not a DNO responsibility and as a consequence DNOs do not currently deploy any validation or testing methods. Identification of incidents and issues with devices is mainly through live operations. This is not the preference of our members; our DNO members would like to see a scheme that validated device compliance and reliability meeting DNO requirements before devices were released into live. Many of these incidents and issues are associated with the design of device / systems rather than being directly related to interoperability and interchangeability.
OVO		We currently run a large suite of technical tests on each device firmware release, be it meter, PPMID or Comms Hub. We test a growing number of combinations whenever a new release is made available.
Scottish and Southern Electricity Networks		The only other means to validate interoperability is through our test devices within the DCC test labs. Unfortunately, the devices provided are not reflective of the production environment devices, so a lot of validation happens in the production environment which is not preferable and does not compliment the assurance provided by SMDA, as the device's tested are also a very small sample of the total production estate.
Utility Warehouse		Confidential – not for disclosure beyond the groups noted in the cover note.
Centrica		We undertake our own testing with the combination of devices that we utilise for our own installations (e.g. a mix of different manufacturer devices and, where possible, DCC provided Comms Hub variants). We also rely on manufacturer's own testing of devices / firmware prior to that being released to us for our own testing. As SMETS2 becomes more mature, and we move from a smart programme to full business as usual environment, we expect our own testing resource / effort to diminish and instead place our reliance on manufacturer testing and the SMDA scheme (or equivalent).

Question 4		
Respondent	Response	Rationale
UK Power Networks		Identification of incidents and issues with devices is mainly through live operations where these issues are related device design and parameters. This is not our preference; we would very much like to have a scheme that validated device compliance and reliability meeting ENO requirements before devices were released into the live environment.
Landis+Gyr		Testing to prove compliance with SMETS is performed on all firmware releases. We attend DCC Interop events along with other manufacturers, perform UIT testing, GFI testing and have internal end-to-end testing. Suppliers also perform end-to-end testing, and we support them with that.
ScottishPower Energy Retail Ltd		As we only test the devices from manufacturers with whom we have an existing contractual relationship, we expected to be able to rely upon SMDA to provide a level of confidence that other Devices will behave as anticipated: i.e. are interoperable / interchangeable. However, we cannot say with any real confidence that this is the case at this time. Nevertheless, we do not presently have any alternative to the SMDA scheme to validate Device interoperability / interchangeability.

Question 5: To what extent do you agree that the funding mechanism for the SMDA Scheme needs to change?

Question 5		
Respondent	Response	Rationale
Calvin Asset Management Ltd	Strongly agree	<p>The current funding structure has not provided a viable scheme.</p> <p>Due to the current voluntary nature of the scheme some suppliers have opted not to participate leading to the remaining suppliers supporting the full cost of setting up the scheme. This is not acceptable as all suppliers benefit from the assurance testing carried out and should be contributing to the costs.</p> <p>The current mechanism recovers the on-going running costs of the scheme via the testing fees paid by device manufacturers when a device is submitted for testing. This has made the testing fees extremely high leading to reluctance from device manufacturers to submit devices for testing. This needs to be changed so that testing fees for manufacturers are set at a level which represents the true testing costs of devices and is affordable and acceptable to manufacturers.</p>
Chameleon Technology	Strongly agree	The funding model has never been viable given the lack of support from all suppliers and therefore indifferent approach to device submission on the part of many manufacturers.
Octopus Energy	Agree	The current approach is too limited in extent and too marginal in influence to be of value. To make it of value requires more funding which cannot be done under the current structure.
George Wilson Industries Ltd	Strongly agree	Confidential – not for disclosure beyond the groups noted in the cover note.
NMI Certin	Strongly agree	The risk, articulated in the background to this consultation, that the SMDA Scheme is unviable should be considered an issue. To date the current financial model has proven to be financially unsustainable with income from testing fees (and initial set-up cost recovery from the Scheme) not meeting the Scheme's or Test Lab costs for operation of the SMDA test facility, service delivery and the Scheme.

Question 5		
Respondent	Response	Rationale
		There is little evidence that future income generated through test fees, under the current funding mechanism, will be sufficient to maintain SMDA service provision on an enduring basis. Therefore without a positive resolution to the SMDA cost recovery issues the ongoing provision of SMDA services is at significant risk.
Honeywell	Strongly agree	Due to the delays seen in, and the subsequent extension of, the BEIS SMIP programme, the SMDA Scheme is set to extend beyond it's expected lifetime. The original model required a significant number of devices to be tested over a short period of time. This model has now changed and the current funding mechanism can not support the new scheme life.
Western Power Distribution	Strongly agree	We feel that the scheme at present isn't working as intended and therefore something needs to change. However as a Network Operator, we expect meters that are installed to be compliant and therefore do not expect to incur any costs towards assuring these devices.
Drax Group	Disagree (given the scheme as it stands)	If funding received to date has not been enough to cover the costs of running the Scheme, we would question whether the costs of the scheme outweigh the benefits. As such, the Scheme should be reviewed to see how it can be enhanced to drive greater value and therefore more uptake. Until that happens, the charges should not be arbitrarily levied on the wider industry who make little or no use of it.
DCC	Neither agree nor disagree	<p>As per our response to Question 3, we believe that further rationale is required to evaluate why the original funding model has failed, in order to ensure that any fundamental issues do not perpetuate should mandatory funding for all Suppliers be introduced.</p> <p>Interoperability and Interchangeability testing is very valuable, but the current approach appears to be very expensive and that cost has become a barrier to engagement for a number of parties.</p> <p>It is also worth highlighting that making SMDA testing mandatory through changes to the SEC may be inconsistent with SEC Objective (d). The objective is "facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy".</p>

Question 5		
Respondent	Response	Rationale
CMAP	Agree	The existing SMDA scheme has not yet been able to fully provide this assurance scheme due to a number of issues including environment issues preventing full testing, delays in devices being ready for testing, and funding issues. We agree with the NAO report conclusion that the funding model needs to change to support the ongoing viability of the scheme.
EDF	Strongly agree	<p>Without a fair funding mechanism moving forward it is likely that the scheme would have to close.</p> <p>To date SMDA has been funded by a limited set of parties whilst others that gain benefit from SMDA assurance of devices they may use have refused to pay for SMDA membership or provide any provision towards the on-going operating and development costs of the scheme.</p> <p>This situation is no longer sustainable. The energy market has changed; the proportion of customers served by the original large energy supplier community that has borne the highest cost burden to date has reduced. Those that have subsidised the rest of industry to date are no longer a position to do so.</p> <p>As cited in the NAO and BEIS reports, SMDA is a test regime that all types of industry participant (including the small energy suppliers and regulatory bodies) seem to agree is required.</p> <p>If the benefits of the scheme are clear to said parties then they should pay a fair share rather than risk an outcome of SMDA scheme closure.</p>
Critical Software Technologies Limited	Neither agree nor disagree	
E.ON	Agree	<p>It is important to ensure the longevity of the scheme and share the costs across SEC parties as common beneficiaries. It has also been discussed that previous and current funding partners will not provide any additional funding going forwards.</p> <p>Currently assets are being submitted to the scheme after suppliers have installed these assets in customer homes. The costs need encourage or incentivise manufacturers to submit candidates as soon as available. SMDA need to</p>

Question 5		
Respondent	Response	Rationale
		ensure that funding mechanisms result in the assurance of firmware and hardware prior to these being installed, rather than afterwards which detracts some of the schemes benefits.
Horizon Energy Infrastructure	Strongly agree	The scheme is required to prove interoperability testing and due to many delays and issues within the SMIP programme as a whole it's found it difficult to have a stable baseline to test hence, the existing SMDA scheme has not yet been able to fully provide this assurance scheme. We agree with the NAO report conclusion that the funding model needs to change to support the ongoing viability of the scheme.
SMS	Agree	The current model is putting too much financial pressure on Device Manufactures at a time a very similar output is achieved for free (for the meter manufactures), although the output is not shared industry wide – it is an independent and comprehensive view assuring energy suppliers, MAPs and Device Manufactures that change has not caused regression – across varying HAN combinations.
Electricity North West Limited	Strongly agree	There hasn't been 'buy-in' from all Energy Supplier's even though they are responsible for ensuring meters are compliant and benefit from this scheme. As an Electricity Network Party, we should not pick up any additional costs if the funding mechanism of the SMDA scheme changes.
EUA	Strongly agree	As outlined within the consultation, the SMDA Scheme has been funded by its Energy Supplier, MAP and Manufacturer members, either through set up fees, subscription fees and/or testing fees. The overall programme is significantly behind schedule compared to the original plan when the fund model was derived. The impact has seen the volume of devices through the scheme being significantly lower than expected, the costs for testing devices through SMDA is very high, particularly for Small Meter Manufacturers so this can be a barrier to enter the scheme and therefore overall the funding received to date have not been enough to cover the costs of running the Scheme. For the Scheme to remain viable today but more importantly also in the longer term, and therefore providing a level of assurance for devices the whole industry will benefit from, protect actual customer experience and build confidence, the funding arrangement needs to provide a sustainable and forward looking assurance mechanism.
ENA	Strongly agree	Our DNO members agree with the findings of the NAO, that the current funding mechanism is not sustainable. However, as ENO's under the SEC, our members are not accountable or responsible for ensuring compliant meters

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Question 5		
Respondent	Response	Rationale
		are released into the live environment and do not feel that they should incur any associated compliance assurance costs.
OVO	Strongly agree	The level of device submission by manufacturers is too low to support the current model, dependent as it is on such income to fund future development of the scheme.
Scottish and Southern Electricity Networks	Strongly agree	SSEN agree with the findings of the NAO, that the current funding mechanism is not sustainable. However, SSEN as a Networks Party are not accountable or responsible for ensuring compliant meters are released into production so SSEN feel the new funding scheme should take this into account.
Utility Warehouse	Strongly agree	The current funding mechanism is unfair as it relies on funding from a small group of suppliers despite the majority of the market benefiting from the scheme. We believe the funding mechanism needs to be updated to ensure long-term viability of the scheme.
Centrica	Strongly agree	<p>The current funding model is not sustainable. The two main issues we see are:</p> <ul style="list-style-type: none"> • There are a limited number of supplier members who, along with Meter Asset Provider members, have had to invest in the SMDA scheme to ensure that it can continue to operate – this is inequitable as all suppliers benefit from the scheme but only a few are financially contributing; and • Test Fees are considered ‘high’ which is in part due to a level of fixed scheme costs being attributed to test fees and being charged only to the few manufacturers that have submitted devices for testing. This has led to a reduction in forecast demand and a lack of confidence in the scheme.
UK Power Networks	Strongly agree	We agree with the findings of the NAO, that the current funding mechanism is not sustainable, but as ENOs under the SEC we are not accountable or responsible for ensuring compliant meters are released into live environment and do not feel that we should incur any costs associated with compliance assurance. This cost should remain with suppliers who are accountable under the SEC for this activity

Question 5		
Respondent	Response	Rationale
Landis+Gyr	Strongly agree	The current model is not working due to the lower than expected number of devices being submitted for testing. Therefore, it is necessary for the financial preservation of the scheme. It is important that the costs are shared in an equitable manner thought the industry.
ScottishPower Energy Retail Ltd	Agree	The current arrangements have always been fraught with difficulty, rendering uncertainties.

Question 6: Having considered the different funding options outlined in Table 1, please rank the nine options in accordance to your preference.

Question 6			
Respondent	Category	Response	Rationale
Calvin Asset Management Ltd	Increase costs for existing SMDA members	8	
	Redesign the current funding model	3	
	The SMDA Scheme is funded through the SEC	1	
	DCC collects the charges as pass-through, similar to Alt HAN funding	7	
	SMDA Co becomes a contracted service provider to DCC	5	
	The SMDA Scheme becomes subsumed into, and operated by, DCC	4	
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	6	

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Question 6			
Respondent	Category	Response	Rationale
	The SMDA Scheme is mandated via BEIS	2	
	No change to current funding model	9	
			<p>for the fixed costs in addition to the testing costs (variable costs). (rated 9)</p> <p>Increasing costs for existing members will not solve the problem of “free-riders” or high testing fees (rated 8)</p> <p>Changing the method of charge collection does not correct the fundamental problems with the existing funding model (rated 7)</p> <p>Replacing the existing scheme will take too long and a DCC provided scheme will not give an independent view of assurance that industry requires (rated 6)</p> <p>SMDA Co becoming a DCC service provider would result in all suppliers contributing via DCC charges but would not address the fundamental issue of high testing fees (rated 5)</p> <p>Absorbing SMDA into the DCC will not provide the independence the assurance process requires (rated 4)</p> <p>A redesign of the existing funding model could be considered (rated 3) but additional changes would have to be made hand-in-hand with this change including mandation of the scheme (rated 2) and reconsideration of how the on-going fixed costs of the scheme are recovered.</p> <p>This leaves the funding of the SMDA through SEC as the preferred option.</p>
Chameleon Technology	Increase costs for existing SMDA members	9	

Question 6			
Respondent	Category	Response	Rationale
	Redesign the current funding model	7	
	The SMDA Scheme is funded through the SEC	1	
	DCC collects the charges as pass-through, similar to Alt HAN funding	2	
	SMDA Co becomes a contracted service provider to DCC	6	
	The SMDA Scheme becomes subsumed into, and operated by, DCC	5	
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	4	
	The SMDA Scheme is mandated via BEIS	3	
	No change to current funding model	8	

Question 6			
Respondent	Category	Response	Rationale
			Overall, SMDA in whatever form it takes must be compulsorily implemented. As long as it remains optional it will deter full participation. Also, it is extremely important to ensure that the new solution encompasses the comms hub variants. There is no point to a device assurance scheme that omits the core device with which all others must interoperate. There is no point to a device assurance scheme that omits the core device with which all others must interoperate.
Octopus Energy	Increase costs for existing SMDA members	9	
	Redesign the current funding model		
	The SMDA Scheme is funded through the SEC	1	
	DCC collects the charges as pass-through, similar to Alt HAN funding	7	
	SMDA Co becomes a contracted service provider to DCC		
	The SMDA Scheme becomes subsumed into, and operated by, DCC		
	The SMDA Scheme is replaced with a new		

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Question 6			
Respondent	Category	Response	Rationale
	assurance mechanism provided through the DCC		
	The SMDA Scheme is mandated via BEIS		
	No change to current funding model	9	
			SEC is the right place to determine transitional governance and location of final solution which may be another party.
George Wilson Industries Ltd	Increase costs for existing SMDA members	9	
	Redesign the current funding model	7	
	The SMDA Scheme is funded through the SEC	1	
	DCC collects the charges as pass-through, similar to Alt HAN funding	3	
	SMDA Co becomes a contracted service provider to DCC	5	

Question 6			
Respondent	Category	Response	Rationale
	The SMDA Scheme becomes subsumed into, and operated by, DCC	4	
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	6	
	The SMDA Scheme is mandated via BEIS	2	
	No change to current funding model	8	
NMI Certain	Increase costs for existing SMDA members	6	
	Redesign the current funding model	5	
	The SMDA Scheme is funded through the SEC	1	
	DCC collects the charges as pass-through, similar to Alt HAN funding	2	

Question 6			
Respondent	Category	Response	Rationale
	SMDA Co becomes a contracted service provider to DCC	4	
	The SMDA Scheme becomes subsumed into, and operated by, DCC	8	
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	7	
	The SMDA Scheme is mandated via BEIS	3	
	No change to current funding model	9	
			<p>The rationale for this response is set out below:</p> <p>1 – Scheme is funded through the SEC – we agree that recovering fixed costs of SMDA as the preferred funding mechanism. This recognises that the major beneficiaries of the Scheme fund the fixed cost elements on an equitable basis. Device manufacturers still pay for the testing operations without the financial burden of recovery of the fixed costs of the Scheme – there is evidence that the current test fee structure has disincentivised manufacturers from submitting devices to the Scheme</p> <p>We agree with the assessment provided within this consultation. Furthermore NMI strongly believes that:</p>

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Question 6			
Respondent	Category	Response	Rationale
			<ul style="list-style-type: none"> Delivering SMDA testing services through DCC is inappropriate - lack of independence/impartiality, impact to competitive testing service markets and DCC's track record of questionable technical assurance management are further reasons to resist DCC operational involvement in SMDA operation and/or testing provision Increase costs for existing SMDA members – additionally it should be recognised that there are energy suppliers, MAPs and other entities that benefit from the SMDA Scheme outputs but are not members (i.e. and therefore do not currently contribute to the cost recovery or support the Scheme). Increasing the Scheme cost recovery burden will increase this disparity further No change to current funding model – as noted in the response to Question 5, the current financial model has proven to be financially unsustainable. There is little evidence that the key funding element of the model (i.e. income generated via test fees) will be sufficient to maintain test house services provision on an enduring basis. <p>It is unclear why BEIS mandating of the Scheme is included as a funding option. Mandating that energy suppliers are only permitted to use SMDA certified smart metering devices can be mutually exclusive to the funding mechanism. BEIS or Ofgem (either acting as the Gas and Electricity Markets Authority) could implement this requirement and still rely on the industry to deliver and manage the SMDA Scheme.</p> <p>This action would ensure all industry players are sufficiently incentivised to support the SMDA Scheme and Test House and assure its financial viability. It would also ensure energy consumers and all market players derive the benefits of device interchangeability assured through the SMDA Scheme.</p>

Question 6			
Respondent	Category	Response	Rationale
Honeywell	Increase costs for existing SMDA members	9	
	Redesign the current funding model	7	
	The SMDA Scheme is funded through the SEC	1	
	DCC collects the charges as pass-through, similar to Alt HAN funding	3	
	SMDA Co becomes a contracted service provider to DCC	4	
	The SMDA Scheme becomes subsumed into, and operated by, DCC	5	
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	6	
	The SMDA Scheme is mandated via BEIS	2	

Question 6			
Respondent	Category	Response	Rationale
	No change to current funding model	8	
Western Power Distribution	Increase costs for existing SMDA members	8	
	Redesign the current funding model	2	
	The SMDA Scheme is funded through the SEC	1	
	DCC collects the charges as pass-through, similar to Alt HAN funding	4	
	SMDA Co becomes a contracted service provider to DCC	3	
	The SMDA Scheme becomes subsumed into, and operated by, DCC	5	
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	7	

Question 6			
Respondent	Category	Response	Rationale
	The SMDA Scheme is mandated via BEIS	6	
	No change to current funding model	9	
			We believe that the scheme should be funded through the SEC but ensuring appropriate governance. We do not believe that the DCC should be responsible for managing this scheme as we don't believe, based on experience working with the DCC, that they are in a situation to take on this additional responsibility. We believe that independent testing is best to ensure value for all SEC Parties.
Drax Group	Increase costs for existing SMDA members		
	Redesign the current funding model		
	The SMDA Scheme is funded through the SEC		
	DCC collects the charges as pass-through, similar to Alt HAN funding		
	SMDA Co becomes a contracted service provider to DCC		

Question 6			
Respondent	Category	Response	Rationale
	The SMDA Scheme becomes subsumed into, and operated by, DCC		
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC		
	The SMDA Scheme is mandated via BEIS		
	No change to current funding model	1	As expressed in our response to Q5, we believe a thorough review of the SMDA Scheme is needed before considering an alternative funding model.
DCC			No comment
CMAF	Increase costs for existing SMDA members	8	
	Redesign the current funding model		
	The SMDA Scheme is funded through the SEC	1	
	DCC collects the charges as pass-through, similar to Alt HAN funding		

Question 6			
Respondent	Category	Response	Rationale
	SMDA Co becomes a contracted service provider to DCC		
	The SMDA Scheme becomes subsumed into, and operated by, DCC		
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC		
	The SMDA Scheme is mandated via BEIS	2	
	No change to current funding model	9	
EDF	Increase costs for existing SMDA members	9	
	Redesign the current funding model	7	
	The SMDA Scheme is funded through the SEC	1	If the scheme was funded under the SEC there would be complete transparency via the SEC Panel and, if agreed, its Panel representative on the SMDA Co. Board, enabling all of the represented industry parties to be involved and have a say in a scheme that they would be paying to provide. .This involvement should encourage all relevant parties to use SMDA

Question 6			
Respondent	Category	Response	Rationale
			as we believe it is the most cost effective common way to achieve a level of device confidence on CoS churn.
	DCC collects the charges as pass-through, similar to Alt HAN funding	2	The second option of a pass through charge via DCC also provides a fairer charging mechanism. There is a concern that DCC may not have the level of checks and balances that the SEC Panel could provide. For example, for Alt HAN DCC are tasked with collecting and passing through payments, not to confirm that payments are justified and reasonable. A similar model could be agreed for SMDA but a process to evaluate the cost justification before monies are committed would need to be explored further.
	SMDA Co becomes a contracted service provider to DCC	3	SMDA should become a contracted service provider to DCC to allow independent assurance of DCC Communications Hubs and DCC should pay for this independent service. This may require changes to DCC's own licence conditions which would need to be explored further. We understand that DCC has its own substantial test facilities, however to date in some cases the failure to get to a stable Communications Hub firmware version and the increasing requests for energy suppliers to test their equipment against new versions suggests the need for an independent organisation such as SMDA to assure DCC Communications Hubs. This would provide industry with a high potential for cost savings, as many suppliers are duplicating communications hub defect and regression testing effort but are not and should not be, in a position where they have to provide for interchangeability between different 'Original Equipment Manufacturers' (OEMs) when another party including DCC Communication Hubs introduces the change.
	The SMDA Scheme becomes subsumed into, and operated by, DCC	4	SMDA could be subsumed within DCC and we would be happy to look at options for this. However, we would have concerns around losing the independent element of the scheme, and would suggest that if this were the case that relevant obligations are put in place to ensure that manufacturers know they have to gain SMDA assurance via DCC. A sensible approach would need to be taken when deciding new or additional obligations. For example

Question 6			
Respondent	Category	Response	Rationale
			if it were an energy supplier obligation, some flexibility to account for SMETS2 devices already in use would need to be explored. This has worked with other requirements; for example CPA where manufacturers know they cannot get products onto the CPL without CPA assurance. This could operate in a similar way to the MID approved meter list that provides energy suppliers and MAPs with an assured list to procure from, rather than taking responsibility to provide the list.
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	5	<p>It makes sense for the DCC to provide assurance that the devices which are expected to run via its communications and processing platform are capable of doing so. DCC already run UEPT for DCC Users so they have the experience to set up a device entry element, for manufacturers to use direct. Again, a sensible approach to obligations on the DCC would need to be explored, especially when it comes to existing devices.</p> <p>We are also open to suggestions that DCC provide a new scheme with DCC providing assurance. This was the original BEIS (DECC at the time) position via the DECC led FTTS 'Foundation Test and Trials Group'. In 2010 the FTTS initially fed into the production of the SEC and advised on the set up of test requirements for DCC before it existed. If this became the reality then DCC would need a formal framework that provides device assurance to at least the same standards as SMDA.</p>
	The SMDA Scheme is mandated via BEIS	6	<p>With regards to SMDA being mandated by BEIS, there would need to be a clear rationale provided as to the end goal of any additional mandation. There are already obligations that have failed to deliver. The DECC representatives we discussed SMDA with in 2010 did not believe interchangeability testing was needed as interoperable technical specifications should suffice. The rationale for this being that a GSME and ESME do not directly communicate with each other, meaning interchangeability should not be a problem. However, time has shown that PPMIDs and other devices do behave differently depending on the meter and or communications hub combination they are paired with.</p>

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Question 6			
Respondent	Category	Response	Rationale
			To date all obligations for metering devices sit with the energy suppliers and DCC are responsible for Communications Hubs. The real problem is that manufacturers know that, unlike CPA, SMDA is not a mandated requirement to be able to sell their products. Manufacturers also know that energy suppliers have obligations to install SMETS2 or later devices within prescribed time periods. These conflicts would have to be taken into account before any amended or additional obligations were placed that involved energy suppliers. We are at the end of the chain, relying on relevant unambiguous technical specifications being followed by manufacturers to supply metering devices and Communications Hubs.
	No change to current funding model	8	
			At this late stage any obligations should only be set up with a clear intention for SMDA to move forward to deliver its objectives with industry backed funding shared fairly across all parties that stand to benefit.
Critical Software Technologies Limited	Increase costs for existing SMDA members	8	
	Redesign the current funding model	7	
	The SMDA Scheme is funded through the SEC	2	
	DCC collects the charges as pass-through, similar to Alt HAN funding	3	

Question 6			
Respondent	Category	Response	Rationale
	SMDA Co becomes a contracted service provider to DCC	4	
	The SMDA Scheme becomes subsumed into, and operated by, DCC	5	
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	6	
	The SMDA Scheme is mandated via BEIS	1	
	No change to current funding model	9	
E.ON	Increase costs for existing SMDA members	9	
	Redesign the current funding model	7	
	The SMDA Scheme is funded through the SEC	1	

Question 6			
Respondent	Category	Response	Rationale
	DCC collects the charges as pass-through, similar to Alt HAN funding	2	
	SMDA Co becomes a contracted service provider to DCC	3	
	The SMDA Scheme becomes subsumed into, and operated by, DCC	4	
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	6	
	The SMDA Scheme is mandated via BEIS	5	
	No change to current funding model	8	
			We have ranked those that share the costs more equally across the industry near the top, those where some of the scheme may lose some independence in the middle and those that could cause delays or additional costs near the bottom.
Horizon Energy Infrastructure	Increase costs for existing SMDA members	9	

Question 6			
Respondent	Category	Response	Rationale
	Redesign the current funding model	4	
	The SMDA Scheme is funded through the SEC	1	
	DCC collects the charges as pass-through, similar to Alt HAN funding	2	
	SMDA Co becomes a contracted service provider to DCC	7	
	The SMDA Scheme becomes subsumed into, and operated by, DCC	8	
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	9	
	The SMDA Scheme is mandated via BEIS	3	
	No change to current funding model	9	

Question 6			
Respondent	Category	Response	Rationale
			Without changes to the current funding model then it is likely that SMDA will cease to exist leaving an issue with interoperability testing. DCC providing the testing is not an option as the testing should be independent and should also include DCC comms hubs, there have been far too many issues recently where comms hubs have caused backwards compatibility issues – this must be prevented. Existing members of SMDA have borne the costs of SMDA for several years and increasing costs is likely to reduce the number of members thus defeating the purpose. The cost of SMDA should be shared amongst all of those that benefit from it, the simplest way is through SEC charges or the DCC.
SMS	Increase costs for existing SMDA members	9	
	Redesign the current funding model	1	
	The SMDA Scheme is funded through the SEC	3	
	DCC collects the charges as pass-through, similar to Alt HAN funding	4	
	SMDA Co becomes a contracted service provider to DCC	8	
	The SMDA Scheme becomes subsumed into, and operated by, DCC	7	

Question 6			
Respondent	Category	Response	Rationale
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	2	
	The SMDA Scheme is mandated via BEIS	6	
	No change to current funding model	5	
Electricity North West Limited	Increase costs for existing SMDA members	6	
	Redesign the current funding model	5	
	The SMDA Scheme is funded through the SEC	2	
	DCC collects the charges as pass-through, similar to Alt HAN funding	1	
	SMDA Co becomes a contracted service provider to DCC	3	

Question 6			
Respondent	Category	Response	Rationale
	The SMDA Scheme becomes subsumed into, and operated by, DCC	7	
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	8	
	The SMDA Scheme is mandated via BEIS	4	
	No change to current funding model	9	
			<p>When reviewing the options and deciding on how to rank them, our main priority was to ensure that options resulting in only industry beneficiaries (ie Energy Supplier Parties) of the scheme providing the funding were ranked higher than those options that had the potential for all industry participants to provide funding. The latter resulting in a potential increase in costs for our customers. We also took into consideration that the procurement of compliant meter devices is an obligation on Energy Suppliers.</p> <p>We believe that the current pass-through arrangements for ALT HAN funding work well and that a similar approach would also work for the funding of the SMDA Scheme, so have ranked that as our preferred option. Our second option is for the SMDA Scheme to be funded through the SEC, but with the expectation that costs would be ring fenced for Suppliers only as Explicit Charges and Electricity Network parties would not incur any additional costs under their Fixed Charges.</p>

Question 6			
Respondent	Category	Response	Rationale
EUA	Increase costs for existing SMDA members	9	
	Redesign the current funding model	7	
	The SMDA Scheme is funded through the SEC	1	
	DCC collects the charges as pass-through, similar to Alt HAN funding	3	
	SMDA Co becomes a contracted service provider to DCC	4	
	The SMDA Scheme becomes subsumed into, and operated by, DCC	5	
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	6	
	The SMDA Scheme is mandated via BEIS	2	

Question 6			
Respondent	Category	Response	Rationale
	No change to current funding model	8	
			<p>EUA had a number of responses from members, with some deviations from the above ranking, but EUA has aimed to take the balanced view from all and provide a consolidated response. The key point to note, all members and feedback received by EUA advocate the Scheme needs to be funded via the SEC. It was noted that if this is not progressed, that significantly amount of work would need to be done on the cost benefit/cost analysis of options to provided information that would allow more considerations of some of the other funding models lower in the ranking.</p> <p>Cost distribution though SECAS is second less attractive option but financial burden smeared across all energy supplies and MAP's for base line costs of SMDA then manufacturers only pay for testing time</p>
ENA			<p>It has not been possible for ENA to obtain consensus from DNO members on the priority for the 9 options in Q6. However, our members consider that “No change to the current funding model” is the least preferred and that “Funding SMDA through SEC” and “DCC Collection of charges as with Alt-HAN” are amongst the most preferred options. The DNOs that are responding to this consultation will provide the priority details for their preferred options.</p>
OVO	Increase costs for existing SMDA members	7	
	Redesign the current funding model	4	
	The SMDA Scheme is funded through the SEC	1	

Question 6			
Respondent	Category	Response	Rationale
	DCC collects the charges as pass-through, similar to Alt HAN funding	3	
	SMDA Co becomes a contracted service provider to DCC	5	
	The SMDA Scheme becomes subsumed into, and operated by, DCC	6	
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	8	Only if mandated
	The SMDA Scheme is mandated via BEIS	2	
	No change to current funding model	9	
			We believe SMDA should remain independent of DCC as far as possible, as we believe DCC should be submitting its Comms Hubs to the scheme for the independent testing of each release. SEC is the clear choice for a mechanism to fairly distribute the fixed costs of the scheme. We would support the scheme being mandated by BEIS regardless of the funding model.

Question 6			
Respondent	Category	Response	Rationale
			<p>We see no economic benefit of DCC creating a new scheme to replace SMDA. The cost of setting up the scheme and defining (with industry participation) the test scenarios, scripts, and hardware would be high, and without industry agreement the testing could not replicate that performed by the SMDA scheme. If DCC were to operate such a scheme, mandating would be necessary to ensure cross-industry take-up.</p> <p>Industry agreement and independence are key to fulfilling the stated role of assuring the interoperability of devices. We also believe DCC should submit its Comms Hubs to an independent test regime, and if DCC were to create its own scheme, the independence would not be available.</p>
Scottish and Southern Electricity Networks	Increase costs for existing SMDA members	8	
	Redesign the current funding model	2	
	The SMDA Scheme is funded through the SEC	1	
	DCC collects the charges as pass-through, similar to Alt HAN funding	4	
	SMDA Co becomes a contracted service provider to DCC	3	

Question 6			
Respondent	Category	Response	Rationale
	The SMDA Scheme becomes subsumed into, and operated by, DCC	5	
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	7	
	The SMDA Scheme is mandated via BEIS	6	
	No change to current funding model	9	
			SSEN believe that the most appropriate place for the SMDA to be funded is through the SEC, although governance needs to be considered and managed appropriately to ensure meter testing is mandated within the SEC to ensure that it adequately covers the testing required to validate all production devices.
Utility Warehouse	Increase costs for existing SMDA members	9	
	Redesign the current funding model	6	
	The SMDA Scheme is funded through the SEC	1	

Question 6			
Respondent	Category	Response	Rationale
	DCC collects the charges as pass-through, similar to Alt HAN funding	3	
	SMDA Co becomes a contracted service provider to DCC	4	
	The SMDA Scheme becomes subsumed into, and operated by, DCC	5	
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	7	
	The SMDA Scheme is mandated via BEIS	2	
	No change to current funding model	8	
			<p>On the basis that costs would be apportioned fairly across all industry beneficiaries, and scheme independence maintained, our strong preference is option 3 – “The SMDA Scheme is funded through the SEC”.</p> <p>Further, as described in the consultation document, there is precedent in the SEC of fair charging methodologies being applied, and this option would provide a level of independent</p>

Question 6			
Respondent	Category	Response	Rationale
			<p>scrutiny of costs, both through the proposed board membership and SEC party rights in relation to the overall SEC budget.</p> <p>We believe any option that does not change the existing membership structure is unsustainable, places the scheme at risk due to underfunding and should therefore be disregarded.</p> <p>We also do not support option 2, which would result in unnecessary time and effort spent designing a new model when a fair and proven option is already on the table.</p> <p>We are against the notion of the scheme either being contracted to, or subsumed into, DCC. We believe the scheme will be most effective where it retains independence.</p>
Centrica	Increase costs for existing SMDA members	9	We do not see this as a viable option. Existing members and participating manufacturers are currently subsidising the scheme for the industry and that is not a sustainable arrangement. An increase in costs for existing members is likely to reduce membership and bring an end to the SMDA scheme
	Redesign the current funding model	9	We do not see this as a viable option. It is very unlikely, without clear regulatory obligations or commercial incentives, that all suppliers would voluntarily join the SMDA scheme. Without full supplier membership the charging arrangements will remain inequitable. An alternative would be to remove suppliers from the equation and allow other organisations to fully fund the scheme – we cannot see this being acceptable to those parties either.
	The SMDA Scheme is funded through the SEC	1	<p>Short term / long term.</p> <p>This is a viable option and would allow all suppliers to be part of the funding model on an equitable basis. It would also allow test fees to reduce as fixed costs would not have to be allocated to testing participants. Our only concern with this option is how this would work from a governance perspective. For example, this could vary from giving SMDA Co Ltd the ability to recharge via the SEC or to a more contractual service arrangement where the</p>

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Question 6			
Respondent	Category	Response	Rationale
			SMDA Scheme is fulfilling a service, potentially to the Panel or SECAS, as a service provider. We would welcome further discussions on these possible arrangements and what the governance structures may look like.
	DCC collects the charges as pass-through, similar to Alt HAN funding	1	<p>Short term / long term</p> <p>This is a viable option and is similar to Option 3. It presents the same challenges though, the relationship between the DCC and the SMDA Scheme would need to be clearly defined along with any necessary governance structures. The Alt HAN Co arrangements do differ slightly as there are Code provisions covering the Alt HAN requirement and are based on the fulfilment of supplier licence obligations. As with Option 3, we would further discussions on possible arrangements.</p>
	SMDA Co becomes a contracted service provider to DCC	2	<p>Short term / long term</p> <p>This is a viable option, and could be similar to options 3 & 4, depending on the governance arrangements. For example, DCC would need a purpose for contracting with SMDA Co, this could be a purely commercial venture that DCC could claim as a valid external cost under their price control arrangements. However, it is not required under their licence or mandated through the SEC so, without wider changes, this is an unlikely option. To make this viable it could be possible, as an example, to compel DCC to procure such a service, via the SEC or the DCC licence, in a similar way to other mandatory business activities, and recharge via DCC charges (and charge testing participants directly for variable costs). This change in arrangements may be suitable as a shorter-term option, if such changes can be made, or designed to be a longer-term option if, say, option 3 was taken forward initially.</p>
	The SMDA Scheme becomes subsumed into, and operated by, DCC	3	<p>Longer term option</p> <p>This is similar to Option 5 but, rather than be a contracted service, it would be performed by the DCC themselves. With the DCC model being more of a procurement and contract</p>

Question 6			
Respondent	Category	Response	Rationale
			management layer, this is not our preferred option. However, we believe it should be considered further along with Option 3 – 5 and 7.
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	1	<p>Longer term option</p> <p>This is similar to Options 5 & 6 but is based upon the closure of the SMDA scheme and creation of a new scheme. We do not see this as a shorter-term solution as it would have the longest lead times of all options and we would not want the existing SMDA arrangements to continue for longer than necessary. We therefore believe it may be a viable option to be considered if, say, Option 3 was taken forward initially. As with Options 5 & 6, this option could be delivered in different ways, for example, a requirement for DCC to procure such a service or to provide themselves. We therefore believe this option should be considered along with Options 3 - 6.</p>
	The SMDA Scheme is mandated via BEIS	9	We are not supportive of this option as there have been previous discussions on the need for regulatory intervention and, as testing services are competitive and based on commercial arrangements, such a scheme is not something that Government are likely to agree to mandate. However, the industry response, or lack of, to this testing requirement has shown that it is not feasible, or desirable, for equivalent schemes to SMDA to be operating in the market. This therefore provides a degree of justification for industry participants, via industry governance, to propose that the SMDA scheme (or equivalent) is a centrally procured or provided service that is equitably funded. On this basis, Options 3 – 7 present potential solutions and Option 8 can be discounted.
	No change to current funding model	9	We do not see this as a viable option. As with Option 1, existing members and participating manufacturers are currently subsidising the scheme for the industry and that is not a sustainable arrangement. Doing ‘nothing’ is likely to discourage, or prompt a decrease, in membership and risk bringing an end to the SMDA scheme.

Question 6			
Respondent	Category	Response	Rationale
			<p>When considering the ranking of the options we have done so with reference to the ability of each option to deliver some principles that we believe should be achieved and whether options could be delivered in the short term or longer term (or suitable for both). The principles that we believe are important are:</p> <ul style="list-style-type: none"> • Equitable funding arrangement – ensuring that all suppliers pay their fair share of scheme costs; • Inclusion of DCC Communication Hubs – The SMDA scheme (or equivalent) should include all smart metering devices as well as DCC Communication Hubs; • Suitable mandate for testing – The SMDA scheme is not mandated, and may not need to be, however, device assurance should form part of the process for devices / firmware being eligible to be on the Certified Products List (CPL). This could be done in different ways depending on the option adopted for future governance; • A continuation of service – The SMDA Scheme has come a long way and needs to continue whilst / if any future arrangements are put in place; and • Appropriate governance / representation – The SMDA membership is important to the development of the testing regime and those existing parties should remain part of any future governance structure.
UK Power Networks	Increase costs for existing SMDA members	8	
	Redesign the current funding model	2	
	The SMDA Scheme is funded through the SEC	1	

Question 6			
Respondent	Category	Response	Rationale
	DCC collects the charges as pass-through, similar to Alt HAN funding	4	
	SMDA Co becomes a contracted service provider to DCC	3	
	The SMDA Scheme becomes subsumed into, and operated by, DCC	5	
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	7	
	The SMDA Scheme is mandated via BEIS	6	
	No change to current funding model	9	
			The SEC would be the correct mechanism for the SMDA to be funded, although governance needs to be considered and managed appropriately. The DCC managing or subsuming the SMDA is not our preference as we already face challenges with working with DCC. We would not welcome the DCC becoming overburdened with additional responsibilities. We believe meter testing should be mandated by SEC to ensure it adds value for all SEC parties.

Question 6			
Respondent	Category	Response	Rationale
Landis+Gyr	Increase costs for existing SMDA members	9	
	Redesign the current funding model	7	
	The SMDA Scheme is funded through the SEC	1	
	DCC collects the charges as pass-through, similar to Alt HAN funding	6	
	SMDA Co becomes a contracted service provider to DCC	5	
	The SMDA Scheme becomes subsumed into, and operated by, DCC	3	
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	4	
	The SMDA Scheme is mandated via BEIS	2	

Question 6			
Respondent	Category	Response	Rationale
	No change to current funding model	8	
			Our preferred option is option 3, with option 8 coming second. The value of option 8 is to minimise unnecessary testing by suppliers when a new manufacturer/device is introduced. Option 6 would allow DCC to use some of the facilities at their own test lab. We do have some concerns about DCC objectivity with respect to device liability. This should be balanced against the potential cost savings achieved by using this option. Options 1 and 9 do not seem sustainable so we do not support these.
ScottishPower Energy Retail Ltd	Increase costs for existing SMDA members		
	Redesign the current funding model		
	The SMDA Scheme is funded through the SEC	1	
	DCC collects the charges as pass-through, similar to Alt HAN funding		
	SMDA Co becomes a contracted service provider to DCC		
	The SMDA Scheme becomes subsumed into, and operated by, DCC		

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Question 6			
Respondent	Category	Response	Rationale
	The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC		
	The SMDA Scheme is mandated via BEIS		
	No change to current funding model		
			<p>While all options have some merit, we are of the view that there are almost as many <i>cons</i> as <i>pros</i> with each. Moreover, in the teeth of a mandate, we fear there might always be a risk that the scope of the arrangements increases to a point where they become almost cost prohibitive; perhaps introducing extraneous commercial considerations into a process that should really be about the common good.</p> <p>For these reasons, we have preferred option 3. However, there will need to be a clear obligation on both the SMDA Board and SEC Panel to undertake consultation with stakeholders before any material cost increases can take effect.</p>

Question 7: Are there any other funding options that you think should be considered?

Question 7		
Respondent	Response	Rationale
Calvin Asset Management Ltd		Only other workable option is via the DCC, but this option lacks the necessary independence that is essential to the assurance scheme.
Chameleon Technology	N/A	N/A
Octopus Energy	No	
George Wilson Industries Ltd	N/A	
NMI Certin		The options presented in this consultation are sufficient
Honeywell	None	
Western Power Distribution	No	
Drax Group	Not at this stage	
DCC	No comment	
CMAP	No	
EDF		In addition to the proposed funding options, an obligation on DCC to pay for an independent service such as SMDA testing of Communications Hubs should be considered. This approach would help achieve a stable baseline and hopefully fewer firmware changes, driving down wider industry testing costs.

Question 7		
Respondent	Response	Rationale
Critical Software Technologies Limited	No	
E.ON	No	
Horizon Energy Infrastructure	None	9 is already a lot of options. There are issues already in the live environment that could have been picked up with SMDA testing so doing nothing doesn't feel like an option. There is no reason that DCC could not become the test house for the SMDA scheme if independence can be maintained and there is industry oversight.
SMS		If funding through SEC is limited in line with the roll out (end of 2024) we support, it. For the Scheme to be funded post roll out – is needs to have the scope and scale of SMDA re-assessed.
Electricity North West Limited		We are not aware of any further options other than those identified in this consultation.
EUA		None
ENA	No	
OVO		We do not have any other proposals for a funding model.
Scottish and Southern Electricity Networks	No	
Utility Warehouse		We do not think any other options should be considered.
Centrica	No	We have not identified any other credible funding option
UK Power Networks	No	
Landis+Gyr	No	

Question 7		
Respondent	Response	Rationale
ScottishPower Energy Retail Ltd	No	

Question 8: To what extent do you agree that SMDA fixed costs should be covered under the SEC?

Question 8		
Respondent	Response	Rationale
Calvin Asset Management Ltd	Strongly agree	Inclusion of the on-going fixed costs of the scheme will ensure that all suppliers will contribute to the scheme and will also reduce the testing costs to a realistic level that is acceptable to device manufacturers.
Chameleon Technology	Agree	It should always have been under the SEC. This will ensure that the scheme actually delivers against its purpose.
Octopus Energy	Agree	SEC is the right place to determine scope vs costs of SMDA
George Wilson Industries Ltd	Strongly agree	
NMI Certin	Strongly agree	Confidential – not for disclosure beyond the groups noted in the cover note.
Honeywell	Strongly Agree	This proposal spreads the costs fairly and evenly across industry stakeholders for the benefit of whole of the industry. It also encourages Meter Manufacturers to submit devices into the Scheme. It also helps support smaller suppliers that may not have the resources to validate and assure interoperability for devices they are installing.
Western Power Distribution	Agree	Although we feel that this is appropriate we would like to reiterate that we do not believe that Network Operators should incur any costs.
Drax Group	Disagree	We haven't seen evidence that the SMDA Scheme benefits the whole GB market (as stated in this consultation), so do not agree with fixed costs being covered through the SEC.
DCC	Neither agree nor disagree	No comment

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Question 8		
Respondent	Response	Rationale
CMAI	Agree	Consistent with the principle of appropriate and equitable allocation of costs within the supply chain
EDF	Strongly agree	As mentioned previously, the SEC could provide governance that is independent of other parties that may have an interest.
Critical Software Technologies Limited	Neither agree nor disagree	
E.ON	Strongly agree	This should ensure the longevity of the scheme and ensure a fair contribution from all members is sought. This also reduces some administration within our finance teams.
Horizon Energy Infrastructure	Strongly agree	This would cover the costs of running the scheme and ensure that the test lab is maintained. This could in turn reduce fees for manufacturers which is seen as one of the obstacles to submitting a device.
SMS	Disagree	The scope of SMDA as it is, is not suitable value across all SEC Parties
Electricity North West Limited	Agree	The current format of the SMDA Scheme doesn't mandate all Energy Suppliers to join, subsequently those Energy Suppliers that do not join are benefiting from the test assurance work that's being carried out, without having to provide any funding. Where the costs to be covered under the SEC, there should then be a fair split of the costs across Energy Supplier's, similar to the Alt HAN funding arrangements.
EUA	Strongly agree	<p>This mechanism spreads the costs fairly across the industry in order to maintain and develop a sustainable independent assurance mechanism for the benefit of whole of the industry. It will promote Meter Manufacturers to submit devices more freely.</p> <p>It will support the smaller supplier community who may not have the resources to validate and assure interoperability (even though it is a licence requirement) for devices they are procuring and installing. It provides assurance for larger suppliers against interoperability on devices they acquire via CoS are not directly procuring and/or testing as part of their roll out programme. This scheme also provides assurance for all suppliers against interchangeability of devices.</p>

Question 8		
Respondent	Response	Rationale
ENA	Agree	Our members support the cover of fixed costs under the SEC, but do they not consider that they should incur any costs for a function that is an obligation for suppliers; and the allocation of SEC costs should be such that fixed SMDA costs are not carried by Network Operator parties.
OVO	Strongly agree	<p>We strongly believe the scheme's fixed costs should be covered under SEC and spread equitably across industry. It is fair that ongoing costs of hardware, test lab and maintenance of the scripts forms an essential part of the scheme which do not vary per device submitted. This would also lower the cost to manufacturer of each test, and we believe this would encourage smaller manufacturers to submit devices to the scheme, which would bring with it benefits across the industry as more devices are assured, and more defects uncovered before the devices are installed in consumers' homes.</p> <p>There is another benefit from this approach, inasmuch as the Suppliers who are currently not SMDA members, but who have a clause in their device contracts demanding SMDA assurance, will start contributing to the scheme from which they are clearly benefiting. This is fair and equitable.</p>
Scottish and Southern Electricity Networks	Agree	SSEN support the cover of fixed costs under the SEC, however as commented in question 5, SSEN believe costs incurred should be zero on the understanding that this is an obligation for suppliers and not Network Parties.
Utility Warehouse	Strongly agree	We agree that fixed costs should be covered under the SEC, and apportioned fairly across all beneficiaries of the scheme.
Centrica	Strongly agree	Funding fixed costs via the SEC would ensure that all supplier [and network] parties are paying their contribution to a scheme that they benefit from. The current arrangements are inequitable and not sustainable.
UK Power Networks	Agree	We support the covering of fixed costs under the SEC but also believe that ENOs should not incur any costs for Suppliers obligations

Question 8		
Respondent	Response	Rationale
Landis+Gyr	Strongly agree	The fixed costs should be shared between the parties that benefit from the testing. SMDA is an important tool that should allow suppliers to install combinations of devices that are known to work. Device manufacturers will be more likely to submit for testing if they are only paying for the actual cost of testing.
ScottishPower Energy Retail Ltd	Agree	This should ensure the survivability of the scheme in the event insufficient Devices were submitted.

Question 9: To what extent do you agree that SMDA variable costs should NOT be covered under the SEC?

Question 9		
Respondent	Response	Rationale
Calvin Asset Management Ltd	Agree	The variable costs relate to the actual testing of devices. Payment of these costs by manufacturers when a device is submitted for testing will incentive manufacturers to ensure that devices are only submitted for testing with the expectation of receiving assurance and the scheme is not used by manufacturers as a free service to aid them in their own device development and testing processes.
Chameleon Technology	Agree	Agreed on the basis that the change in the Scheme's organisation and governance successfully induces a viable level of "traffic" for devices under test. This should then allow the scheme to offer the variable charges at commercially reasonable (and comparable) rates. Manufacturers are well versed in understanding fair costs for third party testing, assurance and certification requirements for their products.
Octopus Energy	Strongly agree	There must be an incentive on device manufacturers to make this an efficient part of their delivery process.
George Wilson Industries Ltd	Disagree	Confidential – not for disclosure beyond the groups noted in the cover note.
NMI Certin	Agree – but only when there is sufficient SMDA submissions to meet the cost threshold to provide and maintain Test House capability	Manufacturers should reasonably be expected to pay variable costs that are employed to operate and administer the SMDA testing requirements for devices they submit. This will ensure manufacturers are treated on an equitable cost recovery basis and also incentivised to only submit devices of a sufficient quality to meet SMDA testing requirements. Confidential – not for disclosure beyond the groups noted in the cover note.

Question 9		
Respondent	Response	Rationale
	(see response to Question 8)	
Honeywell	Agree	This puts the scheme on a similar standing to other approval processes, whereby testing is paid for as and when it is completed. This expected reduction of “test” costs will encourage Manufacturers to put forward devices for test.
Western Power Distribution	Strongly agree	Requiring manufacturers to be responsible for the costs of assessing their devices should help to incentivise submission of compliant devices. SEC parties who are not responsible for devices should not incur any of these costs.
Drax Group	Strongly agree	Manufacturers submitting their devices into the SMDA Scheme are able to use the assurance provided by testing to market their products. SMDA variable costs should not be borne by those not benefiting.
DCC	Neither agree nor disagree	No comment
CMAP	Agree	Consistent with the principle of appropriate and equitable allocation of costs within the supply chain
EDF	Strongly agree	The scheme has already had substantial funding of fixed costs provided by some energy suppliers, with some additional variable testing funds provided by MAPs to test manufacturers’ devices. Manufacturers know at product design stages that they will need to pay various bodies for testing products they intend to sell for a commercial profit. This is the case with MID, CPA, ZigBee and DLMS etc. Manufacturers factor these costs into their commercial offerings, which leads to a natural balance of the market i.e. those that buy the products, will automatically pay a share of the tests funding in their unit costs. SMDA has been around for several years and we along with other SMDA energy supplier members have confirmed that SMDA is a requirement in our procurement contracts; therefore manufacturers should already have SMDA costs factored into their offerings.

Question 9		
Respondent	Response	Rationale
Critical Software Technologies Limited	Neither agree nor disagree	
E.ON	Agree	As a number of manufacturers are not SEC party members, this is a fair way to ensure contribution from manufacturers. It should be noted that there needs to be a mechanism to ensure a manufacturer who is a SEC party member does not 'pay twice' for the scheme.
Horizon Energy Infrastructure	Agree	<p>Device Manufacturers should submit their devices for testing as should DCC but they should be at a level of quality – paying for a service will help to ensure the quality. Also, manufacturers don't contribute to DCC running costs.</p> <p>There is another view that the variable costs should be included under the SEC which would then encourage device manufacturers including DCC to submit devices in a timely manner but to ensure quality they could be charged for defect retesting.</p>
SMS	Agree	The scope of SMDA as it is, is not suitable value across all SEC Parties
Electricity North West Limited	Agree	It doesn't seem reasonable for industry beneficiaries (ie Energy Suppliers) to fund the variable costs, so wouldn't be appropriate for these costs to be covered by the SEC, but it is important to ensure that such costs are not a barrier to manufacturers putting forward their meter devices for testing.
EUA	Agree	Device Manufacturers accept that they need to bear the cost of the actual testing of devices. Also as outlined above, this approach provides fairness across the industry and with that it will allow Meter Manufacturers to submit devices more freely to the scheme, therefore the scheme will flourish and provide key stakeholders in the industry confidence in devices and more devices option.
ENA	Strongly agree	As SEC parties who have no accountability to ensure compliant meters, DNOs do not consider that they should bear the variable costs to test devices. Requiring a device manufacturer to be responsible for the costs of assessing their device will incentivise the manufacture to submit compliant devices to SMDA.

Question 9		
Respondent	Response	Rationale
OVO	Strongly agree	We believe that SMDA variable costs should form part of the test fee paid by a device's manufacturer, and believe that this is fair as manufacturers with a larger range of devices, or indeed with a higher number of firmware fix releases, pay a similarly larger fee for the testing.
Scottish and Southern Electricity Networks	Strongly agree	Due to rationale already provided, SSEN believe that we should not incur any of the variable costs required to test devices.
Utility Warehouse	Strongly agree	Confidential – not for disclosure beyond the groups noted in the cover note.
Centrica	Neither agree nor disagree	We believe variable costs (or the majority of them) should be charged back to the party that creates them (e.g. manufacturers through device submission). This does not mean that the variable costs could not be covered by the SEC, they would simply be explicit charges for a single Party rather than centralised SECAS costs that are recovered via DCC charges.
UK Power Networks	Strongly agree	As a SEC party member with no accountability to ensure compliant meters, we do not feel that we should bear the variable costs to test devices.
Landis+Gyr	Agree	Device manufacturers should bear the cost of testing, since the scope of the testing is driven by their activities. It is important that the costs are split in a way that is acceptable to all parties. Testing costs should be set at a level to encourage manufacturers to submit devices.
ScottishPower Energy Retail Ltd	Agree	In our view it is right that the manufacturers should pay to have their Devices tested. While we note that this approach has served to delay the submission of Devices in the past, as the costs of retesting acted as a disincentive to moving early, we have been unable to identify a suitable alternative.

Question 10: Which SEC Parties do you think should pay for the SMDA Scheme?

Question 10			
Respondent	Category	Response	Rationale
Calvin Asset Management Ltd	Suppliers	Yes	Suppliers are the one party with a licence obligation to ensure that the devices they install, or gain through customer churn, are inter-operable and inter-changeable. Thus, the charges should be paid by supplier parties only.
	Network Parties	No	
	Other SEC Parties	No	
Chameleon Technology	Suppliers	Yes	All suppliers have the obligation for which SMDA is intended to help them evidence their compliance. Device manufacturers can be Other SEC Parties, but do not necessarily have to accede to the SEC; however, they would pick up their own variable costs for their device assurance, so this seems equitable given they have a competitive landscape to consider. It seems that this then becomes an effective market model.
	Network Parties	No	
	Other SEC Parties	No	
Octopus Energy	Suppliers	Yes	All parties benefit from this service.
	Network Parties	Yes	
	Other SEC Parties	Yes	

Question 10			
Respondent	Category	Response	Rationale
George Wilson Industries Ltd	Suppliers	Yes	Confidential – not for disclosure beyond the groups noted in the cover note.
	Network Parties	Yes	
	Other SEC Parties	Yes	
NMI Certin	Suppliers	Yes	<p>All energy suppliers (and the MAP/funders of devices) are the principle beneficiaries of the SMDA Scheme. As noted earlier in this response NMI views it important that all energy suppliers are required to fund the Scheme. On the basis that NAO and BEIS support the need to assure interchangeability an equitable cost recovery mechanism is essential to ensure costs and benefits are shared on an equitable basis and that any potential free loading is eliminated.</p> <p>It should be noted that DNO derived service requests are subject to SMDA testing and assurance. DNOs also continue to provide metering emergency services. This demonstrates some value from SMDA to DNOs. It is therefore suggested that DNOs pay a proportionate amount towards the SMDA Scheme to derive those benefits – noting that this should be at a lower level to energy suppliers.</p> <p>There appears to be no case for other SEC parties (DCC) to pay for current SMDA services. This would clearly change if communication hub testing proposals are implemented. DCC should then pay a proportionate amount – although this argument may be circular as DCC derives its income from SEC parties.</p>
	Network Parties	Yes	
	Other SEC Parties	No	

Question 10			
Respondent	Category	Response	Rationale
Honeywell	Suppliers	Yes	All Stakeholders gain from interoperable and Interchangeable devices in the field.
	Network Parties	Yes	
	Other SEC Parties	Yes	
Western Power Distribution	Suppliers	Yes	We believe that those responsible for ensuring devices are compliant should pay for the scheme. Meter Manufacturers and Suppliers have an obligation to provide compliant devices and therefore they should be paying for the required testing and assurance. We do not believe that any costs associated with meeting these obligations should be socialised with parties that are not responsible, such as Network Operators.
	Network Parties	No	
	Other SEC Parties	Potentially depending on the Party.	
Drax Group	Suppliers	Yes	If SMDA fixed costs are to be funded through the SEC, then we believe all SEC parties should be liable for the charges. Without a clear benefits case across parties, this is the fairest approach.
	Network Parties	Yes	
	Other SEC Parties	Yes	
DCC			No comment on which SEC Parties should pay for the scheme.

Question 10			
Respondent	Category	Response	Rationale
			However, it is important to consider that DCC Fixed Charges are levied on SEC Charging Groups 1-5, so does not include 'Other SEC Parties', and that costs are apportioned through the SEC charging weighting factors which are set during the rollout phases.
CMA	Suppliers	Yes	For fixed costs only.
	Network Parties	No	
	Other SEC Parties	No	
EDF	Suppliers	Yes	All parties that benefit from SMDA device assurance should be paying for that benefit. Network parties potentially rely on devices to function for their needs. Other SEC parties rely on data outputs from the devices.
	Network Parties	Yes	
	Other SEC Parties	Yes	
Critical Software Technologies Limited	Suppliers	Yes	
	Network Parties	Yes	
	Other SEC Parties	No	
E.ON	Suppliers	Yes	
	Network Parties	Yes	
	Other SEC Parties	Yes	For other SEC Parties: All those parties that receive some form of benefit of the scheme should be required to contribute (i.e. MAPs). We would expect to see further consideration

Question 10			
Respondent	Category	Response	Rationale
			to the appropriate proportion chagrining mechanism between the different SEC parties (Supplier / MAP / MOP / MAM etc.).
Horizon Energy Infrastructure	Suppliers	Yes	All parties benefit from devices and comms hubs being tested.
	Network Parties	Yes	
	Other SEC Parties	Yes	
SMS	Suppliers	Not all	
	Network Parties	No	
	Other SEC Parties	Yes	The commercial liability of changes regressing, solely sits with the MAP's if an issue is caused, resulting in a site visit, or meter removal. Majority of MAP's list SMDA as a certification requirement in their MAP contracts, so see any benefits automatically. Those Engaged Suppliers, SMDA Members have the ability to cause change and cost to the scheme – so should be supporting the cost.
Electricity North West Limited	Suppliers	Yes	As Energy Suppliers have Licence obligations for the purchasing and installation of compliant meter Devices they should be the SEC Parties to fund the SMDA Scheme. Electricity Network parties should not pay any costs for the SMDA Scheme.
	Network Parties	No	
	Other SEC Parties	No	
EUA	Suppliers	Yes	

Question 10			
Respondent	Category	Response	Rationale
	Network Parties	Yes	
	Other SEC Parties		Device Manufacturers (Other SEC Parties) will pay the variable costs for testing of actual device to gain assurance.
ENA	Suppliers	Yes	
	Network Parties	No	
	Other SEC Parties	Depends on the party	DNOs consider that the fixed costs of delivering meter device assurance should fall on Suppliers (and device manufacturers for variable costs) as they are the SEC Party that has the obligation to procure and install compliant meters. Our members do not consider it appropriate that any costs, associated with meeting Supplier SEC obligations, are socialised amongst Network Party customers.
OVO	Suppliers	Yes	These are the main beneficiaries of the scheme.
	Network Parties	Yes	
	Other SEC Parties	No	
Scottish and Southern Electricity Networks	Suppliers	Yes	SSEN consider that the cost of delivering meter device assurance should fall on Suppliers and potentially other parties, only if the party provides devices to customers. These SEC Parties have the obligation to procure and install compliant devices. SSEN do not consider it appropriate that any costs, associated with meeting Supplier SEC obligations, are socialised amongst Network Parties.
	Network Parties	No	

Question 10			
Respondent	Category	Response	Rationale
	Other SEC Parties	Yes	
Utility Warehouse	Suppliers	Yes	The SMDA scheme benefits the majority of the market, including Parties in each of the groups listed. We think that the funding model should cover all beneficiaries, with costs recovered via the SEC.
	Network Parties	Yes	
	Other SEC Parties	Yes	
Centrica	Suppliers	Yes	<p>For fixed scheme costs – Suppliers and Network Parties are obligated to be SEC Parties, and this therefore creates an equitable solution for all. Suppliers and Network parties are also the direct beneficiaries of smart device functionality and therefore should fund the fixed cost elements of the scheme. A starting point would be for this to be in the same proportions as DCC Fixed Costs are currently charged.</p> <p>Variable costs – These should be included in test fees chargeable to the party that is submitting devices for testing (usually the manufacturer). This helps to ensure that manufacturers are only submitting devices when ready to do so (e.g. cost incentive) and those costs are capable of then being built into the device costs that are charged at point of sale.</p>
	Network Parties	Yes	
	Other SEC Parties	No	
UK Power Networks	Suppliers	Yes	Suppliers and Meter Manufacturers have SEC obligations to ensure compliant meters. The current state of the SMDA Scheme only materially benefits suppliers, therefore, we do not believe ENOs should incur any costs for a scheme that delivers them no benefit. Should the scheme be updated to include the tests, and areas identified by ENOs as problematic, it may then be appropriate to revisit the discussion on which parties pay for the SMDA
	Network Parties	No	
	Other SEC Parties	Depends	

Question 10			
Respondent	Category	Response	Rationale
			Scheme. ENOs have shared with the SMDA a test scenarios document that would give us assurance on EMSEs being compliant and meeting ENO requirement.
Landis+Gyr	Suppliers	Yes	
	Network Parties	Yes	
	Other SEC Parties	No	Device manufacturers (Other SEC Party) are paying the variable costs. The benefit to each party should be reflected in the cost to that party.
ScottishPower Energy Retail Ltd	Suppliers	Yes	The benefits of having such a scheme ultimately accrue to all market participants. We therefore, believe that these relatively minor (once shared) costs should apply to all.
	Network Parties	Yes	
	Other SEC Parties	Yes	

Question 11: To what extent do you agree that, if the SMDA Scheme is to be funded by SEC Parties, that the SEC Panel should be involved in the SMDA governance process?

Question 11		
Respondent	Response	Rationale
Calvin Asset Management Ltd	Agree	SEC Panel involvement would provide supplier parties with assurance that the SMDA scheme was being operated by SMDA Co in an appropriate manner and that costs were being managed by SMDA Co to provide value for money for supplier parties.
Chameleon Technology	Strongly agree	Governance of SMDA under the auspices of the SEC Panel is essential for consistency, fairness and transparency.
Octopus Energy	Agree	This should be for a transitional phase only until final structure, scheme costs (to avoid excess administration costs) can be established.
George Wilson Industries Ltd	Agree	
NMI Certin	Agree	The SEC Panel should take some responsibility to ensure funding is in compliance with SEC Objectives and normal financial scrutiny. It is suggested that similar requirements that exist for Alt HAN Co funding be considered for SMDA Scheme purposes. This may include assurance that accounts are independently scrutinised and that the Authority has powers to seek reports and oversee arrangements.
Honeywell	Agree	This will provide the SEC Panel with some level of control over costs and test processes to ensure they are kept under control
Western Power Distribution	Strongly agree	We believe that if the scheme is to be funded by SEC Parties that the SEC Panel should be involved.

Question 11

Respondent	Response	Rationale
Drax Group	Agree	If the scheme is to be funded by SEC parties, we would like to see SEC Panel representation in SMDA governance to increase visibility of the Scheme. SEC Panel involvement should also allow independent scrutiny and the option to change the Scheme provider if performance is an issue.
DCC	Agree	In order to include these costs within the annual SECCo Budget (Option 3), under the existing scope of DCC's cost recovery through the Fixed Charge, SEC Panel would be involved in the review and approval of that budget. DCC has no comment on the involvement of SEC Panel beyond this existing role with regards to Option 3 only, the proposer's preferred option. If an alternative option is preferred, DCC will provide a new response specific to that option.
CMAP	Neither agree nor disagree	The reason for the response is to agree with representation into existing SMDA governance but not ownership of the governance through SEC governance.
EDF	Strongly agree	<p>We would be prepared to look at further options such as independent workgroups to ensure that SMDA provides the correct level of technical delivery and value for money. SMDA already has such workgroups within its existing framework, for example a Management Panel that makes scheme operating decisions often based on the SMDA Technical workgroup output. These workgroups are currently open to representation from the SMDA membership and invited third parties. We believe this approach works, however If said funding was in place the structure of these groups and where they sit could be reviewed.</p> <p>In addition we would be open to discussions around the SEC Panel having further agreed powers (subject to SMDA Co. current service provider contracts) to award the SMDA function to another party if SMDA is not deemed to be delivering. Hence the original requirement for an interchangeability test regime should be in place with a mechanism to ensure industry choice and efficiency.</p>
Critical Software Technologies Limited	Agree	

Question 11		
Respondent	Response	Rationale
E.ON	Strongly agree	As a large stakeholder within the funding mechanism, it would seem logical that the SEC Panel is involved with the SMDA governance process.
Horizon Energy Infrastructure	Agree	This would give SEC Panel and hence the industry reassurance that SMDA is providing value for money.
SMS	Agree	
Electricity North West Limited	Agree	<p>Our preference is for Option 4 'DCC collects the charges as pass-through, similar to Alt HAN funding', which still provides oversight for the SEC Panel in respect of any proposed changes where there is the potential for increased costs. However, should the SMDA Scheme be funded by SEC Parties there should be SEC Panel representation in the SMDA governance process, with Electricity Network Parties not incurring any additional costs.</p> <p>Our understanding is that the current governance process covering the SMDA Scheme works well and isn't in question, but BEIS identified that the funding model needed to be reviewed.</p>
EUA	Strongly agree	This will provide the SEC Panel with governance for the Scheme to ensure the costs and associated running of the scheme are as efficient as possible.
ENA	Strongly agree	If SMDA is to be funded by SEC parties, there should be SMDA Board representation on the SEC Panel.
OVO	Strongly agree	We believe it is essential to bring SEC Panel into SMDA governance under the proposed approach, as Panel will require some control over budgets and future directions for the scheme.
Scottish and Southern Electricity Networks	Strongly agree	If SMDA is to be funded by SEC parties, there should be board representation for the SEC Panel.
Utility Warehouse	Agree	We agree that should the scheme be funded by SEC parties, that it would be appropriate for the SEC panel to have greater visibility and input into the governance process, on the basis the current governance structure is retained and continues to be able to operate effectively. As the SMDA board is already comprised of Parties

Question 11

Respondent	Response	Rationale
		with a stake in the success of the scheme, we view the preferred approach of SEC panel board representation as a proportionate measure.
Centrica	Agree	<p>For SEC parties, and mostly likely suppliers and network operators, to be funding the scheme, it is right and proper that those parties have the ability to be in some way in control of those costs. This could be a 'light touch' approach with, as suggested, SEC representation at the SMDA Board or Management Panel or it may be a more integrated model that sees the SMDA governance sitting within overall SEC governance.</p> <p>We are open to further discussions on this aspect of the change. We agree that the important feature here is that the existing governance structure has worked well more recently, and we would not want to lose the benefits that this presents.</p>
UK Power Networks	Strongly agree	If SMDA is to be funded by SEC parties, then there should be Board representation on the SEC Panel.
Landis+Gyr	Strongly agree	If the SEC are providing funding then they should get involvement in the governance process
ScottishPower Energy Retail Ltd	Strongly agree	As mentioned above, it also important to attach obligations to both the SEC Panel and the SMDA Co. board to ensure stakeholders are consulted before any material cost increases are levied.

Question 12: To what extent do you agree with the proposed governance approach, outlined above, of having a SEC Panel representative on the SMDA Board?

Question 12		
Respondent	Response	Rationale
Calvin Asset Management Ltd	Agree	
Chameleon Technology	Strongly agree	This seems to be a sensible demonstration of robust governance.
Octopus Energy	Agree	Appropriate part of transition to final structure.
George Wilson Industries Ltd	Agree	
NMI Certin	Neither agree nor disagree	As noted above the SEC Panel should have formal powers to oversee SMDA Scheme operation. This should be sufficient without the need to be an active representative on the SMDA Board. It should also be considered whether a SEC Panel representative could potentially raise conflicts of interest challenges to the SEC Panel if issues were to arise. Considering the potential to impact impartiality of the SEC Panel should be a factor in this decision.
Honeywell	Agree	This will provide the SEC Panel with some level of control over costs and test processes to ensure they are kept under control
Western Power Distribution	Strongly agree	We strongly agree with having a SEC Panel member on the SMDA Board, especially as Network Operators do not currently have any board representation.
Drax Group	Agree	The proposed approach seems to offer a sensible balance.

Question 12		
Respondent	Response	Rationale
DCC	Neither agree nor disagree	No comment
CMAP	Agree	Appropriate level of governance input.
EDF	Strongly agree	SMDA was voluntarily set up to cover a known gap. We understand that SMDA Co. is an independent 'not for profit' but nonetheless commercial entity in its own right. We believe that there needs to be scrutiny to ensure that no single organisation and its sub-contractors have a regulatory backed monopoly. With this in mind we would welcome a nominated SEC Panel member to sit on the SMDA Co. Board and are open to further discussions on governance.
Critical Software Technologies Limited	Agree	
E.ON	Strongly agree	This would allow for a singly entity of representation for SEC parties that currently may not currently have an avenue to bring queries or concerns to the SMDA board.
Horizon Energy Infrastructure	Neither agree nor disagree	If it was thought appropriate for a SEC Panel representative to be on the SMDA Board then it should be clearly defined what their role is and the voting rights.
SMS	Agree	Will give a wider, overarching view.
Electricity North West Limited	Agree	Should the SMDA Scheme be governed by the SEC we agree that a SEC Panel representative should sit on the SMDA Board to act for all SEC Parties.
EUA	Strongly agree	As outlined above
ENA	Strongly agree	Given DNO's do not currently have board representation, our members would greatly support a SEC Panel representative, provided they acted on behalf of all SEC parties, and not just Suppliers.

Question 12

Respondent	Response	Rationale
OVO	Strongly agree	We believe it is essential to that SEC Panel has a representative on the SMDA Board under the proposed approach, as this will give Panel some control over budgets and future directions for the scheme.
Scottish and Southern Electricity Networks	Strongly agree	Given Network Parties do not currently have board representation, SSEN would greatly support a SEC Panel representative, provided they acted on behalf of all SEC parties, and not just Suppliers.
Utility Warehouse	Agree	We support the preferred approach outlined to include a SEC Panel representative as an SMDA Board member, thereby providing a level of input and scrutiny.
Centrica	Agree	As above, if SEC Parties are funding the fixed costs elements of the SMDA scheme that it is right and proper that they have the ability to interact with the governance arrangements. As a minimum, we would expect this to be representation on the Board and Management Panel. Whether that representation has the same standing as other Board and Management Panel representatives is a separate matter that would need to be addressed.
UK Power Networks	Strongly agree	Given ENOs do not currently have Board representation, we would greatly support an ENO SEC Panel representative
Landis+Gyr	Agree	This will allow the SEC to ensure the funding is being used effectively.
ScottishPower Energy Retail Ltd	Agree	This seems reasonable, but may not be necessary if the SMDA Co. Articles were changed to ensure SEC Panel agreement was sought on any non-trivial matters.

Question 13: If you disagreed with the proposed approach in Question 12, please outline your preferred governance approach

Question 13	
Respondent	Response and rationale
Calvin Asset Management Ltd	N/A
Chameleon Technology	N/A
Octopus Energy	N/A
George Wilson Industries Ltd	N/A
NMI Certain	N/A
Honeywell	N/A
Western Power Distribution	N/A
Drax Group	N/A
DCC	Blank
CMAF	Blank
EDF	N/A
Critical Software Technologies Limited	Blank
E.ON	N/A
Horizon Energy Infrastructure	N/A
SMS	Blank

Question 13	
Respondent	Response and rationale
Electricity North West Limited	N/A
EUA	N/A
ENA	N/A
OVO	N/A
Scottish and Southern Electricity Networks	N/A
Utility Warehouse	Blank
Centrica	Although we do not disagree with the proposed approach, we do believe that Options 4, 5 ,6 & 7 should be considered as alternatives or longer-term options.
UK Power Networks	N/A
Landis+Gyr	N/A
ScottishPower Energy Retail Ltd	N/A

Question 14: Please provide any further comments you may have.

Question 14	
Respondent	Response and rationale
Calvin Asset Management Ltd	<p>One big issue that needs to be resolved with the SMDA scheme is the ability to test communications hubs so that the full smart meter installation is tested for inter-operability and inter-changeability.</p> <p>The funding questions raised in this consultation do not address this issue at all and further consideration of this point is needed to create a viable assurance scheme.</p> <p>SMDACo need to consider how communications hubs can be tested and how the costs of this testing can be funded. The viability of bring in the DCC into the SMDA Scheme as an additional test house alongside NMI needs to be considered.</p>
Chameleon Technology	N/A
Octopus Energy	N/A
George Wilson Industries Ltd	N/A
NMI Certin	Confidential – not for disclosure beyond the groups noted in the cover note.
Honeywell	N/A
Western Power Distribution	<p>Although we feel that the SMDA Scheme is a good initiative, we believe that currently it is providing no benefit to DNOs. This is due to the fact that it is voluntary and currently only has two partially assured devices on the list of assured devices. A lot of the issues that we are seeing are around SEC non-compliance rather than interoperability and interchangeability which is the aim of the scheme. SMDA testing is running behind live operations with difficulty in getting up to date firmware and CHs, as well as not testing the key functionality of Network Operators. For the scheme to be more beneficial we believe that these issues need to be addressed and issues addressed prior to devices being added to the CPL and installed in the live environment.</p>

Question 14	
Respondent	Response and rationale
Drax Group	No further comments.
DCC	Once the consultation responses have been analysed, it would be important to know if the preferred option would be implemented in the current (RY2020/21) or upcoming Regulatory Year (RY2021/22). DCC sets its charges on an annual basis, such that forecast costs (including the SECCo budget) are included in our draft Charging Statement in December, so any additional cost that needs to be recovered through DCC charges in RY 2021/22 must be included as part of that process in December 2020. DCC's preference is that such costs are not recovered through DCC charges in RY 2020/21, as these were set in December 2019 and there is a cost recovery risk associated with any increase in cost in-year.
CMAP	Blank
EDF	As agreed at various industry forums, SMDA appears to be a test regime that the industry needs. With this in mind, and given the relatively low costs (for example compared to Alt HAN), we believe it is time for the rest of the industry and regulatory bodies to step up and proactively look at ways to ensure this scheme is viable
Critical Software Technologies Limited	Blank
E.ON	Blank
Horizon Energy Infrastructure	<p>The current SMDA funding model is not sustainable, the scheme is providing a valuable service to the industry that isn't supported through any other industry testing. As well as this consultation it is imperative that DCC is required to submit their comms hubs for testing.</p> <p>We have also contributed to the CMAP response and will continue to support the work of SMDA. Whilst the current scheme appropriately tests against fixed technical and testing baselines and enables devices to gain assurance during the installation phase of the Smart Meter Implementation Programme (i.e. to end 2024 in line with BEIS policy), there may be different approaches to testing beyond the installation period that will deliver more assurance and better value for money (e.g. against installed combinations of devices, rather than fixed baselines). There is an opportunity to review the enduring assurance solution to ensure that devices continue to be assured against a changing environment over time. This will make sure that, in the longer</p>

Question 14	
Respondent	Response and rationale
	term, devices can remain installed and fully functional for their full life expectancy. As part of the full SEC Modification Proposal, CMAP members consider that the scope of the SMDA scheme beyond the end of the installation period (i.e. after end 2024) should be reviewed and revisions considered to provide the best value for money for an enduring assurance scheme. This should not affect the proposals for funding to the end of the installation period, but ensure that funding is provided for an SMDA scheme that provides best value for money on an enduring basis.
SMS	<p>In Summary, we are not against SMDA as a Scheme. But feel focus should be on making the Scheme more suitable for enduring change before deciding how it should be funded.</p> <p>We would strongly suggest a review of SMDA “Phase 2” – to focus on ensuring the testing and assurance is suitable for the real life scenarios change will take place in, as indicated above.</p>
Electricity North West Limited	<p>We have concerns that SMDA does not validate that a meter device is fully compliant with the Smart Meter Equipment Technical Specification (SMETS) / Great Britain Companion Specification (GBCS).</p> <p>We also understand that only two SMETS2 devices have fully passed SMDA assurance yet there are at least 66 different model types in use within customer’s homes, which enforces the belief that the current test assurance approach is not particularly effective.</p> <p>We would welcome additional assurance and testing of meter devices prior to installation in customer’s homes but SMETS compatibility/compliance is a Licence responsibility for Suppliers,</p> <p>We do not want Electricity Network Parties to be exposed to any cost recovery mechanism associated with device testing, as that has the potential to increase costs for the customers served in each distribution services area.</p>
EUA	N/A
ENA	<p>The SMDA Scheme is a great initiative, but in its current state it provides little to no benefit to DNOs for a number of reasons:</p> <ul style="list-style-type: none"> The SMDA scheme is voluntary, currently only 2 partially assured ESMEs exist on the list of assured devices, whilst 66 meter variants exist in live today;

Question 14	
Respondent	Response and rationale
	<ul style="list-style-type: none"> Some of the key issues DNOs are currently working on via ENA's DCC Interaction IT Group (DIG) are issues of SEC compliance, not interoperability and interchangeability, which is the current main objective of the SMDA scheme; The current scope of SMDA test cases has a significant gap when compared to the breadth of testing that DNOs would hope to get assurance on; specifically they do not include testing of some of the key smart metering system functionality that DNOs will rely on to deliver customer benefits; and SMDA testing appears to be very behind live operations, e.g. no testing of devices in Arqiva region, despite devices operating live across the Northern region. <p>Our DNO members would be more supportive of an SMDA scheme that addresses these issues, and provides the ability to identify issues with devices ahead of live operation.</p>
OVO	N/A
Scottish and Southern Electricity Networks	<p>The SMDA Scheme is a great initiative, but in its current state it provides little to no benefit to DNOs for a number of reasons:</p> <ul style="list-style-type: none"> The SMDA scheme is voluntary, currently only 2 partially assured ESMEs exist on the list of assured devices, whilst 66 meter variants exist in live today; Some of the key issues DNO's are currently working on via the DIG forum are issues of SEC compliance, not interoperability and interchangeability, which is the main objective of the SMDA scheme; The current scope of SMDA test cases has a significant gap when compared to the breadth of testing that DNOs would hope to get assurance on; SMDA testing appears to be very behind live operations, e.g. no testing of devices in Arqiva region, despite devices live across the Northern region. <p>Our DNO members would be more supportive of an SMDA scheme that addresses these issues and provides the ability to identify issues with devices ahead of live operation.</p>
Utility Warehouse	Blank

Question 14	
Respondent	Response and rationale
Centrica	N/A
UK Power Networks	<p>The SMDA Scheme is a good initiative, but in its current state it provides little to no benefit to ENOs for a number of reasons:</p> <ul style="list-style-type: none"> • The SMDA scheme is voluntary, currently only two partially assured ESMEs exist on the list of assured devices, whilst 66 meter variants exist in live today; • Some of the key issues ENO's are currently working on via the DCC Interaction Group (DIG) forum are issues of SEC compliance, not interoperability and interchangeability, which is the main objective of the SMDA scheme; • The current scope of SMDA test cases has a significant gap when compared to the breadth of testing that ENO's would hope to get assurance on testing smart meters and systems which they rely on for delivering customer benefits, and • SMDA testing appears to be very behind live operations, e.g. no testing of devices in Arqiva region, despite live devices operating across the northern region. <p>We would be more supportive of an SMDA scheme that addresses these issues, and provides us with the ability to identify issues with devices ahead of live operation.</p>
Landis+Gyr	None
ScottishPower Energy Retail Ltd	N/A

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MP111 ‘SMDA Budget Amendments’

Annex C

Solution options

About this document

This document is a comparison of the solution options put forward for this modification.

1. Initial solutions

Several funding options were considered by the Smart Meter Device Assurance (SMDA) Board and as part of the Department of Business, Energy and Industrial Strategy (BEIS) Review. These were consulted upon from 24 April to 22 May 2020.

What were the results of the SMDA/SEC Consultation?

This document outlines several different options that were considered, including the pros and cons of each option and why the option was not pursued any further. Of the 23 respondents who answered the question about alternative funding, 19 participants listed Smart Energy Code (SEC) funding (Option 3) as their preferred mechanism, with a further three participants listing it in their top three options. The responses received to this consultation can be found in Annex A.

The SEC Lawyer’s advice

The SEC Lawyer provided legal advice on the proposed way forward. It didn’t see any fundamental problem in bringing the SMDA under the SEC and doesn’t think that changes to legislation or licences would be necessary. It believes the scheme appears to fit within the existing scope of the SEC, for example, efficient operation and interoperability of smart metering Devices is an objective of the SEC, and the principal contents of the SEC include arrangements designed to provide assurance of SMETS compliance.

The SEC Lawyer did expect the current SMDA governance arrangements to be subsumed into the SEC, so that the SEC Panel has overall responsibility for the SMDA scheme. One suggestion was for the current SMDA Co Board to become a Panel Sub-Committee. The SEC Lawyer does not think that

the SEC could be used solely as a cost recovery mechanism without the SMDA scheme being brought within SEC governance.

There is precedent for separately governed activities under the SEC, namely the Alternative Home Area Network Company (Alt HAN Co), but this is separately identified under DCC Licence condition 22 and has separate funding arrangements. If there is a desire to keep the SMDA governance outside of the Panel's remit, then the SEC Lawyer considered this licence condition would need to be amended to also separately provide for SMDA.

In order to deal with the mechanics of cost recovery, it will also be necessary for the Smart Energy Code Company (SECCo) to be involved in the contracts/payment flows. The easiest way to achieve this would be for SECCo to become the contracting vehicle for the SMDA (as it is already for the Panel and Sub-Committees). So, for example, SECCo would contract with the SMDA Scheme provider for the services which it provides in respect of the SMDA, and SECCo would then recover the costs from the DCC under the SEC.

The SEC Lawyer cautioned against an approach which involves the Data Communications Company (DCC) paying money to SMDA Co, as this would likely need an express change to the DCC licence and also more substantial changes to the SEC.

Noting this, the SEC Panel requested that the other solution options from the consultation, in particular options 4, 5, 6 and 7, be further investigated.

Licence changes

If the solution progressed for MP111 has an implication on the existing licences, it would require Ofgem to hold potential further consultations on these positions. This process would require additional time which should be factored into the targeted implementation date. In addition, there are no guarantees, at this stage, that any suggested changes will be approved and implemented by Ofgem.

2. Assessment of solutions options

A summary of the potential solutions and conclusions can be seen in Appendix 1.

Option 1: Increase costs for existing SMDA members

This solution looks to increase the costs of membership to cover the expenditure. However, with increasing membership costs this will deter others from joining and drive away those who are currently members. For this reason and similar comments in the consultation response, this option was not pursued.

Option 2: Redesign the current funding model, for example to a price-per-meter installed model

As highlighted in the consultation, various funding models were proposed when the current model was agreed. The current model was the only option considered viable. For example, the price-per-meter installed model was rejected as it was considered to infringe on individual competitive contracts. There is no evidence to suggest a different outcome would be reached now. One consultation respondent added 'Changing the method of charge collection does not correct the fundamental problems with the existing funding model'. For this reason, this option was not pursued.

Option 3: SMDA remains as is but with charges levied through the SEC and a SEC Panel member on the SMDA Co Board.

Summary of the approach

The initially preferred approach, which was consulted on, was for the SMDA Scheme's fixed costs to be covered by the SEC budget. This would be recovered from Users by the DCC through the SEC recharge mechanism. Variable charges would continue to be funded by Manufacturers submitting Devices to the SMDA Scheme for testing. As not all Device Manufacturers are SEC Parties, this would ensure the cost of the Scheme continues to be split across all SMDA member groups.

Other areas under consideration include whether all SEC Parties should be required to pay, and the governance processes that should exist should this model be adopted.

Considerations on this option

SEC costs are paid for by SEC Parties, through the DCC. It is recognised that some Parties have a more direct link with the SMDA Scheme than others. If it is agreed that SMDA costs are to be paid for by SEC Parties, it should be done in a fair and proportionate way.

SMDA Co is its own limited company, with its own governance structure, including a Board and a Management Panel. The Board is responsible for the strategic and financial decisions of the Company, and comprises of representatives from Energy Suppliers, Meter Asset Providers (MAPs) and Device Manufacturers. The Management Panel is responsible for the technical development of the Scheme and comprises representatives from Energy Suppliers, MAPs, Device Manufacturers and Distribution Network Operators. The DCC also attends Management Panel meetings as a guest.

If the funding model were to change to sit under the SEC, with SEC Parties paying for the Scheme, it could be argued that the SEC Panel, on behalf of Parties, should have greater visibility and input into the SMDA governance process. One of the initial options was to expand the SMDA Board members to include a SEC Representative, through to moving the SMDA Scheme to fully sit under the SEC.

The approach put forward in the consultation would be to include a SEC Panel representative as an SMDA Board member, thereby giving the SEC visibility and input into the decisions being taken by SMDA Co, while retaining the current governance structure which has served the SMDA Scheme well since its inception. However, as above, the SEC Lawyer felt that the governance of the SMDA Scheme should be subsumed into the SEC.

Option 4: The DCC collects the charges as pass-through, similar to Alt HAN funding

Alt HAN charges are recovered through DCC but this is set out in the DCC Licence. Any changes to implement the SMDA scheme in a similar way would require DCC Licence changes which would take additional time during which the scheme would remain critically underfunded. For this reason, this option was not pursued.

Option 5: SMDA Co becomes a contracted service provider to DCC

Legal advice suggests any cost recovered directly through the DCC will require a Licence change by Ofgem which will take several months, during which the scheme would remain critically underfunded. For this reason, this option was not pursued.

Option 6: The SMDA Scheme becomes subsumed into, and operated by, DCC

Legal advice suggests any cost recovered directly through the DCC will require a Licence change by Ofgem which will take several months, during which the scheme would remain critically underfunded. For this reason, this option was not pursued.

Option 7: The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC

Legal advice suggests any cost recovered directly through the DCC will require a Licence change by Ofgem which will take several months, during which the scheme would remain critically underfunded. For this reason, this option was not pursued.

Option 8: The SMDA Scheme is mandated via BEIS

Following discussions with BEIS, it confirmed that this option is not viable as the SMDA Scheme is an independent, industry-owned scheme.

Option 9: No change to current funding model

This is not a viable option as the scheme will continue to be critically underfunded.

Option 10: The SMDA Scheme becomes a SEC Sub-Committee, reporting to the SEC Panel.

Summary of the approach

During discussions on the SEC Lawyer's advice, a SEC Party suggested the SMDA Board should become a Sub-Committee under SEC Panel. This Sub-Committee would then be responsible, on behalf of the Panel, for overseeing the SMDA arrangements, in the same way as other Panel Sub-Committees do for other parts of the SEC arrangements.

To facilitate this approach, the SMDA scheme operator arrangements would be incorporated into the SEC arrangements and administered by the Smart Energy Code Administrator and Secretariat

(SECAS). The SMDA Test House would then contract directly with SECCo, as currently happens with the User Competent Independent Organisation (CIO) Services provided by an external company.

For context, SECAS assists in procuring the User CIO service. Contractual arrangements are between SECCo and the company providing the User CIO service.

- Fixed costs are on-charged (invoiced by the User CIO provider to SECCo, administered by SECAS) to the DCC. The DCC recovers the money through DCC charges to Users via the general SECCo cost recovery mechanism.
- Variable costs (in this example, CIO Assessments) are also invoiced by the User CIO to SECCo. This is then on-charged to the DCC and the DCC then charge the User directly.

If an SMDA Sub-Committee was set up, the SMDACo will be wound up. The contract with the Test House would become a contract between the Test House and SECCo for the fixed cost Test House services.

- Fixed costs would then be invoiced to SECCo (administrative support provided by SMDA SO) and on-charged to the DCC. The DCC would then recover these through DCC charges to all Users via the general SECCo cost recovery mechanism.
- Variable costs would be invoiced by the Test House to the manufacturer as is currently the case. The arrangement for the User CIO would not work in this situation as the Test House require payment in advance of the tests being performed.

Fixed and variable costs are described in Appendix 2.

Considerations on this option

The SMDACo Board would become the SMDA Sub-Committee (SMDASC). The SDMA Management Panel (SMDAMP) would become a sub-group to the SMDASC. Both would retain their current roles. The SEC Panel would be responsible for overseeing the SMDASC and renegotiating the contracts with the Test House.

This would fit with the SEC Lawyer's advice that the governance be moved under the SEC and would avoid any time-consuming Licence changes.

This option has become the Proposed Solution as it best suits the constraints around the issue.

Appendix 1: Solution options considered

Assessment of solution options			
Funding option	Pros	Cons	Recommendation
1. Increase costs for existing SMDA members	<ul style="list-style-type: none"> • Could result in more income, assuming the same number of devices are 	<ul style="list-style-type: none"> • Likely to lead to fewer device submissions and therefore an overall drop in income 	<ul style="list-style-type: none"> • Do not take forward – this does not provide an effective solution. Current

Assessment of solution options			
Funding option	Pros	Cons	Recommendation
	submitted as would have been before the increase	<ul style="list-style-type: none"> Doesn't address the concern that non-SMDA members are benefitting from the outputs of the Scheme without contributing to the Scheme's upkeep SMDA membership is voluntary and increased costs could lead to a reduction in members and then a greater increase in costs for remaining members 	members are likely to withdraw exacerbating the problem.
2. Redesign the current funding model, for example to a price-per-meter installed model	<ul style="list-style-type: none"> Depending on the model agreed, it could result in more income and a fairer split of costs based on market share 	<ul style="list-style-type: none"> Various funding models were proposed when the current model was agreed. The current model was the only option considered viable. For example, the price-per-meter installed model was rejected as it was considered to infringe on individual competitive contracts. There is no evidence to suggest a different outcome would be reached now Doesn't address the concern that non-SMDA members are benefitting from the outputs of the Scheme without contributing to the Scheme's upkeep 	<ul style="list-style-type: none"> Do not take forward – this does not provide an effective solution. This solution was discounted when SMDA was initially set up. Does not address the cross-subsidy issues.
3. The SMDA Scheme is funded through the Smart Energy Code (SEC).	<ul style="list-style-type: none"> Ensures a fair split of funding across all industry beneficiaries 	<ul style="list-style-type: none"> SEC Panel is unable to have input into the governance of the SMDA Scheme, nor have any control over the running costs. The proposed 	<ul style="list-style-type: none"> The SEC Lawyer has advised that the governance of SMDA should be brought under the SEC if the funding

Assessment of solution options			
Funding option	Pros	Cons	Recommendation
	<ul style="list-style-type: none"> Gives the SEC the option to change scheme provider, for example if performance was an issue 	<p>mitigation would be to appoint a Panel representative to the SMDA Board, which would also provide independent scrutiny of the SMDA Scheme.</p>	<p>is to be brought under the SEC.</p>
4. Data Communications Company (DCC) collects the charges as pass-through, similar to Alternative Home Area Network (Alt HAN) funding	<ul style="list-style-type: none"> Ensures a fair split of funding across all industry beneficiaries 	<ul style="list-style-type: none"> Would mean the governance of the SMDA Scheme would sit completely outside of the SEC Panel, but would still require approval from SEC Panel for any proposed changes 	<ul style="list-style-type: none"> Legal Advice suggests any cost recovered directly through the DCC will require a Licence change by Ofgem which will take several months and is not guaranteed implementation.
5. SMDA Co becomes a contracted service provider to DCC	<ul style="list-style-type: none"> Ensures a fair split of funding across all industry beneficiaries Costs could be scrutinised by DCC DCC could choose to use SMDA to test Comms Hubs 	<ul style="list-style-type: none"> May lose some level of independence, depending on contractual requirements agreed with DCC Doesn't guarantee that manufacturers would have to use the SMDA Scheme 	<ul style="list-style-type: none"> Legal Advice suggests any cost recovered directly through the DCC will require a Licence change by Ofgem which will take several months and is not guaranteed implementation.
6. The SMDA Scheme becomes subsumed into, and operated by, DCC	<ul style="list-style-type: none"> Costs could be shared across all industry participants, through DCC charging mechanism Could continue to 	<ul style="list-style-type: none"> Would lose benefit of independence from testing inputs and outputs DCC is currently not set up to undertake testing directly, rather it facilitates manufacturers to be able to undertake their own testing, therefore unclear who 	<ul style="list-style-type: none"> Legal Advice suggests any cost recovered directly through the DCC will require a Licence change by Ofgem which will take several months and is not

Assessment of solution options			
Funding option	Pros	Cons	Recommendation
	use existing SMDA processes so reduced risk of increased set up costs	<p>would be performing interchangeability testing under this option</p> <ul style="list-style-type: none"> DCC is not mandated to test meters Could cause issues with cost justification model for DCC (Ofgem) 	guaranteed implementation.
7. The SMDA Scheme is replaced with a new assurance mechanism provided through the DCC	<ul style="list-style-type: none"> Costs could be shared across all industry participants, through DCC charging mechanism 	<ul style="list-style-type: none"> Would lose benefit of independence from testing inputs and outputs Could result in additional costs to industry if new processes need to be established DCC is currently not set up to undertake testing directly, rather it facilitates manufacturers to be able to undertake their own testing, therefore unclear who would be performing interchangeability testing under this option SMDA issues independent assurance to manufacturers which can be used by parties in the events of disputes. Unclear whether DCC could do the same DCC not mandated to test meters Could lose SMDA Governance structure Could cause issues with cost justification model for DCC (Ofgem) 	<ul style="list-style-type: none"> Legal Advice suggests any cost recovered directly through the DCC will require a Licence change by Ofgem which will take several months and is not guaranteed implementation.
8. The SMDA Scheme is	<ul style="list-style-type: none"> Would require all industry 	<ul style="list-style-type: none"> Following discussions with BEIS, they have confirmed 	<ul style="list-style-type: none"> BEIS does not support this

Assessment of solution options			
Funding option	Pros	Cons	Recommendation
mandated via the Department for Business, Energy and Industrial Strategy (BEIS)	<p>participants to use the Scheme, thereby increasing device submissions and revenue</p> <ul style="list-style-type: none"> Ensures a fair split of funding across all industry beneficiaries Similar model already working successfully in the form of the Commercial Product Assurance (CPA) 	<p>that this option is not viable as the SMDA Scheme is an independent, industry-owned scheme</p>	<p>option, and so it has not been investigated further</p>
9. No change to current funding model	<ul style="list-style-type: none"> None identified 	<ul style="list-style-type: none"> Significant risk that the SMDA Scheme becomes unviable Joint Industry Plan (JIP), National Audit Office (NAO) report and BEIS independent report recommendations will not be met Key element of BEIS assurance framework would be missing 	<ul style="list-style-type: none"> This is the 'do nothing' option and so has not been investigated further here as it was not supported in the consultation.

Appendix 2: Fixed costs and variable costs

SMDA costs are split into two categories: fixed and variable.

The **fixed element** covers the activities that are required to be undertaken, regardless of whether a Device is submitted into the Test Lab for testing. These include:

- the Scheme Operator's cost to engage with members, administer Management Panel and Board meetings, and maintain the SMDA website and the Device Assurance Register;
- the fixed costs of the SMDA Lab, including connections to the DCC Systems, purchasing of Communications Hubs, and rent for the lab space; and
- maintenance and updates to the SMDA testing artefacts to ensure the Scheme's testing baseline aligns with the latest technical specifications and requirements defined by the government in the timeframes set out in the Smart Metering Programme's JIP.

Variable costs cover the cost of performing tests on submitted Devices.

The current proposed approach is for fixed costs to be covered under the SEC and for variable costs to be paid for by Manufacturers submitting their Devices into the SMDA Scheme for testing. The fixed costs of the SMDA Scheme vary each year depending on the extent to which the Scheme's testing artefacts need to be updated to align with industry changes. The budget is agreed each year by the SMDA Co Board, and typically the fixed costs equate to around £700,000 - £800,000 a year.

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MP111 ‘SMDA Budget Amendment’

Annex D

Legal text – version 1.0

About this document

This document contains the redlined changes to the SEC that would be required to deliver this Modification Proposal.

Section A ‘Definitions and Interpretation’

These changes have been redlined against Section A version 10.0.

Amend Section A as follows:

<u>SMDA Sub-Committee</u>	<u>means the Smart Meter Device Assurance Sub-Committee</u>
<u>Smart Meter Device Assurance Sub-Committee</u>	<u>means the Sub-Committee established under Section F12 (Smart Meter Device Assurance Sub-Committee)</u>

Section F ‘Smart Metering System Requirements’

These changes have been redlined against Section F version 8.0.

Add Section F12 as follows:

<u>F12</u>	<u>SMART METER DEVICE ASSURANCE SUB-COMMITTEE</u>
	<u>Establishment of the Smart Meter Device Assurance Sub-Committee</u>

F12.1 The Panel shall establish a Sub-Committee in accordance with the requirements of this Section F12, to be known as the “Smart Meter Device Assurance Sub-Committee” (or SMDA Sub-Committee for short).

F12.2 Save as expressly set out in this Section F12, the SMDA Sub-Committee shall be subject to the provisions concerning Sub-Committees set out in Section C6 (Sub-Committees).

F12.3 Membership of the SMDA Sub-Committee shall be determined by the Panel from time to time in accordance with the following principles:

- (a) at the time of its establishment, the SMDA Sub-Committee shall comprise the individuals who are (at that time) performing the equivalent role on behalf of the Smart Meter Device Assurance Company Limited (company number 09327524), but without prejudice to the Panel's powers to subsequently alter the membership; and
- (b) otherwise in accordance with Section C6.7 (Membership); save that Section C6.7(b) shall not apply in respect of the individuals appointed to the SMDA Sub-Committee at the time of its establishment.

Role of the SMDA Sub-Committee

F12.4 The two key objectives of the SMDA Sub-Committee shall be (in respect of SMETS2+ Devices only):

- (a) to provide assurance that Smart Meters and other Devices which can together potentially form a Smart Metering System work together (that they are interoperable); and
- (b) to provide assurance that Smart Meters and other Devices which can together potentially form a Smart Metering System work with each other (that they are interchangeable).

F12.5 In furtherance of these objectives, the SMDA Sub-Committee shall (subject to the terms of reference imposed by the Panel) procure and manage provision of services from one or more independent testing organisations to provide interoperability and interchangeability testing services for SMETS2+ Devices to Supplier Parties, Manufacturers, meter asset providers, and such other entities as the SMDA Sub-Committee may determine from time to time.

F12.6 The SMDA Sub-Committee's duties, powers, functions and procedural rules shall otherwise be determined in accordance with Section C6.10 (Terms of Reference and Procedural Requirements).

Independence of Testing Organisations

F12.7 Without limiting other circumstances which might preclude a testing organisation from being considered to be independent, a testing organisation appointed pursuant to Section F12.5 may not be:

- (a) a Party (including the DCC), a DCC Service Provider, the Secretariat or the Code Administrator;
- (b) an Affiliate of a Party (including the DCC), a DCC Service Provider, the Secretariat or the Code Administrator; or
- (c) an employee of those entities referred to in paragraph (a) or (b) above.

Approach to Service Provision

F12.8 Each testing organisation appointed pursuant to Section F12.5 shall be appointed under a framework agreement entered into by SECCo which enables Supplier Parties, Manufacturers, meter asset providers, and such other entities as the SMDA Sub-Committee may determine from time to time to contract for the testing services available under the framework.

Approach to Cost Recovery

F12.9 Each framework agreement entered into by SECCo pursuant to Section F12.8 shall provide for:

- (a) a reasonable amount of fixed costs to be paid by SECCo, which amounts paid by SECCo shall be treated as Recoverable Costs in accordance with Section C8 (Panel Costs and Budgets); and
- (b) the incremental costs of providing testing services to a particular Supplier Party, Manufacturer, meter asset provider, or other entity to be charged to that Supplier Party, Manufacturer, meter asset provider, or other entity (and on the basis that SECCo shall not be liable for those incremental costs).

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MP111 ‘SMDA Budget Amendment’

Annex E

Draft Terms of Reference – version 1.0

About this document

This document contains the Terms of Reference for the Smart Metering Device Assurance Sub-Committee (SMDASC).

Smart Meter Device Assurance Sub-Committee

Terms of Reference (ToR) Version 0.2

The Smart Meter Device Assurance (SMDA) Sub-Committee (SMDASC) shall be established pursuant to Section F12 of the Smart Energy Code (SEC).

Unless otherwise stated, defined terms have the same meaning as that which is attributed to them in the SEC.

1. The role of the SMDA Sub-Committee

The prescribed duties and powers of the SMDA Sub-Committee are set out in SEC Section F12.4 to F12.6

Roles and responsibilities of the SMDA Sub-Committee include:

- the ability to further delegate their responsibilities for technical issues to the SMDA Management Panel;
- ensuring the scope of SMDA testing services align with industry requirements;
- agreeing costs for testing Device submissions;
- developing and reviewing the budget for delivery of fixed SMDA costs, for approval by the SEC Panel;
- overseeing the delivery of the System Operator (SO) role as pertinent to the SMDA Sub-Committee;
- overseeing the delivery of the Test House contracts;
- resolving any conflicts of interest that may arise that cannot be resolved first by the Test Houses, SO, or SMDA Management Panel; and
- managing the risks and issues associated with the delivery of SMDA.

These powers will be transitioned from the SMDA Co Board to the SMDA Sub-Committee as and when deemed appropriate by SMDA Co and SECCo.

2. Out of Scope

The role of the SMDA Sub-Committee does not include the following:

- a) Functions outside of those listed above unless otherwise directed by the Panel.
- b) Activities that do not contribute to achievement of SEC objectives.
- c) Setting policies that fall under the remit of the Panel or another Sub-Committee.

3. Proceedings of the SMDA Sub-Committee

3.1 Meeting Frequency

The SMDA Sub-Committee shall hold meetings with such frequency as it may determine or the SMDA Sub-Committee Chair may direct, but in any event shall meet at least once every two months.

3.2 Quorum

No business shall be transacted at any meeting of the SMDA Sub-Committee unless a quorum is present at that meeting. The quorum for each SMDA Sub-Committee meeting shall be one representative from each of the primary members in attendance (Supplier, Manufacturer and Meter Asset Provider (MAP)).

3.3 Meeting Notice and Papers

Each meeting shall be convened by the Secretariat. A minimum of five Working Days' notice shall be provided (or such shorter notice as directed by the Panel, or the SMDA Sub-Committee Chair).

Notice of each meeting shall be accompanied by:

- a) Time, date and location of the meeting;
- b) Arrangements for those wishing to attend the meeting by means other than in person; and
- c) Agenda and supporting papers.

3.4 SMDA Sub-Committee Chair

The SEC Panel shall approve the appointment of the SMDA Sub-Committee Chair in accordance with SEC Section F12.3 and shall review the appointment in three years from the date of appointment.

Selection of the SMDA Sub-Committee Chair shall be determined by the SEC Panel, providing the selection ensures that:

- a) the selection does not preclude the Panel Chair fulfilling this role;
- b) the candidate selected is regarded by the Panel as having suitable experience and expertise to discharge their duties as the SMDA Sub-Committee Chair; and
- c) the candidate has declared any relationships or shareholdings with individuals or organisations that might be perceived to create a conflict of interest and, in light of such declarations, the SEC Panel believes that the candidate will be able to act in a sufficiently independent manner in their role as the SMDA Sub-Committee Chair.

The SMDA Sub-Committee Chair shall not be entitled to vote unless there is a deadlock, in which case the SMDA Sub-Committee Chair shall have the casting vote.

3.5 Powers and Voting

In accordance with C6.9 of the SEC:

- each SMDA Sub-Committee Member shall be entitled to attend, and to speak and vote at, every meeting of the SMDA Sub-Committee;
- all decisions of the SMDA Sub-Committee shall be by resolution. In order for a resolution of the SMDA Sub-Committee to be passed at a meeting, a simple majority of those SMDA Sub-Committee Members voting at that meeting must vote in favour of that resolution. In the event of a voting deadlock, the SMDA Sub-Committee Chair shall have the casting vote; and
- a resolution in writing signed by or on behalf of all the SMDA Sub-Committee Members shall be as valid and effective as if it had been passed at a meeting of the SMDA Sub-Committee duly convened and held. Such a resolution may be signed in any number of counterparts.

Each SMDA Sub-Committee Member must first provide written confirmation to agree to serve on the SMDA Sub-Committee in accordance with the SEC before exercising powers or voting.

3.6 Membership

The Panel shall invite applications from individuals to serve on the SMDA Sub-Committee in accordance with SEC Section F12. Those individuals shall be of suitable experience and qualifications required to fulfil the duties of the SMDA Sub-Committee.

Members shall act independently, not as a delegate, and without undue regard to the interests, of any Related Person and will act in a manner designed to facilitate the performance by the Panel of its duties under the SMDA Sub-Committee.

Members may propose another natural person to act as their Alternate by completing the necessary paperwork and notifying the SO. The alternate, once approved, may attend the SMDA Sub-Committee and must act in the capacity as alternate to discharge the member's duties. The alternate must complete the declaration as described in SEC C3.8 (a) and (c) prior to voting.

The membership of the SMDA Sub-Committee shall be composed of the persons outlined in SEC Section F12.3.

3.7 Term of Office

The SMDA Sub-Committee Chair will review membership of the Sub-Committee on a two yearly basis, inviting applications from individuals in accordance with SEC Section C6.7. The normal term of office for each member is 24 months. For the first term of office half the membership will serve a 12 month term.

3.8 Other Interested Parties

In addition to the core SMDA Sub-Committee members, the SMDA Sub-Committee Chair is entitled to invite any persons the SMDA Sub-Committee determines it appropriate to do so.

Representatives of the Secretary of State and the Authority are entitled to attend and speak at the SMDA Sub-Committee meetings and will be provided with copies of all agendas and supporting papers for SMDA Sub-Committee meetings.

3.9 Member Confirmation

Before a person may serve on the SMDA Sub-Committee, that person shall provide written confirmation to SECCo that:

- They agree to serve on the SMDA Sub-Committee in accordance with the SEC, including Section F12; and
- They will be available as reasonably required by the SMDA Sub-Committee to attend meetings and undertake work outside of the meetings.

3.10 Conflict of Interest

Given that members have a duty to act independently, conflicts of interest should not regularly arise. In such cases the member shall absent themselves from the meeting for the purposes of that decision. It is the responsibility of each Member to declare to the SMDA Sub-Committee Chair any actual or perceived conflict of interest with their duties as an SMDA Sub-Committee Member. In such circumstances the Member may choose to absent themselves from proceedings or from voting, the SMDA Sub-Committee Chair may also request that a Member absents themselves. Any decision of the SMDA Sub-Committee Chair in this regard shall be final and binding.

4. Deliverables

The SMDA Sub-Committee will be expected to provide recommendations to the SEC Panel regarding the roles listed within these ToR.

The SMDA Sub-Committee will be expected to conduct business in accordance with good governance.

5. Membership of the SMDA Sub-Committee

The table below sets out the composition of the SMDA Sub-Committee, pursuant to section F12. Members must have sufficient experience, qualification and expertise. The membership shall comprise the SMDA Co Board such that the SMDA Sub-Committee can benefit from consistency and knowledge transfer.

Member Group	Numbers
Energy Suppliers	2
Device Manufacturers	2
Meter Asset Provider	1

The SMDA Sub-Committee Chair is able to invite any persons that the SMDA Sub-Committee determines is appropriate as determined in Section 3.8.

6. Secretariat

The System Operator will provide the secretariat and code administration for the SMDA Sub-Committee. This includes but is not limited to:

- Prepare and maintain the SMDA Sub-Committee Member Pack (code of conduct and expenses policy);
- Timetable and organise the SMDA Sub-Committee meetings, including meeting rooms;
- Act as quality gatekeeper with the Chair for accepting papers;
- Circulate agendas and papers for consideration at SMDA Sub-Committee meetings, 5 Working Days in advance of that meeting date;
- Monitor the quorum prior to meetings to ensure that decision matters are not frustrated or deferred;
- Circulate minutes of the meeting five working days after the meeting for the SMDA Sub-Committee's approval;
- Administer the circulation list for SMDA Sub-Committee papers and Minutes;
- Manage the SMDA Sub-Committee decisions, actions and risks log;
- Manage the SMDA Sub-Committee section of the SEC website; and
- Support the operation of the SMDA Sub-Committee and the fulfilment of its duties through:
 - Co-ordination, and where directed by the SMDA Sub-Committee undertaking, all inputs, analyses, assessments and consultations required to support the SMDA Sub-Committee business;
 - Preparation of the draft SMDA Sub-Committee input to the Panel's annual report (July) SEC 2.3(h) for the SMDA Sub-Committee's approval; and
 - The co-ordination of the SMDA Sub-Committee's role in the SEC Modifications Process through the relevant SECAS Modification lead(s) to ensure a holistic and efficient process exists between the SMDA Sub-Committee and the Change Board.

7. Confidentiality and Disclosure

Given the potential sensitive nature of the work of the SMDA Sub-Committee, agenda items, papers and discussions will be assigned an information sharing level of either WHITE, GREEN, AMBER or RED.

Information sharing levels will be suggested by participants when providing information, and determined by the Chair. The following classifications will be used:

Classification	
SMDA Sub-Committee RED	Non-disclosable information and restricted to participants present at the meeting themselves only. Participants must not disseminate the information outside of the meeting. RED information may only be discussed during a

	<p>meeting where all participants present have signed a declaration form, stating their acceptance to abide by these ToR. RED information should not be discussed with anyone who is not present at the meeting in which the information is discussed.</p> <p>Agenda items marked as RED will be discussed in a closed, confidential session and discussions will only be included in minutes marked as RED.</p>
SMDA Sub-Committee AMBER	<p>Limited disclosure and restricted to SMDA Sub-Committee Members and those who have a need to know in order to take action. SMDA Sub-Committee Members representing a Party Category may share the information with other organisations within that Party Category.</p> <p>Where information is deemed to be relevant to organisations who are not represented at the SMDA Sub-Committee, the SMDA Sub-Committee Chair may direct that the Code Administrator provide this information to a wider group of SMIP stakeholders¹.</p> <p>Agenda items marked as AMBER will be discussed in a closed, confidential session and discussions will only be included in the confidential minutes.</p>
SMDA Sub-Committee GREEN	<p>Information can be shared with other SEC Parties and SMIP stakeholders² at large, but not published (including publication online). "Green" will be the default classification for any discussions unless otherwise notified.</p> <p>Agenda items marked as GREEN will be included in the non-confidential minutes.</p>
SMDA Sub-Committee WHITE	<p>Information that is for public, unrestricted dissemination, publication, web-posting or broadcast. Any member may publish the information, subject to copyright.</p> <p>Agenda items marked as WHITE will be included in the non-confidential minutes.</p>

As a SMDA Sub-Committee Member, each participant will be asked to undertake in writing to abide by the confidentiality and disclosure provisions in relation to each information sharing level as described above, by signing the Confidentiality and Disclosure Agreement at Appendix A to these Terms of Reference.

Individuals who the SMDA Sub-Committee Chair has invited to attend a meeting of the SMDA Sub-Committee will also be asked to sign the Confidentiality and Disclosure Agreement but will only be permitted to attend the SMDA Sub-Committee during discussions on agenda items relevant to their organisation.

SMDA Sub-Committee Members who breach the rules of the confidentiality and disclosure provisions under any information sharing level may have their SMDA Sub-Committee membership ceased.

¹ For example: Network Operators and Other SEC Parties

8. Review

The Terms of Reference, membership and operation of the SMDA Sub-Committee may be reviewed by the Chair at any time to ensure that they remain appropriate to reflect the duties and requirements of the SEC.

Amendments to these Terms of Reference will be approved solely by the SEC Panel.

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MP111 ‘SMDA Budget Amendments’

Annex F

Refinement Consultation responses and comment

About this document

This document contains the non-confidential collated responses received to the MP111 Refinement Consultation. It also contains the responses of the SMDA Scheme to the points raised.

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

Question 1				
Respondent	Category	Response	Rationale	SECAS answer (if necessary)
Chameleon Technology UK Ltd	Other SEC Party	Yes	Bringing SMDA under the SEC will allow for a more effective delivery of device interoperability assurance through the inducement of full cross-market participation.	N/A
Horizon Energy Infrastructure	Other SEC Party (MAP)	Yes	SMDA provides a service to the industry testing interoperability. It's critical to all industry parties and consumers that devices are interoperable and continue to be after firmware upgrades.	N/A
NMi Certin	Other SEC Party	Yes	Provides the most economic and equitable option to ensure the objectives and benefits of the SMDA are maintained on an enduring and independent basis.	N/A
Calvin Capital	Other SEC Party	Yes	We see this as the best way to ensure that the SDMA scheme is funded into the future and can provide an independent assurance scheme for smart devices, as set out as a key recommendation from the National Audit Office testing review.	N/A
CMAP representing Meter Asset Providers	Trade Association	Yes	We see this as the best way to ensure that the SDMA scheme is funded into the future and can provide an independent assurance scheme for smart devices, as set out as a key recommendation from the National Audit Office testing review.	N/A

Question 1				
Respondent	Category	Response	Rationale	SECAS answer (if necessary)
BUUK Infrastructure Limited	Networks Party	Yes	Resolving the funding issues with the SMDA scheme will help ensure that smart meters meet the required specification and perform as intended. This will ensure that the functionality that is expected from smart meters and outlined within the SEC can be achieved. Not including the SMDA scheme within the SEC governance arrangements from the outset was a mistake that has risked the initial phase of the smart meter deployment. The logic for the current funding mechanism of the SMDA is flawed as there are insufficient devices to test to make it viable. Addressing this shortcoming with a scheme that is otherwise useful and beneficial to the industry is therefore something that we support.	N/A
EUA	Other SEC Party	Yes	This solution will provide long term financial stability for the scheme while also providing the appropriate governance through the SEC Panel / subgroup to allow the scheme to adapt and meet the future requirements as they develop.	N/A
EDF	Large Supplier	Yes	SMDA will benefit all SEC Parties, so we agree that the fixed costs should be fairly shared across SEC Parties. In addition, Parties will have the option to provide guidance and contribute to the running of the scheme in order to ensure it is cost effective and fit for purpose.	N/A
OVO	Large Supplier	Yes	OVO fully support and feel the solution best addresses the issue raised.	N/A

Question 1				
Respondent	Category	Response	Rationale	SECAS answer (if necessary)
EON	Large Supplier	Yes	This is the best way to ensure the long term funding of SMDA so that the SMDA scheme can continue to provide independent assurance on Smart Devices, and enable the scheme to be at the forefront of asset testing, as opposed to awaiting funding to arrive before testing can begin.	N/A
Utilita	Large Supplier	Yes	<p>Changing the funding and governance of SMDA Smart Metering Device Assurance is a step in the right direction towards achieving all the necessary testing around interoperability and interchangeability.</p> <p>This solution is expected to have a clear benefit for Energy Consumers by resolving device or firmware issues efficiently for more devices/device combinations; ideally this happens before these devices enter Consumers' premises. Preventing the inconvenience of site-visits, exchanges, and the distress of experiencing issues with their Smart Metering device is a high priority for Utilita.</p> <p>We agree with the solution to bring the SMDA Scheme under the SEC Panel.</p> <p>Bringing SMDA management under the SEC offers the potential to:</p> <ol style="list-style-type: none"> 1. Provide for the wider Smart Energy arrangements thereby increases the possibilities for in depth and full testing on devices interoperability (especially 	N/A

Question 1				
Respondent	Category	Response	Rationale	SECAS answer (if necessary)
			<p>further testing of prepayment) to ascertain if devices (and firmware) are fit for purpose.</p> <ol style="list-style-type: none"> 2. Further funding options to support the work of SMDA which as a result can increase the longevity of this Scheme. 3. Increase the potential for SEC Parties to work together on addressing concerns around device and firmware especially for gaining suppliers. This is important to reach a higher level of confidence that devices are working as they should. 4. Increases awareness and party involvement in the scheme. <p>An opportunity to consider including testing other devices within SMDA e.g. CHs devices.</p>	
UK Power Networks	Network Party	Yes	<p>The proposed solution for the SMDAco Board to become a SEC panel Sub-Committee and the SMDA Management Panel (SMDAMP) to become a sub-group of the SMDASC will provide oversight and governance through SEC and ensure suitable funding is available for their work.</p> <p>Consideration should be given to reviewing the group structure for overseeing/managing the testing regimes to include an input from Network Operators especially if they become liable to contribute to the SMDA through SEC.</p>	N/A

Question 1				
Respondent	Category	Response	Rationale	SECAS answer (if necessary)
Centrica	Large Supplier	Yes	We believe that the solution is an appropriate and proportionate solution to the issue presented.	N/A
DCC		No	<p>Whilst recognising that the proposed solution amends the SMDA funding model as per the NAO's recommendations, DCC questions whether the current scheme operated by SMDA fully meets the needs of industry. Whilst it is the assurance solution developed and operated by larger SEC Parties and their Device Manufacturers and financiers, it has not achieved significant engagement for Energy Suppliers, Device Manufacturers or Meter Asset Providers. DCC notes that criticism of aspects of the design and operation of the scheme has been expressed by a number of stakeholders and considers that a broader debate may be needed to ensure the long-term assurance solution meets the needs of the industry prior to the changes proposed being implemented.</p> <p>The proposed solution also does not address the issue of the SMDA being voluntary. Current assurance (notwithstanding that it is only partial) covers a small subset of Devices in production. Failure to consider the variable cost element, which DCC consider to be a barrier to participation, means that a fundamental issue of the SMDA is not adequately addressed.</p> <p>DCC is concerned that addressing the funding challenges of a competitive service that is not currently economically sustainable may obviate the need to address the reasons</p>	<p><i>Response from the SMDA Scheme:</i> As per the NAO recommendations, SMDA is amending its funding model to ensure the Scheme remains sustainable in the longer term, whilst continuing to provide independent Device assurance for the industry. More Devices are being submitted to the Scheme and stabilising the funding model of the Scheme will enable this to continue.</p> <p>SMDA was set up by industry and there is continued strong industry support for the Scheme from Device manufacturers, Suppliers and Meter Asset Providers (MAPs). This support centres on the Scheme continuing to provide independent assurance of the interoperability and interchangeability of Devices.</p> <p>In addition to this, and as part of SEC Working Group meeting discussions to date, it has been made clear that the scope of SMDA and the services it is able to provide are to be reviewed once the funding model for the Scheme has been put in place. This is also in line with the third recommendation from the NAO.</p>

Question 1				
Respondent	Category	Response	Rationale	SECAS answer (if necessary)
			<p>why the scheme has failed to deliver. Therefore, DCC believe that further rationale is required to evaluate why the original funding model has failed, in order to ensure that any fundamental issues do not perpetuate should mandatory funding for all Suppliers be introduced. DCC also notes that the proposed structures (SMDASC and SMDAMP) do not address one of the current issues with the scheme in that the representation does not cover the whole industry. The SMIP has objectives that are broader than supplier and asset provider related, and the proposed solution limits representation to Energy Suppliers, Meter Manufacturers and Meter Asset Providers. One of the roles of the Sub-Committee is to manage the risks and issues associated with the delivery of SMDA. DCC considers that the interests of SEC Parties not represented by the SMDASC or SMDAMP (e.g. Other SEC Parties (such as DCC or other DCC Users) or Network Parties) are not considered in the decisions made by the groups.</p> <p>DCC also considers that the market design intended for device assurance is to be a competitive service, and notes that alternative options are emerging, however, this proposal seeks to embed SMDA as the only option for device assurance.</p> <p>Furthermore, DCC requests further information on the proposed solution in relation to the charging model. More</p>	<p>Whilst we recognise that the proposal does not address the fact that SMDA is currently a voluntary Scheme, Suppliers have mandated Device manufacturers to ensure their Devices have SMDA assurance in place. This has resulted in more Devices coming on board.</p> <p>As part of this modification different funding models have been consulted upon, and the solution contained within this modification was the majority view.</p> <p>The Scheme welcomes engagement from all aspects of industry and not just Suppliers, MAPs and Manufacturers. Distribution Network Operators (DNOs) have a seat at the SMDA Management Panel in order to engage on a day to day basis and shape the scope and technical aspects of the Scheme. This is not changing as part of the proposed modification.</p> <p>SMDA is unaware of any other options which have emerged or are emerging for independent Device assurance within the last five years. However, this modification does not limit competition moving forward. Furthermore, it</p>

Question 1				
Respondent	Category	Response	Rationale	SECAS answer (if necessary)
			detail can be found in the responses to the questions below.	should be noted that the services utilised through SMDA were procured through a competitive tender / procurement process. Once these contracts come up for renewal, SECCo would use a competitive process to re-procure the services.
SSEN	Network Party	No	<p>SSEN understand the need to change the funding model and agree with the NAO report conclusion, that the funding model needs to change to support the ongoing viability of the scheme. The current scope of SMDA testing however does not adequately cover/test, the key issues SSEN are seeing in the live environment.</p> <p>SSEN believe that the scope of testing needs to change if Network Parties are to be included in DCC Charges moving forward as part of this modification being approved.</p>	<p><i>Response from the SMDA Scheme:</i></p> <p>Part of BEIS' recommendations in the NAO report included a review of the Scheme's scope. The Scheme intends to review this following modification to the Scheme's funding model as set out by this proposed modification.</p> <p>The Scheme welcomes engagement from DNO's and currently has a seat available at the SMDA Management Panel for a DNO representative. This would provide an opportunity for DNO's to contribute to the day to day running of the Scheme as well as advise on technical aspects of the Scheme including testing and scope.</p>
WPD	Network Party	No	We agree with the NAO report findings that identified the SMDA funding model requires addressing, and the intent of this modification to do just that. However, we do not agree that the scheme currently addresses the issues that Western Power Distribution are seeing in the live environment. As a result we do not agree that DNOs should be expected to be representatives on the Sub-	<p><i>Response from the SMDA Scheme:</i></p> <p>SMDA welcomes input from DNO's on how the scope of the Scheme could be expanded to further address issues experienced in the industry.</p> <p>Any comments on the scope of the Scheme can be submitted to SMDASO@gemserv.com and raised at the SMDA Management Panel where</p>

Question 1				
Respondent	Category	Response	Rationale	SECAS answer (if necessary)
			Committee, or be required to pay for a scheme that doesn't benefit them.	industry representatives will review the feedback so that this can be taken forward.
Drax Group (Haven Power Limited and Opus Energy Limited.)	Small Supplier	No	We believe a thorough review of the SMDA Scheme is needed before considering an alternative funding model. The concept of the Scheme is good and there are potential benefits if used properly. However, both awareness and use of the Scheme do not seem widespread. Without extensive coverage the Scheme's benefits are limited and this is unlikely to be improved by changing the funding model and governance alone.	<i>Response from the SMDA Scheme:</i> Modifying the Scheme's funding model is a priority to ensure sufficient resources are available to provide services which align with the industry's needs, and to stimulate demand. This modification puts the funding model in place to provide longer term stability while also providing a mechanism to allow a review of the scope where required.
Electricity North West	Network Party	No	Whilst we are supportive of moves to ensure devices are properly tested before being installed in customers premises there are some significant considerations: 1) The energy suppliers have a licence obligation to install meter devices which "has the functional capability specified by and complies with the other requirements of that Version of the SME Technical Specification". Incorporating the funding of the SMDA in the SEC means that DNO's are then contributing 6% of the annual cost of the SMDA funding (6% of estimated £700k per annum based on current SMDA scope). We request that these charges are ring fenced for the Supplier Party Category only.	<i>Response from the SMDA Scheme:</i> 1) The Scheme is beneficial to all industry Parties, including DNO's, by ensuring that Devices are interoperable and interchangeable. SMDA covers a large proportion of the test scenarios DNO's wanted to be covered by SMDA when the Scheme was first established. If this modification is put in place, it will provide the funding (and stability) to allow the scope to be revisited and where appropriate add further testing scenarios to reflect industry needs. DNO's also have a seat at the SMDA Management Panel which provides DNO's with an opportunity to shape the day to day decisions

Question 1				
Respondent	Category	Response	Rationale	SECAS answer (if necessary)
			<p>2) The SMDA is currently a voluntary scheme and has no 'teeth' to prevent a Supplier installing a meter which has not fully passed all testing. The consultation moves the funding arrangements under the SEC but does not provide any additional powers to the SMDA – perhaps it should do?</p> <p>3) The SMDA remit has been to “provide assurance testing of smart metering equipment covering both interoperability and interchangeability of the Devices”. This does not however mean that the SMDA tests all of the device functionality only that the device can properly switch on a Change of Supplier.</p> <ul style="list-style-type: none"> • <p>If the scope of the SMDA testing were to be widened there would be less device issues encountered in 'Live' but the costs of providing the assurance would likely rise exponentially. Refer back to our consideration under bullet point 1).</p>	<p>that are taken by the Scheme as well as its scope. With Suppliers and MAPs making up 94% of the costs, given DNO's also benefit from gaining confidence with Devices operating on the network, it is appropriate for fixed costs to be shared amongst SEC Parties.</p> <p>2) Making the Scheme mandatory has been considered in the past and is something that SMDA continues to push for. Supplier members have been encouraged to include in their contracts with manufacturers that their Devices should be SMDA assured, and this has materialised in many cases. We would agree that making the Scheme mandatory should be considered, but only as part of future discussions on the scope of the scheme following a decision on this proposed modification.</p> <p>3) SMDA ensures that a Device is interoperable and interchangeable with other Devices and the Home Area Network (HAN) and devices are tested with a number of key units to ensure that they meet the Scheme's testing requirements. As pointed out, if the Scheme were to test the Device's full functionality, this would likely impact testing timescales and</p>

Question 1				
Respondent	Category	Response	Rationale	SECAS answer (if necessary)
				costs, therefore testing is limited to interoperability and interchangeability testing. Expanding testing could be considered in future.

Question 2: Will there be any impact on your organisation to implement MP111?

Question 2				
Respondent	Category	Response	Rationale	SEC Answer (if necessary)
Chameleon Technology UK Ltd	Other SEC Party	No	We already participate fully with the scheme	N/A
Horizon Energy Infrastructure	Other SEC Party (MAP)	Yes	We've supported SMDA over a number of years. SMDA's financial security is important to us. We will have a small impact in accessing the SMDA services.	N/A
NMi Certin	Other SEC Party	Yes	Confidential response provided	
Calvin Capital	Other SEC Party	No	-	
CMAP representing	Trade Association	No	-	

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Question 2				
Respondent	Category	Response	Rationale	SEC Answer (if necessary)
Meter Asset Providers				
BUUK Infrastructure Limited	Networks Party	Yes	The costs our electricity licenced businesses incur via the DCC will increase.	N/A
EUA	Other SEC Party	Yes	EUA members include Meter Installers, MAPs, Device Manufacturers and Suppliers and therefore utilise SMDA to a greater or lesser amount for Device Assurance, but all the comments to date from our members are supportive of the proposed modification.	N/A
EDF	Large Supplier	Yes	Manufacturers should see reduced test fees due to the removal of fixed costs, which should then reduce the barriers to their using the scheme. As this evolves, we anticipate this have a positive impact on suppliers own testing requirements.	N/A
OVO	Large Supplier	No	As an existing full SMDA member, any potential impact, currently thought to be none, will be positive and to our overall benefit.	N/A
EON	Large Supplier	Yes	Confidential response provided	
Utilita	Large Supplier	Yes	A positive impact of implementing MP111 is that it creates opportunities for testing interoperability in more devices and firmware; this is currently restricted for reasons of cost and limited coordination while SMDA is outside the SEC. As a result, we expect to see increased testing and output	N/A

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Question 2				
Respondent	Category	Response	Rationale	SEC Answer (if necessary)
			<p>from these devices/firmware tests. This will be useful towards providing substantial evidence around potential device issues, helping to manage or prevent the release of devices into live production prematurely.</p> <p>The impact of having SMDA under the SEC could mean there are less issues with firmware and devices in DCC's live systems in the near future and will likely lead to a greater understanding of CoS gained devices which have not been procured and installed by the Energy Supplier. Most suppliers focus on testing their own devices but we are in a market where the testing of other meters CoS gained is unknown to the gaining supplier.</p>	
UK Power Networks	Network Party	Yes	<p>UK Power Networks is currently a joint subscribing member of the SMDA through the industry body ENA representing Network Operators. Membership of the SMDA is not a requirement for Network Operators but this proposal will result in an obligation on UK Power Networks to contribute towards the funding of the ongoing fixed costs of the SMDA scheme where individual membership costs may increase for Network Operators.</p> <p>At this point, there is no foreseeable impact on implementation effort impact beyond the increased costs stated above.</p>	N/A
Centrica	Large Supplier	Yes	<p>British Gas is one of the few supplier members of the SMDA scheme and has, over the years, have made a significant financial commitment to the scheme. This has</p>	N/A

Question 2				
Respondent	Category	Response	Rationale	SEC Answer (if necessary)
			ensured that the scheme has remained operational / viable, that meter manufacturers have been able to obtain SMDA assurance and subsequently all suppliers have benefited from this. Implementation will help to ensure that all supplier parties are able to be involved in SMDA governance arrangements and that the fixed cost element of the scheme is equitably recovered.	
DCC		Yes	<p>We publish annual Charging Statements which set out the charges that are applicable for the effective Regulatory Year. The proposed solution seeks to introduce a new Explicit Charge to be payable to DCC (set out in Annex C of the modification report). It is important to note that it can take some months to set up processes internally to introduce new chargeable services and to make the necessary changes to the Charging Statement in accordance with our Licence.</p> <p>The Modification Report does not include details on whether the proposed new Explicit Charge would be “set” annually, or “indicative” based on a quote from SMDA at the time of ordering. We also note that this proposal is not set out in this consultation summary document and implies nil impact on DCC.</p> <p>By way of context and background “set” Explicit Charges are levied as and when those products/services are used and are predefined in the Charging Statement. “Indicative” Explicit Charges are for products/services which depend on a number of variables which are only known at the</p>	<p>The fixed costs of the SMDA scheme are to be included with the annual SEC Panel Budget, submitted to the DCC in the usual timeframes (a draft is provided to DCC in December each year). The DCC will then apportion costs to Parties in the same way as currently (this is irrespective of Party Type use of the scheme). The legal text has been updated to reflect this approach. The variable costs for testing will be paid by the Manufacturer to the Test House directly.</p>

Question 2				
Respondent	Category	Response	Rationale	SEC Answer (if necessary)
			<p>point of ordering. To assist customers, DCC sets indicative ranges of these charges in the Charging Statement. DCC also notes that the proposed solution does not detail which DCC Users will be required to pay the new Explicit Charge and how this Explicit Charge will be determined. I.e. will all DCC Users pay this charge or will only DCC Users using the SMDA service be charged and is the charge variable for each customer or set? The proposed solution also does not specify when the charges are incurred. I.e. at the beginning of the RY or upon ordering of the service.</p> <p>DCC therefore requests that further information is provided on the charging requirements in order to understand the full impacts to DCC.</p>	
SSEN	Network Party	Yes	New DCC charges to assist in the ongoing funding of SMDA.	N/A
WPD	Network Party	Yes	If this modification is approved there will be impact with DNOs needing to be representatives on the Sub Committee. As yet we do not understand how this would work and therefore cannot confirm the specific impacts to Western Power Distribution.	<p><i>Response from SMDA Scheme:</i></p> <p>This modification does not seek to change the current arrangements in relation to DNO representation. Presently a DNO representative can optionally attend the SMDA Management Panel meeting to discuss the day to day operation of the Scheme as well as technical aspects.</p>

Question 2				
Respondent	Category	Response	Rationale	SEC Answer (if necessary)
Drax Group (Haven Power Limited and Opus Energy Limited.)	Small Supplier	Yes	Currently neither Haven Power nor Opus Energy are members of the SMDA Scheme and therefore Drax Group is not incurring charges. Should MP111 be implemented, all suppliers will be required to fund the ongoing fixed costs of the SMDA Scheme regardless of whether they use or benefit from it.	N/A
Electricity North West	Network Party	-	-	N/A

Question 3: Will your organisation incur any costs in implementing MP111?

Question 3				
Respondent	Category	Response	Rationale	SEC Answer (if necessary)
Chameleon Technology UK Ltd	Other SEC Party	No	We have already incurred significant cost as a result of our participation in the scheme since its inception. We do not expect these costs to increase further as a result of the implementation of MP111.	N/A
Horizon Energy Infrastructure	Other SEC Party (MAP)	Yes	If this modification isn't implemented, we will have to look at how we can achieve the same assurance elsewhere which is likely to have a financial impact.	N/A

Question 3				
Respondent	Category	Response	Rationale	SEC Answer (if necessary)
NMi Certin	Other SEC Party	Yes	Confidential response provided	
Calvin Capital	Other SEC Party	No	-	N/A
CMAP representing Meter Asset Providers	Trade Association	Potentially	Those MAPs who are currently members of the SMDA scheme will no longer pay the membership fee for the scheme and therefore there will be a cost saving for those particular companies that will no longer be inequitably passed into the supply chain.	N/A
BUUK Infrastructure Limited	Networks Party		<p>These will depend upon the split of costs between suppliers and network operators for fixed costs within each year. Our costs will be in line with our market share as an electricity network operator.</p> <p>We would challenge the logic of electricity distribution network operators funding the SMDA scheme. Ensuring metering device compliance with SMETS, GBCS and SEC obligations is the requirement of the supplier and not the electricity distributor. Funding for the scheme therefore should be applied to the party responsible. Funding via network operators will eventually be passed onto suppliers via Use of System charging so the logic of splitting these costs and not allowing suppliers see the full cost of the scheme is not unclear. Network providers are not involved in the current SMDA scheme and are unlikely to be going forward, therefore the logic of funding</p>	<p><i>Response from SMDA Scheme:</i></p> <p>The tests currently undertaken by SMDA cover a large proportion of the test scenarios DNO's wanted to be covered by SMDA when the Scheme was first established. If this modification is put in place, it will provide the funding (and stability) to allow the scope to be revisited and where appropriate add further testing scenarios.</p> <p>Given many of the tests are already covered, the independent assurance that SMDA provides benefits all of industry including DNO's.</p> <p>DNO's also have a seat at the SMDA Management Panel which provides DNO's with an opportunity to shape the day to day decisions</p>

Question 3				
Respondent	Category	Response	Rationale	SEC Answer (if necessary)
			incentivising representation in the governance arrangements would not seem to be valid.	that are taken by the Scheme as well as its scope.
EUA	Other SEC Party	-	N/A	N/A
EDF	Large Supplier	No	As mentioned in the question apart from our central share, and the transition period where we will still be testing at the same rate as in the past 4 to 5 years, we anticipate no additional costs.	N/A
OVO	Large Supplier	No	We already pay for SMDA outside of the proposed solution.	N/A
EON	Large Supplier	Yes	Confidential response provided	
Utilita	Large Supplier	Yes	Utilita will incur costs, the exact amount is currently unknown, as the estimated costs are based on the defined scope of testing and the facilities for testing available (e.g. use of different test labs). But the potential benefits of developing the SMDA Scheme are likely to outweighs costs (assuming costs remain reasonable, fair and proportionate for SEC Parties). This should instead be seen as an opportunity to improve cost control through the support of stronger governance.	N/A
UK Power Networks	Network Party	Yes	Further to our response to question 2, the proposal document advises of estimated costs of £500K to £700K to cover fixed costs, System Operator Costs and Test	Fixed costs would become incorporated in the SEC Panel Budget and apportioned to SEC

Question 3				
Respondent	Category	Response	Rationale	SEC Answer (if necessary)
			<p>House Costs. There is no indication of the level of fixed ongoing costs that will be charged to Network Operators, so we are unable at this stage to provide feedback to this question.</p> <p>If the proposed solution is approved, then charges should be fair and proportionate as the solution is addressing Supplier Licence Obligations.</p>	Parties in the same way as the rest of the SEC Panel Budget.
Centrica	Large Supplier	No	We will not incur any implementation costs. The ongoing fixed costs of running the scheme will be recovered through DCC charges so we will incur our relevant proportion of these cost (in a fair and equitable way).	N/A
DCC			<p>As previously mentioned, in order to implement MP111 DCC will be required to re-issue the Charging Statement. Whilst this is undertaken on an annual basis, if the Modification Proposal is implemented following the publication of the Charging Statement on 1 April 2021, then DCC will need to re-open the Charging Statement in-year during RY 2021/22. This requires a formal 3-month notice period and engagement with industry on the proposed new charges in accordance with the Licence. Further to the above DCC will also need to amend its billing system and monthly charging process to accommodate this change. Further details are required to impact assess appropriately and DCC requests that a DCC Preliminary Assessment is requested once the requirements have been agreed.</p>	Given the clarification provided under Question 2, we do not believe the Charging Statement will need to be re-opened. The fixed costs of the SMDA Scheme will be included within the annual SEC Panel Budget, a draft of which will be submitted to the DCC in December 2020.

Question 3				
Respondent	Category	Response	Rationale	SEC Answer (if necessary)
SSEN	Network Party	Yes	SSEN are unable to provide estimated costs for this modification as the breakdown of costs that would be applicable to each Network Party are not clear at this time.	Fixed costs would become incorporated in the SEC Panel Budget and apportioned to SEC Parties in the same way as the rest of the SEC Panel Budget.
WPD	Network Party	Yes	We are unable to confirm exactly what costs we might incur as the modification is unclear on what the charges will be and how they are split. Also it is not yet fully understood how the DNO representation will be decided so there is potentially resource required for this.	Fixed costs would become incorporated in the SEC Panel Budget and apportioned to SEC Parties in the same way as the rest of the SEC Panel Budget. A DNO can nominate themselves to attend the SMDA Management Panel as a representative for DNOs if they are a member of the Scheme.
Drax Group (Haven Power Limited and Opus Energy Limited.)	Small Supplier	Other than our share of the central costs, we do not expect to incur additional costs as a result of MP111.	MP111 is not seeking to review the Scheme to see how it can be enhanced to drive greater value. We therefore do not anticipate any cost savings to our organisation as a result of this modification,	N/A
Electricity North West	Network Party	-	-	

Question 4: Do you believe that MP111 would better facilitate the General SEC Objectives?

Question 4				
Respondent	Category	Response	Rationale	SECAS Answer (if necessary)
Chameleon Technology UK Ltd	Other SEC Party	Yes	We agree with the report that this will better facilitate SEC Objective (a), because assurance of device interoperability is an essential aspect of the efficient and effective rollout of smart meters to deliver the intended consumer benefits.	N/A
Horizon Energy Infrastructure	Other SEC Party (MAP)	Yes	We agree with the proposer, as set out in the Modification Report, that the Modification better facilitates SEC Objective (e) as it will ensure Device manufacturers innovate to ensure the development of Devices makes them interoperable and interchangeable.	N/A
NMi Certin	Other SEC Party	Yes	The recommendation seeks to implement the key output from the independent study of the SMDA arrangements following the NAO report. These are noted as being necessary to embed interchangeability and interoperability into smart metering arrangements governed by SEC.	N/A
Calvin Capital	Other SEC Party	Yes	This modification better facilitates SEC Objective (a) as it will ensure Devices are compatible with each other to prevent communication problems and device replacement. We also agree with the proposer, as set out in the Modification Report, that the Modification better facilitates SEC Objective (e) as it will ensure Device manufacturers innovate to ensure the development of Devices makes them interoperable and interchangeable.	N/A

Question 4				
Respondent	Category	Response	Rationale	SECAS Answer (if necessary)
CMAF representing Meter Asset Providers	Trade Association	Yes	This modification better facilitates SEC Objective (a) as it will ensure Devices are compatible with each other to prevent communication problems and device replacement. We also agree with the proposer, as set out in the Modification Report, that the Modification better facilitates SEC Objective (e) as it will ensure Device manufacturers innovate to ensure the development of Devices makes them interoperable and interchangeable.	N/A
BUUK Infrastructure Limited	Networks Party	Yes	A resilient, robust and functioning SMDA scheme should ensure meters are compliant with the requirements of the SEC. Therefore, we believe that this modification will better facilitate: a) The efficient operation and interoperability of smart metering systems c) Facilitate energy consumers management of their use of electricity and gas by providing confidence that the smart meter is functioning correctly d Help facilitate competition between suppliers by providing confidence that smart meters gained via a change of supplier will function correctly and not need replacement	N/A
EUA	Other SEC Party	Yes	If MP111 is progressed, with the associated stabilisation of the scheme more devices will move through the process and become assured and therefore SMDA will directly supports a number of General SEC Objective (1,3 and to a degree 2). As the number of meter manufacturers/meter	N/A

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Question 4				
Respondent	Category	Response	Rationale	SECAS Answer (if necessary)
			models increase within SMETS2 and with the levels of churn of customers between Suppliers, having a singular independent scheme to validate interoperability and interchangeability is will be efficient and cost effective	
EDF	Large Supplier	No	<p>We agree that this change would better facilitate SEC Objective (a) as it would support the interoperability of smart metering systems.</p> <p>We do not agree with the proposer that this change better facilitates SEC Objective (e) as SMDA and device has no direct impact on energy (i.e. gas and electricity) networks.</p>	N/A
OVO	Large Supplier	Yes	We believe this proposal will meet SEC Objectives (a) and (e) as set out in the Modification Report.	N/A
EON	Large Supplier	Yes	<p>This facilitates:</p> <p>a) As it will ensure and demonstrate that devices are interoperable with each other to avoid any interoperability issues.</p> <p>e) ensures device manufacturers innovate to ensure the development of new devices also means that they are interoperable and interchangeable.</p>	N/A
Utilita	Large Supplier	Yes	MP111 better facilitates SEC Objective (a) as increased funding should lead to more robust testing and longevity of the SMDA Scheme. By SEC supporting the work of SMDA this will lead to efficient operations and interoperability of Energy Consumers Smart Metering Systems.	N/A

Question 4				
Respondent	Category	Response	Rationale	SECAS Answer (if necessary)
UK Power Networks	Network Party	Yes	In general, this proposal will support the SEC objectives requiring device manufacturers to ensure devices are compatible with each other and to be interoperable and interchangeable.	N/A
Centrica	Large Supplier	Yes	<p>We agree with the Proposer in that this modification better facilitates SEC Objective (a), to facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain, as it will ensure Devices are compatible with the Total System (interoperable) and each other (interchangeable) and this will help to prevent operational issues with installed devices.</p> <p>We also agree with the Proposer that this modification better facilitates SEC Objective (e), as it will ensure Device manufacturers innovate to ensure the development of Devices makes them interoperable and interchangeable.</p> <p>In addition, we believe that implementation of this modification proposal would better facilitate SEC Objective (d), to facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy, by ensuring that all supplier parties have access to the SMDA governance arrangements and that fixed costs are shared in a fair and equitable manner between all suppliers. This will avoid SMDA supplier members effectively cross subsidising non-SMDA supplier members and therefore facilitate effective competition.</p>	N/A

Question 4				
Respondent	Category	Response	Rationale	SECAS Answer (if necessary)
DCC		No	DCC considers that the proposed solution does not better facilitate the General SEC Objectives because it does not address those issues highlighted in DCC's response to question 1 of this consultation. DCC also notes that the modification may be inconsistent with SEC General Objective (d). The objective is to facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy. DCC considers that subsuming the SMDA into the SEC would not directly prevent competition, but since SEC Parties will effectively be funding the SMDA through the SEC, there may be limited value in considering any competitive service.	In order to facilitate competition in supply provision, the proposed legal text has been drafted in a way that permits more than one Test House to carry out Testing Services. The Scheme is not mandated by the SEC and remains voluntary.
SSEN	Network Party	No	A change in the funding of the model will allow a continuation of the scheme. Without a change in the scope of testing along with the level of compliance required to pass when testing devices, SSEN do not believe this will improve the output of the SMDA and better facilitate general SEC Objectives.	A review of the Scheme scope was a recommendation of the NAO's interoperability report for BEIS. As explained in previous SEC Working Group meetings, SMDA intends to review this following the approval of this modification.
WPD	Network Party	No	We agree that a change in funding for the scheme is required and would allow the scheme to continue. However, as there is no proposed change to the scope, then we don't believe that the modification as it currently stands better facilitates any of the SEC Objectives.	Please see response above
Drax Group (Haven Power)	Small Supplier	No	There are issues that need to be tackled, as part of a wider review, to secure an enduring Scheme that delivers the necessary test assurance. MP111 seeks only to	Please see response above

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Question 4				
Respondent	Category	Response	Rationale	SECAS Answer (if necessary)
Limited and Opus Energy Limited.)			change the funding and governance of the SDMA Scheme. We do not believe this alone will better facilitate the General SEC Objectives.	
Electricity North West	Network Party	No	See our response to Q1	N/A

Question 5: Noting the costs and benefits of this modification, do you believe MP111 should be approved?

Question 5				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
Chameleon Technology UK Ltd	Other SEC Party	Yes	Implementing this modification will actually make the scheme more cost effective.	N/A
Horizon Energy Infrastructure	Other SEC Party (MAP)	Yes	This will ensure the ongoing viability of the SMDA scheme that was recognised as an essential element of the overall testing arrangements for smart metering within the National Audit Office review. It is also essential to MAPs and Suppliers to ensure that their obligations are met.	N/A
NMi Certin	Other SEC Party	Yes	Confidential response provided	

Question 5				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
Calvin Capital	Other SEC Party	Yes	This will ensure the ongoing viability of the SMDA scheme that was recognised as an essential element of the overall testing arrangements for smart metering within the National Audit Office review into testing. It meets SEC Objectives.	N/A
CMAA representing Meter Asset Providers	Trade Association	Yes	This will ensure the ongoing viability of the SMDA scheme that was recognised as an essential element of the overall testing arrangements for smart metering within the National Audit Office review into testing. It meets SEC Objectives.	N/A
BUUK Infrastructure Limited	Networks Party	Yes	The change will help ensure that smart meters meet the required specifications and work as expected. This will benefit, suppliers, network operators, other users and consumers. We would like to see the funding arrangements for SMDA re-visited and costs only applied to suppliers.	We note the feedback but given the benefits of the Scheme to the whole industry, it is felt fair for the fixed costs to be split across all Parties.
EUA	Other SEC Party	Yes	SMDA has been set up to provide assurance across the industry that smart meter equipment will work effectively in the smart environment. There is an increasing variety of meter manufacturers/meter models within SMETS2 and with the levels of churn of customers between Suppliers, having a singular independent scheme to validate interoperability and interchangeability is important (and cost effective). It is noted that the scheme is a voluntary scheme, but as observed within the independent report conducted by BEIS (following the NOA report), the Large	N/A

Question 5				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
			and Small Suppliers contacted along with the MAPs, stated they utilise the scheme to provides assurance of both interoperability and interchangeability of those Devices they are accountable for. The current SMDA funding model was developed for the scheme based on a number of assumptions, which have not all materialised (they included the DCC systems, comms hubs and end to end solution would be fundamentally stable and work as specified, comms hub functionality would be identical across regions/variants, there would be a number/volume of devices through the scheme, etc) and therefore this modification proposal will provide the financial security required for the scheme to progress and support the industry requirements.	
EDF	Large Supplier	Yes	We are currently one of the lead contributors in terms of time and effort to set up and run the SMDA scheme, as well as providing considerable financial support to the scheme to date. This investment has benefited the industry as a whole. This modification would ensure that the costs of the SMDA scheme, which benefits all SEC Parties, will be more fairly distributed across SEC Parties. In addition, this approach also helps to ensure longevity of the scheme, which we hope will provide additional parties with the incentive to use it to test smart metering devices.	N/A
OVO	Large Supplier	Yes	The benefits of including this under the SEC Panel far outweigh any costs.	N/A

Question 5				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
EON	Large Supplier	Yes	This will ensure the continued funding and operation of the SMDA scheme that is essential for the testing of smart metering equipment. This is also the view of the National Audit Office from their review into testing.	N/A
Utilita	Large Supplier	Yes	Please see Question 1 for a list of the benefits.	N/A
UK Power Networks	Network Party	No	In considering the costs and benefits point alone, we believe this proposal should not be approved because network customers will ultimately become liable for the SMDA fixed ongoing costs charged to Network Operators that are associated with a requirement for Energy Suppliers meeting their own Licence Obligations. Alternatively, other funding models should be considered that do not result in network customers being impacted with a Supplier cost.	N/A
Centrica	Large Supplier	Yes	Implementation will ensure that the SMDA scheme remains viable and delivers a benefit to the smart programme. Costs of the scheme will be appropriately covered by benefiting parties, such as suppliers, whilst test fees remain with those organisations that submit devices for testing. The scheme will also support all suppliers in compliance with their testing obligations set out in the SEC (e.g. SEC Section F4).	N/A
DCC		No	DCC considers there to be minimal benefits unless the issues identified in DCC's response to question 1 of this consultation are addressed.	N/A

Question 5				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
SSEN	Network Party	No	<p>Whilst we understand the reasons for changing the funding model for SMDA, paying/incurred any of these costs whilst the scope doesn't provide any benefits to Network Parties and its customers, we do not believe this modification should be approved.</p> <p>SSEN would be happy to evaluate this in the future to include Network Parties in the funding model if the scope can be extended to include SMDA testing that would provide DNO compliance testing which would benefit its customers.</p>	A review of the Scheme scope was a recommendation of the NAO's interoperability report for BEIS. As explained in previous SEC Working Group meetings, SMDA intends to review this following the approval of this modification.
WPD	Network Party	No	Whilst we understand the reason for needing to change the funding, Western Power Distribution believe that the scope of the scheme needs to be extended to benefit both the DNOs and their customers.	Please see response above.
Drax Group (Haven Power Limited and Opus Energy Limited.)	Small Supplier	No	If SMDA funding received to date has not been enough to cover the costs of running the Scheme, we would question whether the costs of the Scheme outweigh the benefits. As such, the Scheme should be reviewed to see how it can be enhanced to drive greater value and awareness, and therefore more uptake. Until that happens, the charges should not be arbitrarily levied on the wider industry who make little or no use of it.	<p><i>Response from the SMDA Scheme:</i></p> <p>It is believed that by moving fixed costs of the SMDA Scheme into the SEC Panel Budget, this will reduce variable costs to Manufacturers and therefore drive uptake and use of the Scheme moving forward.</p>
Electricity North West	Network Party	No	See our response to Q1	N/A

Question 6: How long from the point of approval would your organisation need to implement MP111?

Question 6				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
Chameleon Technology UK Ltd	Other SEC Party	Immediate	Implementation has no impact on our SMDA-related activities.	N/A
Horizon Energy Infrastructure	Other SEC Party (MAP)	Immediate activation	We can adapt quickly to any new ways of working with SMDA and see this as minimal change to our organisation.	N/A
NMi Certin	Other SEC Party	As swiftly as possible	Confidential response provided	
Calvin Capital	Other SEC Party	No lead time required	-	N/A
CMAP representing Meter Asset Providers	Trade Association	No lead time required	There may be a minimal time to administer the membership activities highlighted in Q2, but it is expected that any changes can be applied in advance of or retrospectively to the Implementation Date.	N/A
BUUK Infrastructure Limited	Networks Party	None	This change will not require any system or process changes for us. It only amends the costs we will incur from the DCC.	N/A
EUA	Other SEC Party	-	N/A	N/A

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Question 6				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
EDF	Large Supplier	We would not need any lead time for this change to be implemented.	No changes required	N/A
OVO	Large Supplier	No lead time required.	No work is required by us, as a DCC User, or SMDA Member, for this Mod to be implemented.	N/A
EON	Large Supplier	No lead time.	It is not to be implemented by a supplier.	N/A
Utilita	Large Supplier	N/A	-	N/A
UK Power Networks	Network Party	Immediate	The proposed structure and governing body membership of the SMDA sub-committee does not include Network Operators so if this proposal was to be approved, we do envisage activities that we would need to complete for this change. We already have a process in place for managing payment of contributions to the SEC and DCC so do not expect to see any changes with that other than an increase in our contribution payments, however internal approval is likely to be required for the increased level of funding.	N/A
Centrica	Large Supplier	No lead time required	There is no implementation effort for supplier parties.	N/A

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Question 6				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
DCC		TBC	For the reasons outlined in response to questions 2 and 3, DCC is unable to confirm the lead times associated with MP111. DCC requests further information on the charging requirement prior to providing an Impact Assessment.	Given the clarification provided in Questions 2 and 3 above, an Impact Assessment is not required.
SSEN	Network Party	Unknown	Not knowing the true costs at this point, SSEN are unable to estimate the implementation timeframes.	Fixed costs will be apportioned to SEC Parties in the same way as SEC Panel costs are presently.
WPD	Network Party	N/A	-	N/A
Drax Group (Haven Power Limited and Opus Energy Limited.)	Small Supplier	We agree with the timescales proposed.	MP111 will not impact us from a resource perspective or require system changes.	N/A
Electricity North West	Network Party	-	-	N/A

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

Question 7				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
Chameleon Technology UK Ltd	Other SEC Party	Yes	-	N/A
Horizon Energy Infrastructure	Other SEC Party (MAP)	Yes	SMDA Board and Management Panel would become another subgroup of SEC Panel. The model has worked successfully for other groups and we expect the integration to be relatively easy to implement.	N/A
NMi Certin	Other SEC Party	Yes	Confidential response provided	
Calvin Capital	Other SEC Party	Yes	-	N/A
CMAIP representing Meter Asset Providers	Trade Association	Yes	-	N/A
BUUK Infrastructure Limited	Networks Party	No	The proposed governance arrangements for the SMDA seem overly complex and to be a simple carry over from the current arrangements. These arrangements are necessary as SMDA is a separate legal entity and therefore requires a company Board. In the proposal this	<i>Response from SMDA Scheme:</i> The governance arrangements put forward are to ensure the efficient continuation of the Scheme. Once the transfer has taken place, the scope and governance of the Scheme can then be amended as seen fit by the industry. There is benefit to

Question 7				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
			<p>would cease and the corporate functions of SMDA would be subsumed into SECCo.</p> <p>Therefore, the governance arrangements should be amended to become more efficient and representative of SEC parties.</p> <p>The SMDA sub-committee should be disbanded and its functions of overseeing the test house contract taken on by the SECCo Board.</p> <p>The SMDA Management Panel should report directly to the SEC Panel and be responsible for the performance of the SMDA scheme. Membership of this group should be reviewed and reflect those SEC parties that may be interested in the scheme. The current membership of this group is determined by who funds the SMDA, this should be changed take account of all SEC parties.</p> <p>The roles of the SEC Panel and SEC Board did not also seem accurate from the consultation. The SEC Panel should be responsible for the performance of the SMDA scheme and use the SMDA Management Panel to help deliver this.</p> <p>The SECCo Board should be responsible for contracting with the SMDA test house.</p>	<p>gain from keeping the existing structures in place to enable the Scheme to continue unaffected. It is important to also note that the two proposed Sub-Committees have distinct roles as outlined in the proposed Terms of Reference. The SEC Panel would benefit from the SMDA Sub-Committee continuing to manage the Test House on its behalf, which takes a significant amount of time (Note: the SECCo Board would be the contracting body).</p> <p>The role of the SMDA Management Panel is central to the day to day technical decision making for the Scheme, different from the operational elements which the SMDA Sub-Committee would manage.</p>
EUA	Other SEC Party	Yes	As outlined above, particularly Q5	N/A

Question 7				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
EDF	Large Supplier	Yes	We agree that, if approved, this change should be implemented one working day after decision as part of an ad-hoc SEC release.	N/A
OVO	Large Supplier	Yes	N/A	N/A
EON	Large Supplier	No	While we agree with the vast majority of the proposal, it (in its current form) omits MAPS from access to the SMDA output, and MAPS are a large contributor and beneficiary of the scheme as it is currently. The solution needs to account costs in proportion across suppliers and MAPs, so that all contribute fairly and benefit.	<i>Response from SMDA Scheme:</i> The SMDA Scheme is open to Suppliers, Manufacturers and MAPs. We have MAP representatives on both the SMDA Board and SMDA Management Panel. Information on the Devices assured can be accessed by all members, and Parties can contact the Manufacturer directly to request their Statement of Assurance. SMDA will be able to work with MAPs to ensure the SMDA outputs are made available where possible.
Utilita	Large Supplier	Yes	Utilita appreciates the decision towards the creation of an ad-hoc release for January 2021, this should best enable SMDA to progress in further testing and work towards a new budget as soon as possible.	N/A
UK Power Networks	Network Party	Yes	Approval of the SEC budget in January 2021 to include running costs for the SMDA scheme is agreeable. However, we believe Network Operators should not be contributing to the SMDA which addresses Supplier	N/A

Question 7				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
			Licence Obligations and would mean the end customer's network portion of their bill incorrectly increasing.	
Centrica	Large Supplier	Yes	As a text and governance only change, we believe the implementation approach is appropriate.	N/A
DCC		TBC	For the reasons outlined in response to questions 2 and 3, DCC is unable to agree or disagree with the proposed implementation approach. DCC requests further information on the charging requirement prior to providing an Impact Assessment.	N/A
SSEN	Network Party	Yes	SSEN agree with the implementation approach with regards to the requirement for funding for the 2021/22 financial year.	N/A
WPD	Network Party	Yes	We agree that the funding for the scheme should be changed sooner rather than later.	N/A
Drax Group (Haven Power Limited and Opus Energy Limited.)	Small Supplier	Yes	If MP111 is approved, it is appropriate that costs for running the SMDA Scheme are included in the January 2021 SEC budget consultation for clarity and to afford SEC parties an opportunity to scrutinise the funding.	N/A
Electricity North West	Network Party	-	-	N/A

Question 8: Do you agree that the legal text will deliver MP111?

Question 8				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
Chameleon Technology UK Ltd	Other SEC Party	Yes		N/A
Horizon Energy Infrastructure	Other SEC Party (MAP)	Yes	The changes largely meet the requirements but may need refining.	N/A
NMi Certin	Other SEC Party	N/A	The legal text should be reviewed and confirmed by independent legal advisors.	The legal text has been updated by SECCo's legal advisors.
Calvin Capital	Other SEC Party	No – some minor changes and clarification required	<p>Further refinement of the proposed legal drafting may be required for the following reasons:</p> <p>F12.5 – states that the SMDASC will shall procure the services of an independent testing organisation to provide interoperability and interchangeability testing services. There has never been a restriction on the scheme employing a single test house and this clause should be redrafted to enable the SMDASC to employ more than one test house in the future if it is deemed economic.</p> <p>Under the current SMDA scheme, meter asset providers can be scheme members and this provides them with independent access to the Device Assurance Register so that a MAP can ensure that the devices it purchases have been assured by the SMDA. It is unclear from the drafting</p>	<p><i>Response from SMDA Scheme:</i></p> <p>The legal text has been updated to allow for the procurement of more than one Test House.</p> <p>It is expected that MAPs will continue to be able to participate in the SMDA governance and have access to the necessary documentation etc. The SMDA Board has already considered alternative arrangements to enable organisations who are not SEC Parties to become members of the SMDA Scheme.</p> <p>The legal text has been updated to reflect that fixed costs will be charged via the SEC budget,</p>

Question 8				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
			<p>if and how MAPs will be able to access the DAR under this proposal and the drafting of F12.9 appears to potentially preclude any direct MAP access to the DAR. Please can you clarify what the scheme access proposed for MAPs is? We would propose that the current access to the DAR is provided to all meter asset providers, rather than just the subset of existing scheme members it is provided to now. We suggest that the drafting includes a statement along the lines of: "Access to the Device Assurance Register will be provided without charge to any meter asset provider registered to Smart Metering Equipment". We recognise that MAPs could gain access to the DAR via manufacturers, but we believe that direct independent access to the DAR provides a better solution for MAPs.</p> <p>The current drafting relating to the SMDA Charges is complicated and, whilst we believe that it reflects the intentions set out in the Modification Proposal, we would like further clarification that this is indeed the case. We expect that the fixed costs of the SMDA scheme will be recovered via SEC charges whilst the variable costs of testing will continue to be met by device manufacturers as and when a device is submitted for testing.</p>	and variable costs will be paid directly to the Test House by the Manufacturers.
CMA representing	Trade Association	No	Further refinement of the proposed legal drafting may be required for the following reasons:	Please see response above.

Question 8				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
Meter Asset Providers			<p>F12.5 – states that the SMDASC will shall procure the services of an independent testing organisation to provide interoperability and interchangeability testing services. There has never been a restriction on the scheme employing a single test house and this clause should be redrafted to enable the SMDASC to employ more than one test house in the future if it is deemed economic.</p> <p>Under the current SMDA scheme, meter asset providers can be scheme members and this provides them with independent access to the Device Assurance Register so that a MAP can ensure that the devices it purchases have been assured by the SMDA. It is unclear from the drafting if and how MAPs will be able to access the DAR under this proposal and the drafting of F12.9 appears to potentially preclude any direct MAP access to the DAR. Please can you clarify what the scheme access proposed for MAPs is? We would propose that the current access to the DAR is provided to all meter asset providers, rather than just the subset of existing scheme members it is provided to now. We suggest that the drafting includes a statement along the lines of: “Access to the Device Assurance Register will be provided without charge to any meter asset provider registered to Smart Metering Equipment”. We recognise that MAPs could gain access to the DAR via manufacturers, but we believe that direct independent access to the DAR provides a better solution for MAPs.</p>	The Modification Report has been updated to make the Charging mechanism clearer.

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Question 8				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
			<p>Under the current drafting, we believe that K7.6(a) creates the need for the test fees to be published as DCC Explicit Charges and we believe that the place for this to be published is the DCC Charging Statement. We would suggest that these charges should be agreed before implementation of the Modification Proposal (it would seem sensible to set these at the current level of testing fees) and that a revised version of the DCC Charging Statement should probably be published including these new Explicit Charges at the time of implementation of the Modification Proposal for transparency.</p> <p>We have run through the legal drafting as is and we believe that it allocates costs in accordance with the principles of the Modification Proposal. However, it is difficult to interpret and we would like to ensure that our interpretation is accurate. Please can you confirm our interpretation as below. We would suggest that this worked example (or equivalent) is published in the final Modification Proposal to demonstrate to stakeholders that the charges are allocated appropriately:</p> <ul style="list-style-type: none"> The procurement activity by the SMDA Committee automatically puts the cost of the contract into SECCo Ltd and this would then form part of the costs that go into the SEC Panel budget. The approved SEC Panel budget is wholly recovered via DCC Charges to Users so the fixed costs of the scheme will simply flow 	

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Question 8				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
			<p>through to suppliers and network operators based on the existing charging arrangements (e.g. DNOs pay [3%] and suppliers pay [97%] – split between both groups on market share (MPxNs).</p> <ul style="list-style-type: none"> F12.7 brings in the obligation on Parties to pay the variable testing costs in accordance with the SEC charging arrangements in Section J and as billed by DCC. F12.8 gives the job of working out the variable testing costs to the SMDA Sub-Committee. This seems appropriate given that there may be non-testing variable costs within SMDA that should be recovered via the DCC ‘fixed’ charges (e.g. updates to reflect industry change or retesting not at the fault of the manufacturer). We believe that these variable testing charges should be agreed in advance of the implementation date, as noted above. F12.9 ensures equitable variable testing costs for any testing party that isn’t a SEC Party and payment up-front as they are not subject to the same SEC obligations for payment as SEC Parties. K7.5(m) creates ‘SMDA services’ so that DCC are able to invoice for variable testing costs. This is consistent with the way in which security 	

Question 8				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
			assessments are carried out / paid for (covered in K7.5(a))) K7.6(a) creates the need for the test fees to be published as DCC Explicit Charges. We believe that this should result in a new publication of the DCC Charging Statement, as above, for transparency to stakeholders.	
BUUK Infrastructure Limited	Networks Party	Yes	No comments	N/A
EUA	Other SEC Party	Yes	-	N/A
EDF	Large Supplier	No	SEC Legal Text <ul style="list-style-type: none"> F12.4 - should this section refer specifically to SMETS2+ Smart Meters and other Devices? The SEC covers SMETS1 but SMDA doesn't so it might be useful to make this explicit. F12.5 - This says that the SMDA Sub-Committee 'shall procure the services of an independent testing organisation to provide interoperability and interchangeability testing services' - what level of engagement will other SEC Parties have in this procurement process, will this process need involvement or approval from the Panel? We don't believe any of the other Sub-Committees have any 	<p>SMETS2+ has now been referenced in the revised legal text.</p> <p>Regarding procurement, it would be the SMDA Sub-Committee, comprised of industry representatives, who would manage a procurement activity and make a recommendation to the SEC Panel for them to decide upon. The TOR have been updated to reflect this, and the numbering issues rectified.</p>

			<p>specific procurement power so clarity on how this would work and be overseen would be useful. It would be good know how this would work even if it isn't spelt out in the SEC; it might be useful to include details in the Modification report. It is worth noting that responsibility for procurement is not mentioned in the draft ToR for the SMDA Sub-Committee either.</p> <ul style="list-style-type: none"> F12.5 – This section refers to an 'independent' testing organisation, it needs to be clearer who or what it needs to be independent from. In the case of the User Independent Security Assurance Service Provider the independence criteria are set out in section G of the SEC, something similar may be required here. <p>Terms of Reference</p> <ul style="list-style-type: none"> 3.4 SMDA Sub-Committee Chair - there seems to be a numbering issue - this should be 4.4 SMDA Sub-Committee Chair 3.6 Membership - there seems to be a numbering issue - this should be '4.6 Membership' 3.10 Conflict of Interest - there seems to be a numbering issue - this should be 4.10 Conflict of Interest 6 - 'The membership shall comprise the SMDA Co Board' should probably say 'The initial membership shall comprise the SMDA Co Board' for clarity. <p>6 - The reference to section 3.8 should be to section 4.8</p>	<p>The legal text has been updated to clarify the definition of 'Independence'.</p>
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Question 8				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
OVO	Large Supplier	Yes	The legal text aligns to the delivery set out	N/A
EON	Large Supplier	No	<p>F12.5 implies that the SMDASC can only contract with a single test house for carrying out its testing. This should be redrafted to allow for more than one test house if there was demand and economic benefit in doing so.</p> <p>There is ambiguity on who has access to the Digital Access Register (DAR), as it implies that MAPs may not have access to this if approved in its current form. We suggest legal drafting in line with our response to question 7</p>	<p><i>Response from SMDA Scheme:</i> The legal text has been redrafted to reflect the fact that more than one Test House can be procured.</p> <p>It is expected that MAPs will continue to be able to participate in the SMDA governance and have access to the necessary documentation etc. The SMDA Board has already considered alternative arrangements to enable organisations who are not SEC Parties to become members of the SMDA Scheme.</p>
Utilita	Large Supplier	Yes	-	N/A
UK Power Networks	Network Party	Yes	<p>There are no legal objections to the proposal and therefore we agree that the legal text will not obstruct the proposal.</p> <p>The legal text addresses the issue of payment clearly and leaves no room for misinterpretation.</p>	N/A
Centrica	Large Supplier	Yes	<p>We agree that the legal text does deliver the intent of the proposal.</p> <p>However, we would like to raise one observation with the legal text:</p>	<p><i>Response from SMDA Scheme:</i> The legal text has been redrafted to reflect the fact that more than one Test House can be procured.</p>

Question 8				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
			<p>The proposed text in F12.5 is worded such that it limits the procurement to a single service provider – this is not an explicit requirement and we suggest that it is amended to not be so prescriptive and to allow for SMDA to be delivered by more than one service provider (if ever necessary).</p> <p>Although not necessarily a legal text matter, It is not clear how Meter Asset Providers (MAPs), that are currently members of the SMDA Scheme, will be able to participate in SMDA governance, and have access to the necessary documentation etc, unless they are a SEC Party (assuming that scheme documentation will be available to all SEC Parties). Whilst we do not believe this should part of the legal text, we do believe that it requires clarification. For example, the proposer, or working group, may well agree that any organisations that wish to participate will need to be a SEC Party. An alternative would be that the SMDA Sub-Committee agree to suitable alternative arrangements. We welcome clarity on this in the Final Modification Report.</p>	<p>It is expected that MAPs will continue to be able to participate in the SMDA governance and have access to the necessary documentation etc. The SMDA Board has already considered alternative arrangements to enable organisations who are not SEC Parties to become members of the SMDA Scheme.</p>
DCC		Neutral	DCC would like to review the legal text following the clarifications made on the charging requirements as outlined in the responses to questions 2 and 3.	The legal text has been redrafted.
SSEN	Network Party	Yes	SSEN agree that the legal text will deliver the budget amendments required by this modification.	N/A

Question 8				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
WPD	Network Party	No	Overall, we agree that the legal text delivers the intent of the modification with regards to the SMDA Budget, however we feel it is unclear as to exactly what additional charges will be incurred. We note that the scope of the scheme is not included within this.	N/A
Drax Group (Haven Power Limited and Opus Energy Limited.)	Small Supplier	Yes	We have no comment on the legal text.	N/A
Electricity North West	Network Party	-	-	N/A

Question 9: Do you believe there will be any impacts on or benefits to consumers if MP111 is implemented?

Question 9				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
Chameleon Technology UK Ltd	Other SEC Party	Yes	Ensuring interoperability across deployed assets is fundamental to the successful delivery of a seamless and positive experience from smart meters.	N/A

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Question 9				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
Horizon Energy Infrastructure	Other SEC Party (MAP)	Yes	Consumers will benefit from MP111 by the existence of independent device assurance testing which will ensure a stable system for their smart meter systems to function as intended into the future. There is reduced risk that smart metering solutions will not be interoperable and interchangeable reducing the risk of increased cost of asset replacement, particularly where individual devices within the smart metering system can be individually replaced. As per the Modification Report: “Consumers will benefit as the SMDA Scheme provides independent assurance that Devices are interoperable and interchangeable. This will ensure compatibility of Devices in the field, fewer exchanges of Devices and fewer site visits, with their associated costs and inconvenience.”	N/A
NMi Certin	Other SEC Party	Yes	Positive benefits – consumers should benefit from enhanced confidence that their experience of smart metering is not impacted by smart metering devices not operating as required when exchanged or connected to the SMHAN.	N/A
Calvin Capital	Other SEC Party	Yes	Consumers will benefit from MP111 by the existence of independent device assurance testing which will ensure a stable system for their smart meter systems to function as intended into the future. There is reduced risk that smart metering solutions will not be interoperable and interchangeable reducing the risk of increased cost of asset replacement, particularly where individual devices	N/A

Question 9				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
			within the smart metering system can be individually replaced. As per the Modification Report: “Consumers will benefit as the SMDA Scheme provides independent assurance that Devices are interoperable and interchangeable. This will ensure compatibility of Devices in the field, fewer exchanges of Devices and fewer site visits, with their associated costs and inconvenience.”	
CMAF representing Meter Asset Providers	Trade Association	Yes	Consumers will benefit from MP111 by the existence of independent device assurance testing which will ensure a stable system for their smart meter systems to function as intended into the future. There is reduced risk that smart metering solutions will not be interoperable and interchangeable reducing the risk of increased cost of asset replacement, particularly where individual devices within the smart metering system can be individually replaced. As per the Modification Report: “Consumers will benefit as the SMDA Scheme provides independent assurance that Devices are interoperable and interchangeable. This will ensure compatibility of Devices in the field, fewer exchanges of Devices and fewer site visits, with their associated costs and inconvenience.”	N/A
BUUK Infrastructure Limited	Networks Party	Yes	There would be an indirect benefit in that smart meters will be more likely to function correctly and therefore confidence in them will increase. Reduced risk of meter exchanges because of a change of supplier event which will ultimately lead to lower overall programme costs.	N/A

Question 9				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
			There will also be reduced inconvenience to individual customers from excessive meter exchanges.	
EUA	Other SEC Party	Yes	As outlined above, the scheme has been set up to provide assurance across the industry that smart meter equipment will work effectively in a smart environment and therefore reducing the risks further of any issues through firmware updates which may impact consumers (e.g. incompatibilities identified with equipment through OTA process).	N/A
EDF	Large Supplier	Yes	<p>At present multiple energy suppliers are testing the same devices, which lead to duplication of effort and unnecessary cost. Supplier integration testing will always be required to ensure that devices and the DCC Ecosystem interact with supplier back office systems and processes on an end to end basis. However, we would hope that the level of asset testing carried out by suppliers will be reduced as a result of the SMDA outputs, therefore driving down costs to serve.</p> <p>In addition the scheme aims to ensure 'interchangeability', which can only be a good thing for the consumer when it comes to exchanging individual devices, as only a single device will need to be replaced rather than the whole smart metering system.</p>	N/A

Question 9				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
OVO	Large Supplier	Yes	Yes, the increased take up and use of the scheme will greatly benefit all elements of the SMiP. This will all benefit consumers.	N/A
EON	Large Supplier	Yes	Consumers will benefit from a stable smart system due to the SMDA being able to conduct its independent interoperable and interchangeable testing on the smart devices available to the industry. This funding change to the SEC will enable SMDA to get itself ahead by being able to test new devices and technology straight away, meaning more consumers will be able to access to benefits of smart metering (such as Polyphase and twin element)	N/A
Utilita	Large Supplier	Yes	We believe there will be an indirect benefit for Energy Consumers. The sooner SEC Parties can be notified of device interoperability and interchangeability issues (preferably before devices are installed in consumers premises) the faster we can find a solution. This should reduce impact that device/firmware issues have on Energy Consumers, as well as reducing the need for a site-visit and/or exchange which can cause inconvenience.	N/A
UK Power Networks	Network Party	Yes	Network Operators will incur the additional SMDA membership charges levied by SEC through the DCC charges that will ultimately result in Network Operator customers being liable for costs associated with a requirement for Energy Suppliers meeting their own Licence Obligations.	N/A

Question 9				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
Centrica	Large Supplier	Yes	Implementation will help to ensure smart metering devices are interoperable and interchangeable, helping to ensure that they are fit for purpose and remain operational for their asset life. This will avoid any unnecessary disruption or inconvenience that may otherwise be experienced by customers due to devices that are no longer functioning correctly as part of their Smart Metering System and require replacement.	N/A
DCC		Yes	Whilst funding from all SEC Parties may result in benefits for consumers, DCC considers that benefits will be minimal unless the wider issues outline in response to question 1 are addressed.	N/A
SSEN	Network Party	No	From the previous consultation, as the scope of testing is remaining unchanged, SSEN believe there will be minimal consumer benefit from this Modification.	N/A
WPD	Network Party	No	Western Power Distribution feel that because the scope of the scheme is remaining unchanged then consumers will not see any benefits as a result of this modification. Although we accept that the change would allow the scheme to continue, we are not convinced that the current scope is providing any assurance on devices that are being installed and is therefore not providing any benefits to consumers.	A review of the Scheme scope was a recommendation of the NAO's Interoperability Report for BEIS. As explained in previous SEC Working Group meetings, SMDA intends to review this following the approval of this modification.
Drax Group (Haven Power)	Small Supplier	No	As highlighted in our response to Q1. It is our view that a full review is needed in order for consumers and the wider market to benefit from a value for money, enduring SMDA	N/A

Question 9				
Respondent	Category	Response	Rationale	SEC Answer (if applicable)
Limited and Opus Energy Limited.)			Scheme. Until this is undertaken, we do not agree with fixed costs being levied on all parties through the SEC.	
Electricity North West	Network Party	-	-	N/A

Question 10: Please provide any further comments you may have

Question 10				
Respondent	Category	Comments	SEC Answer (if applicable)	
Chameleon Technology UK Ltd	Other SEC Party	None	N/A	
Horizon Energy Infrastructure	Other SEC Party (MAP)	-	N/A	
NMi Certin	Other SEC Party	Confidential response provided		
Calvin Capital	Other SEC Party	-	N/A	

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CMA representing Meter Asset Providers	Trade Association	-	N/A
BUUK Infrastructure Limited	Networks Party	It would seem logical to include DCC communications hub within the SMDA scheme and now that it is within the SEC there should be no impediment to this being progressed.	SMDA and DCC are currently liaising with BEIS on the best way to include Communications Hub testing within the Scheme. This work has already included the completion of a proof of concept and has been progressed at TBDG meetings.
EUA	Other SEC Party	-	N/A
EDF	Large Supplier	-	N/A
OVO	Large Supplier	Nothing further to add at this time.	N/A
EON	Large Supplier	-	N/A
Utilita	Large Supplier	-	N/A
UK Power Networks	Network Party	Testing of devices under SMDA services will support the SEC objectives for all devices to meet with the SMETS specification. Supplier Licence Obligations stipulate that devices installed by them are to be compliant with the SMETS specification, therefore the SMDA	N/A

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		<p>testing regimes should include testing to ensure that all Network Operator specific requirements are being met and are to a standard acceptable to DNOs.</p> <p>The proposal advises that the SEC Panel would oversee the SMDASC and be responsible for the contract with the Test House but there should also be oversight of testing standards and outputs to ensure compliance.</p>	
Centrica	Large Supplier	N/A	N/A
DCC		N/A	N/A
SSEN	Network Party	<p>SSEN agree with the findings of the NAO, that the current funding mechanism is not sustainable. However, SSEN as a Networks Party are not accountable or responsible for ensuring compliant meters are released into production. SSEN believe the new funding scheme should take this into account. As documented in question 5, SSEN would be happy to evaluate in the future on including Network Parties in the funding model as currently we would have concerns if forced into a scheme and associated costs that did not add value for its customers or its business</p>	<p><i>Response from SMDA Scheme:</i></p> <p>As highlighted in earlier responses, SMDA covers a large proportion of the test scenarios DNO's wanted to be covered by SMDA when the Scheme was first established, as such there is a benefit to all of the industry to have independent interoperability and interchangeability testing of Devices. A review of the Scheme scope (which would include additional testing that DNO's may require) was a recommendation of the NAO's Interoperability Report for BEIS. As explained in previous SEC Working Group meetings, with the fixed costs secured for SMDA through the approval of this modification, SMDA would then have the resources needed to complete a review</p>

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			its scope and implement any changes identified by the industry.
WPD	Network Party	<p>We believe that there is an error in the consultation report, under 'Summary of the responses'. The final bullet on page nine states:</p> <ul style="list-style-type: none"> 21 respondents believed the SMDA fixed costs should be covered under the SEC, answering 'strongly agree' (12) or 'agree' (nine); <p>The first bullet point on page ten states:</p> <ul style="list-style-type: none"> 21 respondents believed the SMDA fixed costs should not be covered under the SEC, answering 'strongly agree' (nine) or 'agree' (12); <p>We believe that the second bullet is actually meant to refer to 'variable' costs.</p>	The report has been corrected to address this point.
Drax Group (Haven Power Ltd and Opus Energy Ltd.)	Small Supplier	The SMDA Scheme would be valuable if it delivered full assurance on interoperability. The reasons the current Scheme has failed to deliver need to be addressed as part of a wider review to secure long-term validity and value for money.	N/A
Electricity North West	Network Party		N/A