

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

<b>Paper Reference:</b>	<b>SECP_87_1112_09</b>
<b>Action:</b>	<b>For Decision</b>

## Update on Comms Hub and Network Engagement

### 1. Purpose

This paper sets out the latest progress on the Comms Hub and Network (CH&N) workstream of the DCC Network Evolution Programme, including a timeline of activities undertaken to date and the activities that remain to be completed.

The Panel is asked to request an updated timeline from the DCC, to write to BEIS to inform them of progress on the workstream, and to approve the drafting of a policy to set out the expected project methodology for the programme.

### 2. Background

#### 2.1 The Programme

The DCC Network Evolution programme contains four separate workstreams:

- Comms Hubs & Networks
- Data Service Provider (DSP) re-procurement
- Security and Smart Meter Key Infrastructure (SMKI) evolving requirements
- Test Automation of SEC Releases

The CH&N workstream seeks to address the risk to Smart Meters caused by the obsolescence of the 2G Cellular Network used in the Communications Services Provider (CSP) South and Central Regions. The current understanding is that the most likely solution will be to introduce a 4G capable Single Band Comms Hub (SBCH) as a direct replacement as soon as reasonably practical.

#### 2.2 BEIS request to the SEC Panel

As part of the Panel's duty to consider developments in services from a SEC Party perspective, the Panel has been asked by BEIS to form a view on the proposals in the CH&N workstream. BEIS has specifically requested the Panel make a recommendation on:

*“whether a potential specific requirement is a recognised user business need, whether it is core/desirable/optional on the basis of the provision of realistic and full Rough Order of Magnitude (ROM) costs; and by when it is needed or desired.”*

### 3. Workstream Timetable

Discussions regarding the retiring of the 2G Cellular Network have been ongoing for some time, therefore it therefore seems prudent to set out the sequence of events. This is important as it not only provides a consolidated record of events but also highlights that the Panel has not been on the critical path for the workstream. As such, the requests for information from the Panel and its Sub-Committees have not caused any delay to this project.

This is a meaningful point, as the Panel wishes to ensure that robust challenge is applied to any changes to the smart metering infrastructure, but that they should not be seen to unnecessarily slow progress and delay benefits realised from the programme to SEC Parties and ultimately consumers.

It is also necessary to outline the events that have occurred to date so that recommendations and next steps in this paper are better understood.

#### 3.1 Progress to date

- **August 2018** – The risk of 2G/3G mobile coverage sunset is first raised at the Technical and Business Architecture Sub-Committee (TABASC) by the DCC. TABASC agree with the DCC that action should be taken quickly to mitigate the risk.
- **October 2018** – Following discussion of the risk at the September TABASC meeting, it is agreed to place further discussions on hold as the DCC are considering the risks and would feed back as more information becomes available.
- **February 2019** – The DCC update TABASC regarding the futureproofing of Comms Hubs and set out that the next steps are for the DCC to engage with wider industry, share proposals and develop a business case alongside an indicative delivery timeline and expected cost.
- **August 2019** – Following discussions of the risk at TABASC, a Panel Member raised concern around the retirement of the 2G network service provided by the Communications Service Provider (CSP) Central and South. The DCC agreed to provide an information paper on how this will be addressed.
- **September 2019** – The DCC provide a verbal update on its approach to resolving the risk. The Panel note that TABASC are considering the technical detail and that the risk remains on their risk register. However, the Panel request further detail on the project with a suitable road map.
- **October 2019** – The Panel request and update from TABASC on the estimated timeline for resolution of the risk.
- **November 2019** – The DCC provide an update to TABASC on a planned approach setting out three phases. Whilst supportive of the first phase the TABASC believe further evidence is required to deliver the full scope of the proposed solution. The TABASC query DCC's plan for engaging with Parties to obtain their views on a proposed way forward. The DCC suggest presenting the strategy to the SEC Panel in December 2019. This was supported by TABASC, but two challenges were noted:
  - The need for a strategy document which should set out:
    - problem statement
    - business requirements
    - a project plan
  - The need for Sub-Committees to input prior to any Panel requests.

- **December 2019** – The DCC present a set of slides to the Panel setting out a Next Generation programme. The programme includes:
  - Re-procurement of Service Providers (SPs) including Communications Service Provider (CSP), Data Service Provider (DSP) and Trusted Service Provider (TSP);
  - NextGen Comms Hub delivery;
  - Test Automation Improvement to reduce the cost of System Integration Testing (SIT);
  - National Competitive Network; and
  - DCC's engagement approach.

The Panel note that it is not sufficient to simply engage with the Sub-Committees on such a programme and that the DCC needs to establish full project plans and a wider engagement approach. It is suggested a project working group be established to help steer the programme.

- **February 2020** – The TABASC escalate the risk of 2G CHs sunsetting to the Panel for awareness, noting the final Procurement requirements for 4G cellular networks are to be presented to the TABASC in March, prior to procurement commencing in April.

DCC present a set of slides on the planned engagement approach for the Next Generation Programme to the Panel. The Panel raise concerns about the lack of tangible detail and request an outline business case is provided; and a subsequent full business case at a later date. The Panel also request an overview of the Next Generation Programme plan, providing a breakdown on a project by project basis (including timelines with associated milestones and estimated costs). The Panel reiterate the need for suitable engagement particularly in determining the benefits and risks associated with making changes to the current arrangements.

The Panel Chair writes to the DCC's head of customer engagement to express concerns over communication approach in relation to the Next Generation Programme. In particular, it was noted that the complex issues could not be sufficiently captured in a series of high-level slides and that further detail was required. The lack of cohesive governance was also addressed. It was requested the DCC commit to a User engagement approach that follows established Project methodologies and recognises the SEC Panel and its Sub-Committee as the default and primary vehicle for securing Formal User acceptance of projects. The Panel Chair reiterates the need for a clear definition of the problem, issue or opportunity which would allow development of the Project Briefs and Project Initiation Documents.

- **March 2020** – The Next Generation Programme is rebranded the Network Evolution Programme as the final Procurement requirements are presented to the TABASC. The DCC set out its problem statements and high-level requirements for addressing the sunset of the 2G/3G network as well as the level of flexibility in regard to SMETS1 + 2 CSP contracts. The TABASC support the DCC's findings provided their feedback be considered.
- **May 2020** – The DCC present a paper to the Panel. It provides a recap of the purpose of Network Evolution, summarises the expected benefits, sets out options for moving forward. The Panel raise a number of questions regarding the expected benefits and costs provided. The Panel Chair observed that the questions had been raised as the paper only provided a superficial summary of the project rather than in-depth analysis, reflecting the concerns raised in February. The DCC explained the intention was to issue a full business case to SEC Parties for review, which will include the list of options considered. The Panel advise that the DCC need to seek endorsement, not simply comments on the proposal, and should consequently include the necessary evidence.

The Panel emphasise the need for greater engagement with the enduring governance arrangements of the SEC Panel and its Sub-Committees. The DCC note it had already consulted with the Operations Group (OPSG) and TABASC and planned to return in June. The OPSG Chair raised concerns that the current DCC engagement had been insufficient, as only a short brief had been provided. Whilst the TABASC Chair confirmed that the TABASC had been heavily involved in technical consideration, but not in the justification for the proposals; noting that the TABASC would see the business case for the first time in June.

- **June 2020** – TABASC review an engagement plan for Network Evolution which includes the four workstreams of:
  - Comms Hubs & Networks
  - Data Service Provider (DSP) re-procurement
  - Security and Smart Meter Key Infrastructure (SMKI) evolving requirements
  - Test Automation of SEC Releases

The TABASC note the request from BEIS for a Panel recommendation on the business case and therefore detailed costs will need to be shared with the Sub-Committees.

The Panel note a Network Evolution questionnaire is due out towards the end of June and request the content is exhaustive and includes the Business Case.

- **July 2020** – The Sub-Committee Chairs provide a paper to the Panel seeking clarity over their input. They note the BEIS request to the Panel in support of the CHs&N workstream and state that in order to fully assess the value of the proposed changes (as per the BEIS request), the Sub-Committees need to see full costings, not just high-level summaries which had been provided to date. BEIS confirmed the need for DCC to share full costing information with the SEC Panel and its Sub-Committees and suggest the DCC provide a clear list of documents which will be made available to Sub-Committees, as well a timeline for receiving these documents.

The DCC noted that this information has been included in their presentation on its engagement plan for the CHs&N workstream. The presentation is welcomed, and the Panel agreed it is beneficial to have an alignment in direction. The DCC asked the Chairs to review the engagement plan in light of the earlier discussion.

Subsequent to the Panel meeting, the Chairs provided extensive comments on the engagement plan and set out that three key documents were required: 1) Project Brief, 2) Business Requirements and 3) Cost Benefit Analysis (CBA). Without proper review and discussion of these documents, the Sub-Committees would not be able to reach an informed view to share with the Panel and subsequently BEIS. Following feedback from the Chairs, the Panel Chair writes to the DCC setting out the need to see the detail of the CBA.

- **August 2020** – The DCC publish the CH&N Project Brief. It is noted that the brief does not contain the expected detail regarding costs or requirements, but that the information will follow in the Cost Benefit Analysis (CBA) document and Business Requirements Document (BRD) due for publication in August. The BRD is subsequently published on 27 August, but the CBA publication is delayed.

- **September 2020** – The Panel Chair writes to the DCC CEO setting out the need for the three key documents and offering support in obtaining the relevant detail.

SECAS provide a paper to the Panel noting that a recommendation on the CH&N workstream will not be possible in October as anticipated. Instead, a new target date will be provided once the Sub-Committees have reviewed the BRD and CBA. The Panel request the DCC present the milestones and key activities for each workstream under Network Evolution at the October Panel meeting.

Discussions with Sub-Committees begin on the BRD. Feedback is provided to the DCC that it must be clear how the new requirements differ from existing SEC requirements, so it can be established whether such requirements have a User need.

- **October 2020** – SECAS present a Panel paper setting out the expectations shared with the DCC regarding the presentation of requirements to Sub-Committees.

The DCC present an overview of the Network Evolution programme setting out key dates and outstanding actions.

The CBA is published on 30 October.

- **November 2020** – After reviewing the CBA it becomes apparent that in order for the Sub-Committees to make an informed recommendation on realistic costs, they need to review the outputs of the RFP.

## 4. Next Steps

### 4.1 CBA questions and the RFP

At the time of writing, the TABASC, OPSG and SSC have provided initial feedback on the CBA and set out a number of questions that need to be resolved. These questions and comments do not just relate to further detail on the costs themselves, but also require clarity of the underlining assumptions used in the CBA. It is good to note that the DCC are working closely with the Committees to address as many of the comments as soon as possible.

However, without the requested further detail there is insufficient information in the CBA to allow for an informed answer to the BEIS question, in particular regarding “realistic” costs. There are several important outstanding questions where the required information is not readily available. The DCC have indicated two reasons for the unavailability of information:

- The necessary information will not be available until after the RFP responses are received; and
- DCC believe they are not in a position to be able to release certain requested information.

We understand that the intent was to issue the RFP consultation at the end of November and complete the RFP around February. Nevertheless, we have not seen a formal timetable of this work. As such we request the DCC provides an update before the January Panel meeting so we can plan the approach with the Sub-Committees.

## 4.2 BEIS Update

Noting the estimated timescales above, we assume that Sub-Committees will be reviewing the relevant information throughout March and early April 2021. This would mean a Panel recommendation is likely to be made in May 2021. It is possible that a decision could be made earlier, but that will depend upon the level of detail shared with the Sub-Committees and any outstanding questions.

We are requesting the Panel approves writing to BEIS setting out the expected timetable and noting the information the Sub-Committees are requesting. We also believe it would be beneficial to alert BEIS to the concerns the DCC has regarding releasing the required information to the Sub-Committees, noting that meeting material can be treated as confidential.

## 5. Approach to Network Evolution Programme

In October 2020, BEIS consulted on potential changes to the DCC licence to include provisions regarding Network Evolution. The changes place obligations on the DCC to undertake project disciplines for the Network Evolution Programme. In essence, it mirrors the current section 13 obligations placed on the DCC for Enduring Change of Supplier (ECoS). It ensures that the DCC must produce project plans and engage with the SEC Panel and Parties.

In order to support these changes, we propose that a Panel Policy is drafted setting out the process and expected information that should be provided at each stage of the Programme. This would also be complimentary to the work suggested under customer engagement measures in the Operational Performance Regime (see paper SECP\_82\_1112\_11).

Noting the journey that the CH&N workstream has endured, having such a framework in place would help resolve the issues of unclear scope, changing terminology and fragmented engagement.

## 6. Recommendations

The Panel is requested to:

- **APPROVE** the request to DCC to provide an updated timetable on RFP activities before the January Panel meeting;
- **APPROVE** a letter is issued to BEIS setting out the new timetable and the information requested; and
- **APPROVE** the drafting of a Panel Policy to set out the expected project methodology for the programme.

**Adam Lattimore**

**SECAS Team**

**4 December 2020**