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## MP140 ‘CH Stock Transfer’

### May 2021 Working Group – meeting summary

#### Attendees

Attendee	Organisation
Ali Beard	SECAS
Holly Burton	SECAS
Harry Jones	SECAS
Bradley Baker	SECAS
Khaleda Hussain	SECAS
Joey Manners	SECAS
Robin Healey	SECAS
Sasha Townsend	DCC
Remi Oluwabamise	DCC
Easton Brown	DCC
David Walsh	DCC
Gary Bailey	DCC
Graeme Liggett	DCC
Richard Amey	DCC
Gav Parott	DCC
Robin Seaby	DCC
Sarah-Jane Russell	British Gas
Lynne Hargrave	Calvin Capital
Julie Geary	E.ON
Alex Hurcombe	EDF Energy
Daniel Davis	ESG Global
Terry Jefferson	EUA
Gordon Hextall	Gemserv (SSC Chair)
Phil Twiddy	Gemserv
Alastair Cobb	Landis + Gyr
Ralph Baxter	Octopus Energy
Emslie Law	OVO Energy
Mafs Rahman	Scottish Power
Matthew Alexander	SSEN
Rachel Norberg	Utilita
Gemma Slaney	WPD
Kelly Kinsman	WDP

## Overview

The Smart Energy Code Administrator and Secretariat (SECAS) provided an overview of the issue identified, discussed the Proposer's preferred solution from the options returned in the Preliminary Assessment and discussed next steps for a Refinement Consultation.

### Issue:

- Smart Energy Code (SEC) Parties currently order Communications Hubs (CH) through the Data Communications Company (DCC). If a CH order needs to be cancelled, the Party will be subject to charges in accordance with the SEC Section K 'Charging Methodology'. In March 2020, the UK government issued social distancing guidelines which led to a reduction in installations of smart metering equipment. Some SEC Parties built up an excess of stock and are now looking to transfer this excess CH stock.
- The DCC has proposed that the SEC Parties who want to transfer this stock should be able to send it directly to SEC Parties who are still taking CH orders. This should reduce logistics, inefficiencies and effort on the part of SEC Parties and the DCC.

## Working Group discussions

### Preliminary Assessment and solution options

SECAS presented the DCC's Preliminary Assessment which had two solution options provided. The Proposer has expressed a preference for Option B as the Proposed Solution. Both solutions would provide a means of allowing SEC Parties to exchange CH units between themselves directly, rather than returning them to the DCC. After a stock transfer has been completed between the two Parties, DCC Logistics would share the transfer details with Data Service Provider (DSP) to acknowledge the change of ownership and liability. Where the two solutions differ is that the Alternative Solution would also make changes to the Communications Service Provider (CSP).

When the Working Group asked about why the Proposed Solution would be better, SECAS stated that the cost of the Proposed Solution was substantially less expensive (£301,000 - £625,000 compared to £975,000 - £1,125,000 the Alternative Solution costs). These provided costs only covered Design, Build and Pre-Integration Testing (PIT), so the total costs could be higher still. The Proposed Solution also had a shorter lead time (three to six months compared to 12 months), meaning the Proposed Solution would be available sooner. A Working Group member asked about who the liability would lie with in the case of a transfer of CH units. The DCC answered that the SEC Party offloading their CH units would remain responsible for the Device until it had been delivered successfully, meaning that it will be the responsibility of the selling Party to ensure the CH units are delivered. A Working Group member asked about "legal costs" associated with the Impact Assessment request cost. The DCC believed that after consulting their Service Providers the costs associated with these legal checks was negligible.

### Business Case and Refinement Consultation

After discussing the elements of the solutions, SECAS asked the Working Group about the business case for the Modification Proposal. One Working Group member believed that even with the

Proposed Solution being used rather than the Alternative Solution, the believed it would be difficult for Users to realise a cost saving with the Modification Proposal. The Proposer responded believing that as the cost of returning a CH unit to the DCC costs approximately £7 as noted in the CH returns process, it would require tens of thousands of units to equal the cost of the Modification Proposal. They also stated that they had a User who wants to return thousands of CH units, something they believed indicated that Users would benefit from the Proposed Solution. The Working Group member believed there was still an issue about who would benefit from the solution, stating that some Users may benefit from it, but that Users who won't need any bulk return of CH units would be paying for something they may not end up using. SECAS stated that they would ask respondents about numbers of CH units that would have been returned if this solution was in place to help gauge the likelihood of Users using the solution. The Working Group members believed it was key to ascertain not just the amount of CH units returned, but by how many SEC Parties, in case the benefits of the solution would only be realised by a few Users at the expense of the wider industry.

SECAS asked the Working Group members about other questions that should be explored in the Refinement Consultation. The Working Group agreed questions should be asked for a preference of the two solutions, as well as providing business cases to judge whether either solution would bring a benefit to them. SECAS agreed to return to the Working Group after the consultation responses had been returned before requesting any Impact Assessment due to the cost associated, and to ensure that a business case had been defined before proceeding further.

## Next Steps

The following actions were recorded from the meeting:

- SECAS will add the comments from the Working Group meeting to the Modification Report and will issue a Refinement Consultation out to industry.