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DP171

‘Undertaking a FUSA without a Supply Licence’

Modification Report

Version 0.1

18 June 2021

Corporate member of
Plain English Campaign
Committed to clearer
communication

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About this document

This document is a draft Modification Report. It currently sets out the background, issue, and progression timetable for this modification, along with any relevant discussions, views and conclusions. This document will be updated as this modification progresses.

Contents

1. Summary.....	3
2. Issue.....	3
Appendix 1: Progression timetable	4
Appendix 2: Glossary	4

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1. Summary

This proposal has been raised by Karen Lee from ESG Global (Energy) Limited.

Following changes to licencing arrangements in 2020, prospective market entrants must now obtain their Supply Licence quite late on in their onboarding process. Without a Supply Licence, Suppliers cannot undertake a Full User Security Assessment (FUSA), preventing them from becoming a Data Communications Company (DCC) User. This could add several further months of delay between gaining a licence and being able to install and support Smart Metering for consumers.

New market entrants are looking to be able to run the FUSA process in parallel with the Ofgem licensing process, such that the FUSA is assessed subject to successful award of a Supply Licence. This would enable them to be 'smart from the start'.

2. Issue

What are the current arrangements?

Full User Security Assessments

Smart Energy Code (SEC) Section G 'Security' requires those organisations wishing to become DCC Users to undertake a Full User Security Assessment in each of its User Roles. A User can fulfil the following User Roles as defined in Section A 'Definitions and Interpretation'.

- Import Supplier
- Export Supplier
- Gas Supplier
- Electricity Distributor
- Gas Transporter
- Registered Supplier Agent
- Other User

An Eligible User must satisfy SEC Section H3.8, which lists the type of User which can be considered eligible for each User Role. The Import and Export Supplier User Roles refer to a Supplier Party and they must hold the corresponding Electricity and/or Gas Supply Licence.

Therefore, to undertake a FUSA, a Supplier must hold an Electricity Supply License.

What is the issue?

Prior to changes to licencing arrangements in 2020, obtaining an Energy Supply Licence was one of the first steps undertake as part of market entry. However, the new process requires that prospective market entrants must now obtain their Supply Licence quite late on in their onboarding process. However, without a Supply Licence, Suppliers cannot undertake a FUSA, preventing them from

becoming a DCC User. This could add several further months of delay between gaining a licence and being able to install and support Smart Metering for consumers.

New market entrants are looking to be able to run the FUSA process in parallel with the Ofgem licensing process, such that the FUSA is assessed subject to successful award of a Supply Licence, thereby enabling them to be 'smart from the start'.

What is the impact this is having?

This issue is delaying the time for new market entrants wishing to become Supplier Parties from providing smart metering services to consumers. This causes detriment to the consumer, as they cannot choose to switch to the new Supplier without the risk of temporary loss of smart services (as the new entrant cannot offer smart services until they have become a qualified DCC user, which can take many months).

Impact on consumers

By delaying the time for new market entrants to provide smart metering services, consumers are left with less Suppliers to choose from to supply their Smart Metering System.

Appendix 1: Progression timetable

This proposal will be presented to the Change Sub-Committee (CSC) on 29 June 2021 for initial comment.

Timetable	
Event/Action	Date
Draft Proposal raised	18 Jun 2021
Presented to CSC for initial comment	29 Jun 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
CSC	Change Sub-Committee
DCC	Data Communications Company
FUSA	Full User Security Assessment
SEC	Smart Energy Code

Glossary	
Acronym	Full term
SECAS	Smart Energy Code Administrator and Secretariat