

Modification proposal:	Smart Energy Code (SEC) Modification Proposal (MP) 185: Additional Controls to Support the SoLR Process		
Decision:	The Authority ¹ determines that this modification ² should be made ³		
Target audience:	Data and Communications Company (DCC), SEC Panel, Parties to the SEC and other interested parties		
Date of publication:	16 November 2021	Implementation date:	One Working Day Following Authority Decision

Background

The Supplier of Last Resort (SoLR) process manages the exit of failed Suppliers from the market when no trade sale or commercial agreement is possible. Once we revoke the supply Licence of a failed Supplier, among other things, the Data Communications Company (DCC) are required to revoke that Supplier's Smart Metering Key Infrastructure (SMKI) Certificates. SMKI Certificates provide the authority to communicate with, and send commands, to a meter.

SECM134A 'Use of SMKI Certificates relating to a SoLR event'⁴ was approved by the Authority on 1 October 2021 to provide an additional protection for consumers in the event of a SoLR situation. There was a concern that a Supplier exiting the market in a 'disorderly manner' could expose its prepayment (PPM) consumers to the risk of loss of supply. The solution for MP134A allows the SMKI Policy Management Authority (PMA) to delay the revocation of the SMKI Certificates. This enables a Shared Resource Provider (SRP), on instruction from us, to send commands to specific meter types to protect Pre-Payment Meter (PPM) customers by putting the meters into a 'safe mode' to make the consumers' transfer to the new supplier more stable, and to ensure the continuity of supply.

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² 'Change' and 'modification' are used interchangeably in this document.

³ This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989 and by section 38A of the Gas Act 1986.

⁴ <https://www.ofgem.gov.uk/publications/secmp134a-use-smki-certificates-relating-SoLR-event-authority-decision>

Following our approval of SECMP134A, it has been identified that the DCC is responsible for the transfer of the Market Participant Identifiers ID (MPIDs). MPIDs are the unique identifiers by which participants (Suppliers, Network Parties, agents etc.) are identified under the Uniform Network Code (UNC) and/or the Balancing and Settlement Code (BSC). When a SoLR has been appointed the MPIDs of the failing Supplier are transferred across to the portfolio of the appointed SoLR. Transferring the MPIDs away from the portfolio of the failed Supplier results in any DCC User Interface Specification (DUIS) Service Requests being sent by an SRP on behalf of the failed Supplier being rejected regardless of SMKI Certificate status.

The DCC transfers MPIDs immediately when a SoLR is appointed. An effect of this is to nullify the control given to the SMKI PMA as intended by SECMP134A in relation to the management of Supplier Certificates. This has the potential to have a negative impact on consumers and may not be restricted to consumers with meters operating in prepayment mode.

It has also been identified that as well as prepayment consumers not being able to be put into a 'safe mode', emergency meter works involving Smart meters may be unable to be completed from a DCC perspective, as access for Meter Operators (MOPs) and Meter Asset Managers (MAMs) also goes through the SRP (where one is appointed). The solution for SECMP185 seeks to address these issues.

The modification proposal

SECMP185 was raised by ESG Global (Energy) Limited (the Proposer). The Proposer explains, as background, that SoLRs typically use the standard Industry Change of Supplier (CoS) process to transfer customers of the failed Supplier across to their own systems. Even when initiated immediately after a SOLR is appointed, the current CoS process typically takes between two to three weeks to complete.

SECMP185 proposes that additional controls are given to the SMKI PMA to fully deliver the intent of MP134A. The SMKI PMA will be given the ability to delay the timing of the transfer of the MPIDs of the failing Supplier across to the portfolio of the appointed SoLR. The SMKI PMA will be required to specifically inform the DCC whether to proceed with the transfer. The timing of both this and the revocation of Supplier Certificates could then be managed by the SMKI PMA in consultation with the appointed SoLR.

Any Anomaly Detection Threshold (ADT) updates and subsequent DUIS requests from the SRP systems would only be initiated following a formal request by the appointed SoLR to the SMKI PMA. Once approved, the SMKI PMA would ask the SRP to complete these tasks. The appointed SoLR would determine what DUIS Service Requests would be required to continue to be sent via SRP systems until such time as it had completed the transfer of metering points and advised the SMKI PMA of such.

Once the SMKI PMA has informed the DCC of the delay in revocation of SMKI Certificates and the Panel has informed the DCC of the delay of the transfer of MPIDs, the DCC will undertake no action in relation to a failed Supplier until further instructed by the Panel and the SMKI PMA. For the avoidance of doubt, the timing of the transfer of MPIDs and revocation of Supplier Certificates may still be immediate at the point the SoLR is appointed. However, it must only be done once the SoLR has confirmed:

- the make-up of the failed Supplier's DCC-enrolled meter estate (including any meters operating in Prepayment mode);
- the availability (if any) of the failed Supplier's employees to undertake any processes in relation to DCC-enrolled metering systems;
- the level of support that the SRP is willing to provide or any required processes it is willing to undertake (in lieu of the failed Supplier);
- any other risk factors, including Device-specific behaviours and potential for emergency meter works; and
- the likely timescales for completion of activities to transfer the metering points to the SoLR's systems.

For further clarification, this modification has no effect on the existing SoLR arrangements under other Industry Codes, including the transfer of MPIDs under the Retail Energy Code (REC), the UNC or the BSC. The extent of this modification is restricted to the activities undertaken by the DCC and its Data Service Provider (DSP) in relation to their roles under the SEC. Under the proposed new process, it is intended that the Authority will be informed of the approach that DCC, SMKI PMA and the SoLR are adopting, and can intervene and direct the DCC to adopt a different approach and/or timetable to the one directed by the SMKI PMA if we consider it appropriate to do so.

The full legal text associated with this modification is included as Annex A of the Final Modification report (FMR).

We approved an urgent timetable for this modification on 19 October 2021.⁵

SEC Change Board⁶ recommendation

At the SEC Change Board meeting on 17 October 2021 the Change Board unanimously considered that SECMP185 would better facilitate the first SEC Objective and the Change Board therefore recommended its approval.

Our decision

We have considered the issues raised by the proposal and the Final Modification Report we received on 27 October 2021. We have considered and taken into account the votes of the SEC Change Board on the proposal which is attached to the Change Report. We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the SEC Objectives⁷.

Reasons for our decision

We consider this modification proposal will better facilitate the first SEC Objective and has a neutral impact on the other applicable Objectives.

The first General SEC Objective is to facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain.

We agree with the Change Board that SECMP185 will better facilitate the first SEC Objective (a) by mitigating the risk to consumers, particularly prepayment consumers, of losing supply in the event of the exit of a Supplier from the market and the appointment of a SoLR.

⁵ [Decision on urgency for SECMP185 'Additional controls to support the SoLR process' | Ofgem](#)

⁶ The SEC Panel and Change Board are established and constituted pursuant to and in accordance with DCC Licence 22.25(a).

⁷ The Objectives in accordance with DCC Licence 22.10-22.17

We note that one respondent to the consultation raised various issues with SECMP185, whilst still supporting the intent of the modification. Specifically, they explained that they were not aware of the issue SECMP185 is seeking to address and are concerned that the solution may be for a problem only found by one supplier and could potentially impact future SoLRs undertaken by other suppliers. They felt that further investigation may be required, though they are not opposed to the modification.

We have had confirmation from SECAS and DCC that more than one Supplier has been affected by this issue and this modification would help to address this and similar issues in the future as it cannot be ruled out what situations occur when a supplier exits the market. Alongside the confirmation that this issue has occurred with more than one supplier, it was also explained that the MPID transfer has prevented Service Requests (SRs) being sent to the meters and that recent examples have proven that the reversal of the MPID transfer, which had been used on an ad hoc basis, alleviated the problem(s). SECMP185 will provide clarity of this as an acceptable option for industry to employ and codify the use of this process by the SMKI PMA and DCC.

It is important to clarify that this solution does not provide for a set timetable for the processes which underpin the revocation of SMKI Certificates and MPID transfer to be completed. It only allows the SMKI PMA the authority to delay transfer of MPIDs if it is considered necessary; however, it may not be needed in which case the Parties involved can agree to transfer the MPIDs immediately once a SoLR has been appointed. The solution provides for discussions to take place, and for a robust plan for the transfer to be undertaken. We fully expect the complete cooperation of all affected parties to ensure the best outcome for consumers during the transfer to a SoLR.

One respondent also outlined a concern regarding the potential costs associated with SRPs providing this service. This would be a commercial matter for the SRP to raise with the exiting supplier in administration and/or the incoming SoLR as appropriate.

SECMP185 and SECMP134A will improve the quality of service for consumers affected by the SoLR process, primarily by reducing the risk of disconnection for PPM customers, or by allowing resolution of other unexpected operational issues that emerge on credit mode assets operated through the DCC. This enables more efficient operation of all meter types, both credit & PAYG, during the transition period from the failing Supplier to the SoLR.

Decision notice

In accordance with standard licence condition 23 of the Smart Meter Communication licence, the Authority hereby determines that modification proposal SECMP185 'Additional Controls to Support the SoLR Process' should be made.

Rachel Clark

Deputy Director, Switching Programmes

Consumers and Markets

Signed on behalf of the Authority and authorised for that purpose