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DP188

‘Temporary Communications Hub Ordering and Delivery Rules extension’

Modification Report

Version 0.1

22 November 2021



About this document

This document is a Modification Report. It currently sets out the background, issue, solution, impacts, costs, implementation approach 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
3. Solution	4
4. Impacts	5
5. Costs	6
6. Implementation approach	6
Appendix 1: Progression timetable	8
Appendix 2: Glossary	8

This document also has one annex:

- **Annex A** contains the redlined changes to the Smart Energy Code (SEC) required to deliver the Proposed Solution.

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1. Summary

This proposal has been raised by David Rollason from the Data Communications Company (DCC).

SEC Section F5.1A sets out the provisions regarding the Temporary Communications Hub Ordering and Delivery Rules (TCHODR) document which relates specifically to the impacts Covid-19 has had on the manufacturing and delivery of Communications Hubs. The clause also sets out how the document may be amended. The current drafting of SEC Section F5.1A states that the Temporary Communications Hub Ordering and Delivery Rules will cease to apply after 1 January 2022.

A range of issues have arisen over the course of 2020 and 2021 which are impacting on the ability of Communication Service Providers (CSPs) to manufacture and ship Communications Hubs to meet current and future forecasts and orders.

The DCC proposes that the validity period of the TCHODR is extended. The DCC is seeking to implement this change as soon as possible. The DCC is also intending to further develop the TCHODR through industry engagement and consultation, as well as SEC Panel sign off – that development is separate to this modification, which seeks only to extend the TCHODR's validity period. This modification would not impact on SEC Parties and implementation costs would be limited to Smart Energy Code Administrator and Secretariat (SECAS) time and effort in updating the SEC.

The DCC's consultation on proposed changes to the TCHODR can be found [here](#).

2. Issue

What are the current arrangements?

SEC Section F5.1A sets out the provisions regarding the TCHODR document which relates specifically to the impacts Covid-19 has had on the manufacturing and delivery of Communications Hubs. The clause also sets out how the document may be amended. Please note that the TCHODR is a DCC-owned document, though any amendments need to be consulted upon and approved by the SEC Panel.

The DCC's consultation on proposed changes to the TCHODR can be found [here](#).

The current drafting of SEC Section F5.1A states that the TCHODR will cease to apply after 1 January 2022.

Communications Hub manufacture

A range of issues have arisen over the course of 2020 and 2021 which are impacting on the ability of CSPs to manufacture and ship Communications Hubs to meet current and future forecasts and orders. The issues are diverse and include the sourcing of components (silicon chips and others) in a highly competitive environment which continue to be linked with global supply chain issues.

Communications Hub order and delivery

Communications Hub orders are currently confirmed five months prior to the delivery month with a range of tolerances. The tolerances allowed on forecasting at ten and seven months prior to the delivery month results in too great a variation given the current global supply issues to ensure orders can be realised.

Current Communications Hub forecasting, ordering and delivery rules do not provide the DCC or DCC Users the ability to react to issues which may require a reduction in Communications Hub delivery volumes (as with Covid-19-related lockdowns).

Furthermore, as the TCHODR is currently written, SEC Parties may submit non-compliant orders (a 24-month forecast and order tolerance) which the DCC is required to take steps to fulfil. This provides additional variation in order volume and creates a further challenge to overcome in delivering order Communications Hub volumes.

What is the issue?

The current SEC requirements for Communications Hub forecasting, ordering and delivery make no allowance for unforeseen circumstances or issues that could be managed more effectively through temporary rules. These issues might require decreased Communications Hub volumes at DCC User request (as was the case in 2020) and amended ordering rules to help manage the supply chain.

What is the impact this is having?

The DCC and DCC Users cannot react to new and evolving Communications Hub requirements and cannot mitigate against issues that may arise in the future. For example, DCC Users may be provided with Communications Hub volumes greater than needed where unforeseen issues arise, and also the DCC may be unable to react to secure supply to allow for on time delivery.

Impact on consumers

If the TCHODR document is not extended, there will be an increased risk that required Communications Hub volumes are not delivered, whether that be a decreased volume as per a DCC User request or assuring a required volume (allowing installations to continue as planned).

3. Solution

Proposed Solution

The DCC considers that an extension to the validity period of the TCHODR should be granted, so that requirements on 2022 orders can be amended and Communications Hub volumes secured. This document is currently set to expire as of 1 January 2022. Furthermore, the DCC proposes that there is no end-date on the TCHODR itself; instead, any requirements set out within the TCHODR will include a specific end date agreed by the Panel following consultation.

The DCC also intends to further develop the TCHODR to account for the 2022 orders. This would take place separate to this modification through industry engagement and consultation ahead of SEC Panel sign off, as per the process set out in SEC Section F5.1A.

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

Energy Suppliers will be indirectly impacted by this modification as they will be subject to any new rules approved by the Panel for inclusion within the TCHODR.

Meter Installers and Meter Asset Providers (MAPs) will also be affected by this modification for the same reasons as Suppliers.

The DCC will be impacted by this modification's implementation as it will result in a more consistent supply chain which is necessary to procure components for manufacture. This will allow for the DCC to better manage Communications Hub delivery volumes for its customers.

DCC System

This modification will have no impact on DCC Systems.

SEC and subsidiary documents

The following parts of the SEC will be impacted:

- Section F 'Smart Metering System Requirements'

The changes to the SEC required to deliver the proposed solution can be found in Annex A.

Consumers

This modification will have a positive impact on consumers as the DCC and its CSPs will be able to better manage Communications Hub manufacture and delivery, meaning that the Smart Metering Implementation Programme (SMIP) can continue as planned.

Other industry Codes

This modification will have no impact on other industry Codes.

Greenhouse gas emissions

This modification will have no impact on greenhouse gas emissions.

5. Costs

DCC costs

This modification's implementation would not result in the DCC incurring costs. There may however be costs associated with the rules contained within the TCHODR. This will be set out in the DCC's consultation and presentation to the Panel.

SECAS costs

The estimated SECAS implementation cost to implement this as a stand-alone modification is one day of effort, amounting to approximately £600. This cost will be reduced if this modification is included in a scheduled SEC Release. The activities needed to be undertaken for this are:

- Updating the SEC and releasing the new version to the industry.

SEC Party costs

This modification's implementation would not result in SEC Parties incurring costs.

6. Implementation approach

Recommended implementation approach

SECAS is recommending an implementation date of:

- **24 February 2022** (February 2022 SEC Release) if a decision to approve is received on or before 10 February 2022; or

- **30 June 2022** (Jun 2022 SEC Release) if a decision to approve is received after 10 February 2022 but on or before 16 June 2022.

As this change will only involve legal text changes, the modification can be implemented ten Working Days after decision.

7. Assessment of the proposal

Observations on the issue

Before formally raising the proposal, SECAS has engaged extensively with the Proposer to better understand the issue and urgency.

TCHODR consultation

SECAS has raised a concern that there is a potential disjoint between the DCC's new TCHODR consultation (and subsequent Panel approval) and the SEC Modification, which could act as barrier against the modification's approval. The DCC has informed SECAS that the consultation will be issued on 19 November 2021 and if the changes to the TCHODR are approved by the Panel, they are expected to become effective from 17 December 2021. SECAS has requested that the consultation is included as an annex to this document to provide further transparency on the proposed changes.

Modification urgency

The DCC has advised that, as the current TCHODR document expires on 31 December 2021, it wishes to have this modification implemented as soon as possible. This Modification Report currently states that if approved, implementation is scheduled for the February 2021 SEC Release. SECAS will discuss the implementation approach with the Change Sub-Committee (CSC) on 30 November 2021 and explore the possibility of an ad-hoc release. The DCC has commented that implementing the modification as soon as possible will mitigate the significant risks to Communications Hub supply in 2022.

Relevance of the TCHODR

SECAS questioned the need to extend a document that has no function due to TCHODR relating to CSP arrangements expiring on 31 December 2021. The DCC responded to state that the document needs to be extended to enable it to introduce new rules and provide more certainty to industry that the Communications Hub supply is secure through 2022.

SECAS also commented that the DCC has previously stated that customers have made their Communications Hub orders up to the end of March 2022 and subsequent orders will be made in April 2022. The DCC responded to advise that this is incorrect and yet-to-be approved rules relate to order placement are needed as soon as possible.

TCHODR no longer a time-limited document

SECAS have also noted the proposed transition from a time-limited document to a more generic document housing future time-limited provisions. SECAS will seek the views of the CSC on this change.

Appendix 1: Progression timetable

This proposal was raised on 22 November 2021. SECAS will present the proposal to the CSC for initial comments on 30 November 2021. The Proposer is requesting that this proposal proceeds straight to the Report Phase. However, SECAS has some concerns and queries, as noted above, that it considers needs to be resolved before this modification can move forward.

Subject to the discussions with the CSC on 30 November 2021, SECAS recommends that this modification remains in the Development Stage while these questions are resolved. The Modification Report will then be returned to the CSC for final comments on 21 December once the questions and concerns raised have been answered. If the CSC agrees this modification should proceed to decision, SECAS can then issue the Modification Report Consultation ahead of Change Board vote under Self-Governance in January.

Timetable	
Event/Action	Date
Draft Proposal raised	22 Nov 2021
Presented to CSC for initial comment	30 Nov 2021
Presented to Sub-Committees for initial input	Dec 2021
Proposal discussed with Sub-Committee Chairs	15 Dec 2021
Modification Report approved by CSC	21 Dec 2021
Modification Report Consultation	22 Dec 2021 – 14 Jan 2022
Change Board Vote	26 Jan 2022

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
CSP	Communication Service Provider
DCC	Data Communications Company

Glossary	
Acronym	Full term
SEC	Smart Energy Code
SECAS	Smart Energy Code Administrator and Secretariat
SMIP	Smart metering Implementation Programme
TCHODR	Temporary Communications Hub Ordering and Delivery Rules