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DP189

‘Party Obligations for Communications Hub Orders’

Modification Report

Version 0.1

22 November 2021



Managed by



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.

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1. Summary

This proposal has been raised by Daniel Cohen from Tru Energy.

Smart Energy Code (SEC) Appendix H 'CH Handover Support Materials' mandates that the minimum delivery quantity for Communications Hubs be greater than or equal to the quantity of Communications Hubs contained in a complete standard pallet. The Proposer believes this minimum quantity is too high, as the cost of purchasing so many Devices at once confers a competitive disadvantage to smaller Parties with a low-demand business model. The high minimum order quantity also has disproportionate financial and operational implications for smaller Parties with a lower Device deployment rate.

2. Issue

What are the current arrangements?

Currently, under Annex B of SEC Appendix H, the minimum delivery quantity for Communications Hubs is 896 for the North Region and either 640 or 896 for the Central and South Regions (dependent on the Communications Hub Variant).

What is the issue?

The Proposer believes that requiring a minimum order quantity of this volume confers a disadvantage to Small Suppliers whose business strategy is not suited to a 'high volume, low margin' model. Requiring Parties to order Communications Hubs in higher quantities than their planned deployment can reasonably accommodate subjects those Parties to costs for storage of the Devices and rental of the Subscriber Identity Module (SIM) cards, despite the Devices not being in use.

Lower installation rates also mean that Parties may find themselves in possession of out-of-date equipment, due to technical uplifts being implemented before all Devices can be deployed.

What is the impact this is having?

The existing minimum order quantity for Communications Hubs mean that smaller Parties must shoulder a significant financial burden disproportionate to their business models. This decreases competition in the industry and could lead to the loss of innovative, tailor-made solutions for specific market areas.

Impact on consumers

If this issue is not resolved, consumers will see less choice in the energy solutions available to them, and may see increased service charges to balance the financial burden on Suppliers.

Appendix 1: Progression timetable

Timetable	
Event/Action	Date
Draft Proposal raised	22 Nov 2021
Presented to CSC for initial comment	30 Nov 2021
Modification discussed with Operations Group	4 Jan 2022
CSC converts Draft Proposal to Modification Proposal	18 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
CH	Communications Hub
CSC	Change Sub-Committee
SEC	Smart Energy Code