

# BASELINE MARGIN PROJECT PERFORMANCE ADJUSTMENT SCHEME

## ECoS Project

### Introduction

This document is issued for the purposes of the smart meter communication licences granted under the Electricity Act 1989 and the Gas Act 1986 (together, the **DCC Licence**).

This document constitutes –

(A) a direction issued by the Secretary of State under paragraph 35.5 of Condition 35 of the DCC Licence (The Chapter 9 Particular Definitions) identifying a 'Project' (the **Project**); and

(B) the terms of a Baseline Margin Project Performance Adjustment Scheme (a **Scheme**):

(i) made by the Secretary of State in accordance with paragraph A2 of Appendix 1 to Condition 38 of the DCC Licence (Baseline Margin Project Performance Adjustment Scheme), and

(ii) subsequently amended by the Secretary of State in accordance with paragraph A11 of Appendix 1 to Condition 38 of the DCC Licence (Baseline Margin Project Performance Adjustment Scheme).

and has effect for the purposes of the Price Control Conditions of the DCC Licence, and in particular Part D of Condition 38 (Calculation of the value of the BMPPA term).

### Contents

Section 1 identifies the Project to which the Scheme Relates.

In accordance with the provisions of paragraphs A4 and A8 of Appendix 1 to Condition 38 of the DCC Licence (Baseline Margin Project Performance Adjustment Scheme) –

- Section 2 describes a number of activities carried out by the DCC for the purposes of the Project (the **Project Activities**).
- Section 3 specifies the weighting factor in relation to the each Project Activity (~~the~~ **Project Activity Weighting Factor**s).
- Section 4 describes the performance target in relation to the each Project Activity (~~the~~ **Project Activity Milestone**s).

- Section 5 specifies the performance factor in relation to ~~the each~~ Project Activity Milestone (the **Project Activity Performance Factor~~s~~**).
- Section 6 sets out provisions for the purpose of interpreting and giving effect to the Scheme (the **Scheme Principles**).

Words and phrases used in Sections 1 to 6 shall be interpreted in accordance with, and have any meanings given to them in, Section 7.

## 1 The Project

1.1 The **Project** means the activities carried out (or to be carried out) by the DCC:

- in accordance with the implementation plan (the **Plan**) produced by the DCC in compliance with a direction issued by the Secretary of State on 1 August 2019 under Condition 13A of the DCC Licence (Enduring Change of Supplier Arrangements);
- during the period up to and including 31 October 2024; and
- in order to support a change in the nature and scope of the Services by implementing and migrating to the Enduring Change of Supplier Arrangements.

## 2 The Project Activities

2.1 Each of the following activities being carried out by the DCC for the purposes of the Project shall be a Project Activity under the Scheme.

### *Project Activities*

2.2 **Project Activity 1** constitutes the activity required to be completed by the DCC such that the event identified in the Plan as 'ECoS Go-Live' may take place. For these purposes **ECoS Go-Live** refers to the point in time from which the DCC is first permitted under the Smart Energy Code to replace Device Security Credentials that pertain to the CoS Party, and which are held on (or in relation to) Devices that are installed in consumer premises, with information from an ECoS Certificate.

2.3 **Project Activity 2** constitutes the activity required to be completed such that the event identified in the Plan as 'TCoS to ECoS Migration Complete' takes place. For these purposes, **TCoS to ECoS Migration Complete** refers to the point in time from which the DCC will no longer need to rely on ~~the TCoS Private Keyservices provided to it under the contract referred to at sub-paragraph 1.5(4) of Schedule 1 to the DCC Licence for the purpose of meeting its obligations when providing Services~~ under the Smart Energy Code when acting in the role of TCoS Party.

## 3 The Project Activity Weighting Factors

- 3.1 The Project Activity Weighting Factor in respect of each of the Project Activities shall be that which is set out in the table immediately below.

<u>Project Activity</u>	<u>Project Activity Weighting Factor</u>
1	0.3
2	0.7

#### 4 The Project Activity Milestones

- 4.1 Each of the following performance targets relating to the DCC's undertaking of a Project Activity shall be a Project Activity Milestone under the Scheme in respect of the specified Project Activity to which it relates.

##### *Project Activity Milestone 1*

- 4.2 The Project Activity Milestone which applies in relation to Project Activity 1 is that the date by which certain activities are treated as being completed by the DCC (the **Specified Date**) should be a date which falls on or before a target date (the **Milestone Date**).
- 4.3 The Specified Date in relation to Project Activity 1 is the date determined by the Secretary of State as being the date from which the DCC is first permitted under the Smart Energy Code to replace Device Security Credentials that pertain to the CoS Party, and which are held on (or in relation to) Devices that are installed in consumer premises, with information from an ECoS Certificate.
- 4.4 The Milestone Date in relation to Project Activity 1 is 30 June 2022.

##### *Project Activity Milestone 2*

- 4.44.5 The Project Activity Milestone which applies in relation to Project Activity 2 is that the DCC shall have successfully completed a number of steps in the period up to 1 November 2023-2024 (the **Specified Steps**) for the purposes of ensuring Completion of Migration the achievement of TCoS to ECoS Migration Complete by no later than that date.

- 4.54.6 The Specified Steps in relation to Project Activity 2 are as follows –

- (a) **Specified Step A:** The DCC has taken all reasonable steps to avoid the need, following 31 October 2023, to continue to have rely on services provided to it under the contract referred to at sub-paragraph 1.5(4) of Schedule 1 to the DCC Licence for the purpose of meeting its obligations under the Smart Energy Code when acting in the role of TCoS Party in place

~~contractual arrangements with an External Service Provider that provide for the use of (or for an option to use) a TCoS Private Key when processing communications to modify Device Security Credentials held on Devices.~~

- (b) **Specified Step B:** The DCC has taken all reasonable steps to:
- (i) proactively identify, at an early stage of the implementation of the Enduring Change of Supplier Arrangements, any difficult-to-migrate Devices; and
  - (ii) (where appropriate) provide support and assistance to Energy Suppliers in addressing the difficulties related to the migration of those Devices.
- (c) **Specified Step C:** The DCC has taken all reasonable steps to effectively plan, manage and communicate arrangements so as to minimise as far as practicable the number of Devices that, on 31 October ~~2023~~2024, have been (or will be) manufactured and:
- (i) have not been Commissioned; and
  - (ii) hold (or will hold) Device Security Credentials which pertain to a TCoS Certificate.
- (d) **Specified Step D:** (Excluding for these purposes its interactions with its customers in respect of Specified Steps B and C), the DCC has effectively informed its customers of any interactions that they will (or can be expected to) have in relation to the delivery of the Enduring Change of Supplier Arrangements, and has done so by means of taking all reasonable steps to engage effectively with those customers:
- (i) within suitable timescales, with appropriate regularity, and by the provision to them of information that is of an appropriate quality;
  - ~~(ii)~~ (where appropriate) by having first consulted with them and taken fully into account their opinions on how those interactions should be managed.
- ~~(e) — **Specified Step E:** The DCC has, on each day of the ECoS Migration Period, processed all CoS Update Security Credentials Service Requests (Service Reference Variant 6.23) in a timely and effective manner.~~

~~(e) —~~

4.7 For the purposes of ~~the~~ Specified Steps A to D at sub-paragraphs 4.6(a) to (d), any reference to the DCC taking all reasonable steps should be interpreted in accordance with the steps that it would reasonably be expected to have taken in accordance with Good Industry Practice.

## 5 The Project Activity Performance Factors

- 5.1 Each of the numbers identified below in respect of a Project Activity shall be treated as the Project Activity Performance Factor (**PAPF**) in respect of that Project Activity for the purposes of this Scheme.

*Project Activity Performance Factor for Project Activity 1*

- 5.2 Where in relation to Project Activity 1:

- (a) the Specified Date is either on or before the Milestone Date, the PAPF in relation to that Project Activity shall be zero;
- (b) the Specified Date occurs later than the Milestone Date, the PAPF shall take the value, or be calculated in accordance with the methodology, specified in the row of the second column of the table immediately below that corresponds to the Specified Date.

Project Activity 1 Specified Date	Value of, or methodology for calculating PAPF
On or before 30/06/2022	0
Between 01/07/2022 and 31/12/2022 inclusive	$\frac{n}{185}$  Where n is the number of calendar days from 01/07/2022 up to and including the Specified Date for Project Activity 1.
After 31/12/2022	1

*Project Activity Performance Factor for Project Activity 2*

- 5.3 In relation to Project Activity 2, the PAPF shall be a number that is no less than zero and no greater than 1, and shall be calculated in accordance with the following formula:

$$\text{PAPF} = 1 - (Q \times E)$$

~~$$(0.4 \times \text{QF}_A) + (0.2 \times \text{QF}_B) + (0.2 \times \text{QF}_C) + (0.2 \times \text{QF}_D)$$~~

Where:

Q is calculated in accordance with the following formula:

~~$$Q = (0.4 \times \text{QF}_A) + (0.2 \times \text{QF}_B) + (0.2 \times \text{QF}_C) + (0.2 \times \text{QF}_D)$$~~

where:

$QF_A$  —to  $QF_D$  — means refer to a percentages constituting the Quality Factor in relation to Specified Steps A to D respectively, each of which is:

(i) is determined by the Secretary of State in accordance with paragraph 6.2;

(ii) in respect of each of Specified Steps A to D respectively, and which represents the extent to which each such Specified Step has in his assessment been successfully completed by the DCC by 1 November 2023 (such that a higher percentage shall represent a greater relative level of success);

(iii) for the purposes of calculating Q shall take the form of a fraction which is expressed to two decimal places.

E means the (mean) average of the five lowest values of  $E_d$  recorded during the ECoS Migration Period,

where:

$E_d$  shall be equal to  $EPM_d$ , except where either:

(i) within four weeks of the day which immediately follows the last day of the ECoS Migration Period, the Secretary of State (or his nominated representative) has not received from the DCC a report setting out the value of  $EPM_d$  for any one or more days during the ECoS Migration Period, in which case the value of  $E_d$  for each such day shall be deemed to be zero; or

(ii) other than where sub-paragraph (i) applies, the recorded value of  $EPM_d$  for any one or more days is greater than 0.999, in which case the value of  $E_d$  for each such day shall be deemed to be 1;

$EPM_d$  is a measure, in respect of each day (d) during the ECoS Migration Period, of the timeliness with which the DCC processes CoS Update Security Credentials Service Requests (Service Reference Variant 6.23) on that day, and is calculated in accordance with the following formula:

$$\underline{EPM_d} = \underline{SR_d} / \underline{CoSUSC_d}$$

where:

(i) **SR<sub>d</sub>** means, in respect of each day (d) during the ECoS Migration Period, the sum of the number of:

(A) (in the case of Service Requests targeted at SMETS1 Devices) the total number of Countersigned Service Requests that are sent on that day to SMETS1 Service Providers; and

(B) (in the case of Service Requests targeted at SMETS2+ Devices) the total number of Commands that are sent on that day to DCC Service Providers which are responsible for providing the SMETS2+ SM WAN,

in each case where those Countersigned Service Requests or Commands (as the case may be) are sent, as a consequence of one of the CoS Update Security Credentials Service Requests that are referred to in sub-paragraph (ii) below, before midnight on the day that such Service Request was received;

(ii) **CoSUSC<sub>d</sub>** means, in respect of each day (d) during the ECoS Migration Period, the total number of CoS Update Security Credentials Service Requests (Service Reference Variant 6.23) which are received by the DCC on that day and have successfully passed the checks set out in Clause 6.1 of the Service Request Processing Document.

5.4 For the purposes of the calculation of EPM<sub>d</sub> at paragraph 5.3:

(a) a CoS Update Security Credentials Service Request that is a Future-Dated Service (by virtue of the relevant User having specified a Future Dated Response Pattern (DSP) or Future Dated Response Pattern (Device) as set out in the DCC User Interface Specification) shall be treated as having been received by the DCC on the date of execution specified within that Service Request;

(b) in determining the value of EPM<sub>d</sub> for any day (d), the DCC may elect to exclude from the total any Service Request that is quarantined or no longer processed (in each case in accordance with the provisions of the SEC) as a result of Threshold Anomaly Detection (including any anomaly detection applied by the CoS Party).

## 6 **BMPPA Scheme Principles**

### *General Provisions*

6.1 For the purposes of the Scheme, the DCC shall:

- (a) maintain accurate records, supported by documentary evidence, sufficient to establish the date upon which ECoS Go-Live was achieved and the date upon which TCoS to ECoS Migration Complete was achieved;
- (b) whenever requested by the Secretary of State or the Authority to do so, promptly provide a report to the Secretary of State, the Authority and the SEC Panel containing such up-to-date information and evidence relating to those records as has been requested.

*Project Activity Performance Factor for Project Activity 2 – Specified Steps A to D*

6.2 For the purposes of the Project Activity Performance Factor in respect of Project Activity 2, the Secretary of State shall:

- (a) determine, in respect of each of ~~the~~ Specified Steps A to D which ~~together~~ constitute part of Project Activity Milestone 2, a percentage (the **Quality Factor**) representing the extent to which in his assessment the DCC has successfully completed that Specified Step ~~by 1 November 2023~~;
- (b) make that determination on a day of his designation after 1 November ~~2023~~2024; and
- (c) in respect of that determination, follow such process and apply such criteria as are set out in a notice issued under paragraph 6.3.

6.3 The Secretary of State shall, before making any determination of a Quality Factor in accordance with paragraph 6.2, set out in a notice issued to the DCC and the Panel:

- (a) the process to be followed prior to that determination; and
- (b) the criteria to be applied for the purposes of that determination.

~~6.4~~ A notice issued by the Secretary of State in accordance with paragraph 6.3 may set out such principles of interpretation as he considers appropriate in relation to any of the Specified Steps and/or the criteria to be applied in assessing the Quality Factor for any such Specified Step.

6.4

6.5 A notice issued by the Secretary of State in accordance with paragraph 6.3 shall be treated as an integral part of the Scheme Principles and shall have effect as such for the purposes of this Scheme.

*Project Activity Performance Factor for Project Activity 2 – Specified Step E*



6.6 As soon as reasonably practicable after the end of each month (or part month) falling within the ECoS Migration Period, but in any event no later than four weeks after the end of each such month (or part month), the DCC shall send a report containing the values of EPM<sub>d</sub> for each day within that month (or part month) to the Secretary of State or his nominated representative.

6.7 The report referred to in paragraph 6.6 shall be sent by e-mail and shall be in the form of an Excel spreadsheet, a comma-separate values file, or such other format as may be agreed from time to time between the Secretary of State and the DCC.

## **7 Definitions and Interpretation**

7.1 Except to the extent to which an alternative definition is set out in paragraph 7.3:

- (a) words and phrases defined in either the DCC Licence or in the Smart Energy Code shall have the same meaning in this document;
- (b) if the same word or phrase is defined in both the DCC Licence and the Smart Energy Code and the definitions are not consistent, the definition in the Smart Energy Code shall take precedence for the purposes of this document.

7.2 The rules of interpretation set out at Condition 2 of the DCC Licence shall apply as if they formed part of this document.

7.3 For the purposes of this document, unless the context otherwise requires –

~~TCoS to ECoS Migration Complete~~ ~~has the meaning given to that expression in paragraph 2.3.~~

CoS Update Security Credentials Service Request (Service Reference Variant 6.23) shall be interpreted in accordance with the provisions of the DCC User Interface Specification relating to it.

**DCC Licence** means the smart meter communication licences granted under the Electricity Act 1989 and the Gas Act 1986, taken together.

**ECoS Certificate** means an Organisation Certificate (or one of a number of Organisation Certificates) that contains a Public Key which has an associated Private Key that will, as part of managing change of supplier events and following the completion of the implementation of the Enduring

Change of Supplier Arrangements, be used to Digitally Sign all Commands to replace Device Security Credentials that pertain to a Supplier Party on, or in relation to, Devices installed in consumer premises.

**Enduring Change of Supplier Arrangements** means the arrangements that are designed to ensure the occurrence of ECoS Go-Live and subsequent TCoS to ECoS Migration Complete.

**ECoS Go-Live** has the meaning given to that expression in paragraph 2.2.

**ECoS Migration Period** means the period which:

(a) commences on the first day upon which the DCC is first permitted under the Smart Energy Code to replace Device Security Credentials that pertain to the CoS Party, and which are held on (or in relation to) Devices that are installed in consumer premises, with information from an ECoS Certificate; and

(b) ends on the earlier of:

(i) 31 October ~~2023~~2024; and

(ii) the day on which TCoS to ECoS Migration Complete occurs,

and shall be treated as being inclusive of each of the days identified under paragraphs (a) and (b).

**Plan** has the meaning given to that expression in paragraph 1.1.

**Project Activity 1** has the meaning given to that expression in paragraph 2.2.

**Project Activity 2** has the meaning given to that expression in paragraph 2.3.

**Quality Factor** has the meaning given to that expression in paragraph 6.2.

<b>Scheme</b>	means this Baseline Margin Project Performance Adjustment Scheme.
<b>Specified Step</b>	has the meaning given to that expression in paragraph 4.5.
<b>TCoS Certificate</b>	means an Organisation Certificate (or one of a number of Organisation Certificates) that contains a Public Key which has an associated Private Key that, as part of managing change of supplier events, is used to Digitally Sign all Commands to replace Device Security Credentials that pertain to a Supplier Party on, or in relation to, Devices installed in consumer premises, other than where the Device Security Credentials held on such Devices have been modified to include information from the ECoS Certificate.
<b><u>TCoS Party</u></b>	<u>means the DCC when acting from Systems to which a Certificate with a Remote Party Role of 'transitionalCoS' has been Issued.</u>
<b>TCoS Private Key</b>	means a Private Key associated with a Public Key that is contained within a TCoS Certificate.
<b><u>TCoS to ECoS Migration Complete</u></b>	<u>has the meaning given to that expression in paragraph 2.3.</u>

Scheme made on 15 October 2020, and amended on [xx Month] 2022, on behalf of the Secretary of State by **DUNCAN STONE Deputy Director & Head of Delivery, Smart Metering Implementation Programme** (an official of the Department for Business, Energy & Industrial Strategy authorised to act on behalf of the Secretary of State).