Department for Business, Energy & Industrial Strategy

Department for Business, Energy & Industrial Strategy
1 Victoria Street,
London SW1H 0ET

www.gov.uk/beis

14 March 2021

The Authority (Ofgem), the SEC Panel, SEC Parties and other interested parties

Dear Colleague,

SMART METERING IMPLEMENTATION PROGRAMME: DIRECTION TO RE-DESIGNATE THE SMETS1 TMAD WITHIN THE SMART ENERGY CODE TO SUPPORT THE DCC SMETS1 SERVICE

1. This letter constitutes the Government's response to a consultation undertaken by the Data Communications Company (DCC) and a direction to re-designate the SMETS1 Transition and Migration Approach Document (SMETS1 TMAD). This is to support the enrolment and subsequent operation of first-generation smart meter devices on the DCC network.

2. Between 25 October 2021 and 12 November 2021, DCC sought views on its proposals to migrate only the electricity smart meter in a SMETS1 Installation where there are persistent gas smart meter (GSME) Home Area Network (HAN) connectivity failures (hereafter referred to as "partial migration"). DCC proposed an exclusions category for the GSME across the Initial Operating Capability (IOC) and Middle Operating Capability (MOC) Secure meter cohorts. In particular, DCC proposed that the Responsible Supplier had the right to request that only the electricity meter (ESME) is migrated in the case of Active Installations. In the case of Dormant Installations, the decision on whether to migrate the ESME only would be made by the DCC, following three failures of the HAN-connectivity check. In the case of Mixed SMETS1 Installations, DCC proposed that the Responsible Supplier for an Active GSME would provide an authorisation to allow the ESME to migrate without the GSME.

3. During the consultation process, some respondents raised concerns that there were commercial implications for IOC devices arising from partial migrations which would impact their preferred approach to the partial migration of dormant installations. Therefore, when DCC concluded on its consultation, it restricted partial migration TMAD changes to active meters only. Given the mixed views of respondents on other aspects, DCC proposed that it would consult on a solution for dormant and mixed meters for IOC at a later stage. DCC also intends to further consult on partial migration for MOC Secure (active, dormant and mixed) by early Q2 2022.

4. Between 14 January and 4 February 2022, DCC issued a further consultation on the SMETS1 TMAD seeking views on extending the scope of partial migration from just active IOC devices to also excluding dormant and mixed GSMEs (in the event of persistent failure of HAN communication for the IOC cohort). DCC received a written response from eight respondents. Four respondents supported the proposed amendments; the remaining four objected. Those who objected proposed that the Responsible Supplier for the GSME should be able to decide whether a dormant GSME is excluded from the migration on the basis that a partial migration of just the ESME could lead to poor customer experience with only the ESME providing smart services and a total SMETS2 exchange therefore likely in the future. These respondents deemed it better for the Responsible Supplier for the GSME to decide whether to attempt a partial migration on a case-by-case basis due to commercial implications.

5. Nevertheless, DCC considers that its proposed approach is the best way forward as it will maximise the migration of dormant meters and expedite the restoration of available smart services to consumers. DCC considered that this approach is consistent with DCC's transitional objective with respect to the enrolment of eligible SMETS1 meters in support of BEIS' objective to maximise consumer benefits from smart meters including from restoring smart services to dormant meters.

<u>Re-designation</u>

6. DCC consulted on a re-designation date for extending partial migration to dormant and mixed installations of 25 February 2022 or as soon as practicable within one month thereafter. Of the eight stakeholders who responded to this question, six supported the proposed date.

<u>Conclusion</u>

7. Government believes that it is appropriate to re-designate the SMETS1 TMAD on the basis of the version most recently consulted on by DCC and at Annex A, and a direction to this effect is given below. BEIS is of the view that the benefits of enrolling the ESME alone, and thereby restoring smart electricity metering services in an expeditious way, outweigh the potential disbenefits raised by some of the respondents to DCC's consultation. We note that there is an obligation on energy suppliers to replace any non-enrolled SMETS1 GSMEs by end 2022 in any event. In considering messaging to consumers, energy suppliers may wish to familiarise themselves with the SMETS1 Communication Principles which can be accessed through their Consumer Reference Group representative.

Direction

This direction is made for the purposes of the smart meter communication licences granted to Smart DCC Ltd under the Electricity Act 1989 and the Gas Act 1986 (such licences being the "DCC Licence") and the Smart Energy Code designated by the Secretary of State pursuant to the DCC Licence (such code being the "SEC").

Words and expressions used in this direction shall be interpreted in accordance with Section A (Definitions and Interpretation) of the SEC.

Pursuant to Condition 22 of the DCC Licence and Section X5 (Incorporation of Certain Documents into this Code) of the SEC, the Secretary of State directs that with effect from 15 March 2022 the SMETS1 Transition and Migration Approach Document, previously designated and incorporated into the SEC as Appendix AL, is hereby re-designated and incorporated in the form set out at Annex A of this direction.

For the avoidance of doubt, any re-designation of the SMETS1 TMAD shall be without prejudice to anything done under the DCC Licence or SEC on or after this document first being designated, or to the continuing effectiveness of anything done under this document prior to its re-designation (which shall have effect as if done under the re-designated document).

This direction is also being notified to the SEC Administrator and an updated version of the SEC to reflect these changes will be available on the SEC website in due course.

Yours faithfully,

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)

Annexes (separate documents)

Annex A: SEC Appendix AL – SMETS1 Transition Migration Approach Document v19.0 clean

Annex B: SEC Appendix AL – SMETS1 Transition Migration Approach Document v19.0 – marked up against v18.0