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<b>Action:</b>	<b>For Discussion</b>

## MP162 DCC Impact Assessment

### 1. Purpose

The Data Communications Company (DCC) has now completed its full Impact Assessment for Modification Proposal [MP162 'SEC changes required to deliver MHHS'](#). When the Technical Architecture and Business Architecture Sub-Committee's (TABASC) reviewed the Preliminary Assessment, the DCC agreed it would come back with further information on the solution following the Impact Assessment. We are also seeking the TABASC's views on whether the DCC's response has materially changed since the Preliminary Assessment, and if so whether this a beneficial or detrimental change.

### 2. Summary of MP162

This section summarises the key points of this Modification Proposal.

#### 2.1 Issue

As the smart metering rollout continues, there will be more and more premises with Electricity Smart Metering Equipment (ESME) installed capable of recording consumption in each half-hour period. Ofgem's [Electricity Settlement Reform Significant Code Review](#) (SCR) has concluded that settling all consumers on a half-hourly basis would bring net benefits of up to £4.5bn by 2045<sup>1</sup>. It has therefore concluded that Suppliers should be mandated to settle their customers on a half-hourly basis.

A key requirement of the full market-wide half-hourly settlement (MHHS) solution is that third-party agents should be able to collect half-hourly meter readings and submit these into settlement on behalf of Suppliers. This will require changes to the Smart Energy Code (SEC) and to the DCC Systems to deliver, as none of the existing DCC User Roles cover the specific subset of Service Requests an agent would need for MHHS. Ofgem [requested the DCC raise this SEC modification](#) to progress and deliver these changes separately to the full MHHS programme, due to the expected lead time needed for such changes.

<sup>1</sup> Please see Ofgem's [final business case and decision to implement market-wide half-hourly settlement](#) for more details.

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## 2.2 Proposed Solution

During the SCR, Ofgem developed its target operating model (TOM) for how the full MHHS solution should be delivered. The SEC and the DCC Systems changes will need to deliver the requirements set out in the TOM.

This modification will cover all the SEC changes required to allow third-party agents to collect half-hourly meter reads for MHHS. The solution will:

- Create a new User Role for non-Supplier Parties carrying out the Meter Data Retrieval (MDR) service;
- Define the Service Requests the MDR User Role will have access to and the associated Target Response Times (TRTs);
- Define the User Entry Process requirements for the MDR User Role; and
- Define the associated security and data privacy arrangements that will apply to the MDR User Role.

The agreed business requirements for this modification that were submitted for DCC Impact Assessment can be found in Appendix A.

We originally anticipated MP162 would cover the full set of SEC changes needed for MHHS. However, due to delays with the wider programme, the full solution has yet to be finalised. We do not expect the requirements relating to the MP162 solution to change at this late stage. We also expect any further changes needed to the SEC for MHHS will be document-only changes, for example to align terminology.

## 3. DCC Impact Assessment

The DCC has now provided its full Impact Assessment of MP162. Key points from this are summarised below, and the full response can be found in Appendix B<sup>2</sup>.

### 3.1 SMETS1 approach to caching

As part of its solution, the DCC is proposing introducing a short-term caching capability for Smart Metering Equipment Technical Specifications (SMETS) 1 ESME, to reduce the number of times SMETS1 Devices are queried. This will reduce the impact MHHS may have on the Dual Control Organisation (DCO) and the SMETS1 Communications Service Provider (CSP).

The DCC is proposing that a temporary local cache is created within each SMETS1 Service Provider (S1SP) for Service Request Variants (SRVs) 4.6.1 'Retrieve Import Daily Read Log', 4.8.1 'Read Active Import Profile Data' and 4.8.3 'Read Export Profile Data'. Any such data retrieved by a User will be stored in the cache for 48 hours, after which it will be deleted. Should subsequent Users request the same data during this time, it will be retrieved from the cache, rather than from the Device itself.

Please note a similar solution has not been considered for SMETS2 Devices due to the cryptographic complexity of data retrieval from SMETS2 meters for these Service Requests.

<sup>2</sup> A Word version is available on our [MP162](#) webpage if you wish to access the embedded files included in this document

### 3.2 Impact of User behaviour on capacity

During the Preliminary Assessment, the DCC provided a wide cost estimate range for MP162 of £29m-£59m up to the end of Pre-Integration Testing (PIT). This was due to uncertainty around expected User behaviour. Further discussions with the Working Group and input from the industry through the first Refinement Consultation helped to clarify these assumptions ahead of Impact Assessment.

Based on previous direction from the Working Group and the TABASC, the DCC has adopted a cautious approach, to not overprovide infrastructure and capacity increases for MHHS. As part of this, the DCC will define new 'peak' and 'off-peak' scheduling windows for each of the schedulable Service Requests required for MHHS. These will be used to control the processing rate for scheduled requests and minimise the impacts of creating demand spikes within DCC Systems. The Service Requests will be processed in either the 'peak' or the 'off-peak' window based on the DCC User Role that submitted the request.

The DCC has also asked Suppliers and MDR Users to schedule all Service Requests for MHHS purposes in the first instance, and only use on-demand requests where a schedule fails. This expectation is being backed up with appropriate wording within the MP162 legal text.

If User behaviour following MHHS service go-live does not match the current assumptions, the DCC may need to provide further capacity; this has not been included in the MP162 solution.

### 3.3 DCC implementation costs

Based on the clarified assumptions, the DCC has now provided a total implementation cost for MP162 of **£16,812,476**. This is the total if MP162 is delivered as a standalone release, and is broken down as follows:

Stage	SMETS2 Service Providers	SMETS1 Service Providers
Design and Build	£2,894,166	£4,701,496
Pre-Integration Testing (PIT)	£862,410	£2,020,945
Systems Integration Testing (SIT)	£1,947,638	£1,860,125
User Integration Testing (UIT)	£297,544	£1,625,984
Transition To Live (TTO)	£153,396	£310,375
<b>Total</b>	<b>£6,155,154</b>	<b>£10,657,322</b>

The DCC is also expecting additional ongoing application support costs of **£532,229 per month** due to the additional volume of messages being processed, and the additional infrastructure and operational service needed for this. These costs are still being challenged by the DCC.

### 3.4 DCC lead time and targeted SEC Release

Ofgem is targeting the full MHHS service going live in April 2024. To facilitate this, we have been targeting MP162 for inclusion in the November 2023 SEC Release, as this is the last SEC Systems Release before this date. Due to the size of the MP162 solution, we are expecting it to be the only DCC Systems impacting modification in scope of whichever SEC Release it is included in.

The DCC has set out an 18-month lead time to deliver MP162 in its Impact Assessment response. However, the DCC has noted it can facilitate implementing MP162 in the November 2023 SEC Release if Authority approval is received by the end of June 2022. If this cut-off is missed, MP162 would fall back to the February 2024 SEC Release, as a one-off SEC Systems Release, if approval is received by the end of August 2022. The DCC has highlighted that implementing MP162 later than February 2024 may impact on the Data Service Provider (DSP) re-procurement work.

## 4. Questions for the TABASC

At this stage of the modification framework, we seek the TABASC's view on the following question:

- Has the DCC's response materially changed since the Preliminary Assessment? If it has, is this a beneficial or detrimental change?

## 5. Next steps

We will also be discussing the DCC Impact Assessment response and the responses to the recent industry consultation with the Working Group on 4 April. We are expecting to submit the Modification Report to the Change Sub-Committee (CSC) on 19 April for approval to proceed to the Report Phase.

## 6. Recommendations

The TABASC is asked to **PROVIDE** views on the questions set out in this paper.

David Kemp

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31 March 2022

### Attachments:

- **Appendix A:** MP162 business requirements v0.5
- **Appendix B:** MP162 DCC Impact Assessment v0.6