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# MP210

## ‘RSA forecasts, orders and pay stock charges for Alt HAN Equipment’

### Modification Report

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Corporate member of  
Plain English Campaign  
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## About this document

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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.

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This document also has five annexes:

- **Annex A** contains the business requirements for the solution.
- **Annex B** contains the redlined changes to the Smart Energy Code (SEC) required to deliver the Proposed Solution.
- **Annex C** contains the proposed timeline for Alternative Home Area Network Company (Alt HAN Co) to progress changes to enable this modification.
- **Annex D** contains the full non-confidential Refinement Consultation responses.
- **Annex E** contains Alt HAN Co slides that set out the proposed changes to the Alt HAN Co Supplier Contract.

## Contact

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## 1. Summary

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This proposal has been raised by Tom Woolley from SMS Plc.

Registered Supplier Agents (RSAs) can work with numerous Suppliers simultaneously and install Smart Metering Equipment on their behalf. However, only Relevant Suppliers can currently order and submit forecasts of Devices for Alternative Home Area Network (Alt HAN) Equipment. Data Communications Company (DCC) Explicit Charges are then levied against Relevant Suppliers in accordance with SEC Section Z 'Alt HAN Arrangements' for Devices either held in stock or installed at premises they supply.

The Alt HAN processes do not currently provide for RSAs to undertake the forecasting and ordering on behalf of Suppliers, and SEC Section Z does not provide for Explicit Charges to be levied against RSAs for Devices held in stock.

The Proposer considers it would be beneficial for RSAs (such as Meter Operators (MOPs) and Meter Asset Managers (MAMs)) to be able to order the Alt HAN Equipment which they would be installing on behalf of Suppliers, and therefore incur the Explicit Charges for Devices they hold in stock on behalf of the Suppliers they work for.

The proposal is intended to apply to RSAs who would act on behalf of Relevant Suppliers who have appointed them to undertake forecasting and ordering. This would be subject to the RSAs having signed the relevant contract under the Alt HAN arrangements (and any Supplier they intend to deliver this service for already having signed the Alt HAN Supplier contract). This change is not intended to apply to other types of SEC Party.

This modification has a targeted implementation date of 23 February 2023 (February 2023 SEC Release). This modification will impact Suppliers and Other SEC Parties.

## 2. Issue

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### What are the current arrangements?

Currently, only Relevant Suppliers can forecast and order Alt HAN Equipment. SEC Section Z 'Alt HAN Arrangements' requires that Explicit Charges are levied against Relevant Suppliers for Devices held in stock and installed. As such, the Alt HAN processes do not currently provide for RSAs to undertake the forecasting and ordering on behalf of Suppliers and SEC Section Z does not provide for Explicit Charges to be levied against RSAs for Devices held in stock.

For Smart Metering Equipment, RSAs such as MOPs and MAMs can install and store equipment on Suppliers' behalf, but the forecast and ordering remain the responsibility of the Supplier. Similarly, Explicit Charges for Devices held in stock by the MOP/MAM are charged to the Suppliers only.

### Alt HAN Explicit Charges

The cost recovery for Alt HAN is broken down into Fixed and Explicit Charges. The Explicit Charges apply to 'in stock' (warehoused) and 'on the wall' (installed) Alt HAN Devices on a 'per Device' basis. Once a Device has been installed the 'on the wall' Explicit Charges will always apply to the Relevant

Supplier registered to the meter point with the Device. Fixed Charges account for all other Alt HAN Costs. They are recovered by DCC and apportioned across Suppliers on a market share basis.

### What is the issue?

The Proposer has stated that it would be beneficial for RSAs to be allowed to forecast and order Alt HAN Equipment on behalf of the Suppliers that they contracted with. For a Supplier to have an RSA to manage the forecast and ordering and pay the associated Explicit Charges for Devices, Section Z would need to recognise that Other SEC Parties (but intended to be limited to RSAs) can be responsible for the 'in stock' Explicit Charges, the same for what is currently in place for Relevant Suppliers.

The Proposer and Alt HAN Co have also informed the Smart Energy Code Administrator and Secretariat (SECAS) that changes would need to be made to the Alt HAN 'Supplier Contract' and supporting Alt HAN operational processes to implement the necessary changes. Any associated costs will be outside of this SEC Modification. These documents and processes reside within the Alt HAN Forum Governance. SECAS will co-ordinate with the Alt HAN Forum to ensure any changes align with this modification.

This change would be specific to the scenario where RSAs are required to be charged directly for any 'in stock' Alt HAN Devices.

In addition, the DCC would need to ensure it could process Explicit Charge data from Alt HAN Co for RSAs as part of the Alt HAN cost recovery arrangements (the DCC has confirmed it can do this during the Refinement Process).

### What is the impact this is having?

Suppliers cannot wholly outsource the forecasting and provision of Alt HAN Equipment to their RSAs, increasing the burden on Suppliers. This is likely to be a greater issue for Small Suppliers for two reasons:

- they may rely more heavily on their agents to fully manage their smart installation operational processes; and
- they may not require sufficient Devices to meet the 'minimum threshold' for Alt HAN ordering requirements.

Without RSAs being able to forecast and order Alt HAN Equipment, Suppliers may struggle to support the implementation of Alt HAN solutions. This could be due to a lack of human resources as well as a potential lack of warehouse capacity.

### Impact on consumers

If Suppliers face barriers when attempting to roll out Alt HAN Devices and are unable to outsource this function to their RSAs then they may have to implement less efficient/cost effective practices to be able to offer Alt HAN functionality to consumers.

### 3. Solution

#### Proposed Solution

The Proposed Solution will allow RSAs to forecast, order and obtain Alt HAN Equipment on behalf of their Suppliers. For this to take place, SEC Section Z 'Alt HAN Arrangements' will be amended to allow 'Parties' to forecast, order and obtain Alt HAN Equipment. This will allow Relevant Suppliers and RSAs to do so, subject to meeting the requirements under the Alt HAN arrangements.

SEC Lawyers advised that 'Party' is the most suitable term, acknowledging that Alt HAN Co would be able to control who they agree to deliver Alt HAN Equipment to through its contracts.

Relevant Suppliers will need to have acceded to the Alt HAN Supplier Contract to allow their RSA to undertake some of their activities and the RSA would need to sign a contract with Alt HAN to access services. It is intended that access to the Alt HAN services would only be offered to Relevant Suppliers and RSAs but not other types of SEC Party. The necessary contract changes are currently being discussed by the Alt HAN Forum's Supplier Contract sub group and will be subject to a consultation.

In order to correctly assign Explicit Charges to the Party that holds Alt HAN Devices 'in stock', the DCC will need to be able to process Explicit Charge reports received from Alt HAN Co that will contain Party as well as Supplier in stock charge data. The DCC has confirmed that it can carry out this action.

Additionally, the DCC has confirmed that in the event of an RSA entering administration, Alt HAN is to continue invoicing the DCC for that RSA's 'in stock' Devices until the RSA's credit cover has been drawn down to zero, or until Alt HAN has recovered the 'in stock' Devices. If the credit cover has been fully drawn down upon, and the Devices are yet to be recovered, the charges will be socialised to SEC Parties. The DCC has advised that this is the same arrangement with Communications Hubs. Alt HAN has advised that it will continue to look into whether there are any alternative arrangements to reduce any potential liabilities to Suppliers in the event of a MOP failure.

The Proposed Solution will also allow RSAs to manage Alt HAN Equipment returns. This will be able to be actioned before and after Alt HAN Equipment installation.

### 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

This modification will impact Suppliers as they will be able to outsource their Alt HAN Equipment forecasting and ordering.

Parties (likely to be RSAs, subject to the Alt HAN contract changes), will be impacted by this modification as they will be able to forecast and order, as well as hold Alt HAN Equipment.

The DCC will also be impacted by this modification as it will need to be able to process Explicit Charge reports from Alt HAN Co that contain Party as well as Supplier in stock charge data. The DCC has confirmed that it is capable of doing this at no additional cost.

## DCC System

This modification will have no impact on the DCC System.

## SEC and subsidiary documents

The following parts of the SEC will be impacted:

- Section Z 'Alt HAN Arrangements'

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

## Devices

This modification will have no impact on Devices.

## Consumers

This modification will have a positive impact on consumers as it will enable Suppliers who may not have sufficient resource to support Alt HAN solutions, to be able to outsource Alt HAN Equipment forecast and ordering. This will mean that consumers that require an alternative home area network in order to receive smart metering services will benefit when compared to what is currently in place.

## Other industry Codes

This modification will have no impact on other industry Codes.

## Greenhouse gas emissions

This modification will have a positive impact on greenhouse gas emissions, as outsourcing the forecasting, ordering and subsequently installing of Alt HAN Equipment in consumer premises will mean that these consumers will gain smart metering functionality which will lead to potential energy savings.

## 5. Costs

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### DCC costs

There are no DCC costs associated with this modification.

### 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 reassessed when combining this modification 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

Respondents to the Refinement Consultation advised that there will be implementation costs of less than £100,000 to their organisations. A Large Supplier stated that the Rough Order of Magnitude cost consists of legal and commercial expertise, and costs charged by their respective Meter Equipment Manager. An Other SEC Party (an RSA) added that the costs are associated with integration effort to Alt HAN Application Programming Interfaces (APIs) to be able to order and forecast Alt HAN Equipment.

## 6. Implementation approach

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### Approved implementation approach

The Change Sub-Committee (CSC) has agreed an implementation date of:

- **23 February 2023** (February 2023 SEC Release) if a decision to approve is received on or before 9 February 2023; or
- **Ten Working Days after decision** (ad-hoc SEC Release) if a decision to approve is received after 9 February 2023.

As this is a legal text-only change, the modification can be implemented ten Working Days following decision. As a result, this modification is scheduled to be implemented in the February 2023 SEC Release. The Proposer has advised that it would be advantageous for this to be implemented as part of the February 2023 SEC Release, as this is approximately when they anticipate a need to order Alt HAN Equipment. If, however the Change Board decision takes place after 9 February 2023, the modification will be implemented as part of an ad-hoc SEC Release, ten Working Days after decision. This will mean that RSAs will not have to wait until the next scheduled SEC Release (June 2023) to order Alt HAN Equipment on behalf of their Suppliers.



## 7. Assessment of the proposal

### Areas for assessment

#### Sub-Committee input

As part of the modification assessment, the Smart Energy Code Administrator and Secretariat (SECAS) engaged with the Chairs from the Operations Group (OPSG), the Technical Architecture and Business Architecture Sub-Committee (TABASC), the Security Sub-Committee (SSC) and the Smart Metering Key Infrastructure Policy Management Authority (SMKI PMA) to confirm what input is required from these forums.

SECAS believes the following Sub-Committees will need to input to this modification:

Sub-Committee input	
Sub-Committee	Input sought
OPSG	To confirm that allowing RSAs to forecast, order and pay stock charges for Alt HAN Equipment is a satisfactory solution to the issue identified and does not have any adverse operational impacts. The OPSG Chair commented that they would like to receive updates on the modification progression for information only.
SMKI PMA	None – No impacts on the SMKI document set.
SSC	None – No impacts on the Security infrastructure.
TABASC	None – No architecture changes should result from this modification.

In addition, SECAS will work in parallel with the Alt HAN Forum (via Alt HAN Co) to ensure the solution can be aligned to any necessary changes to the Alt HAN processes and Alt HAN Supplier Contract.

During these initial discussions, the TABASC Chair queried if ordering Alt HAN Equipment will have any associated DCC costs. This has since been investigated and DCC has confirmed that it will not incur additional costs.

SECAS noted that 'RSA' may not be the correct term to be used in the legal text. A more generic term may be more beneficial to futureproof the legal text change. SECAS sought advice from the Proposer, Alt HAN Co and the SEC Lawyer when drafting the legal text, and agreed that 'Party' should be used in the updated drafting. Further details can be found in Annex B.

The OPSG Chair queried the process RSAs will use to forecast the required quantities of Alt HAN Equipment. For example, will this be through an RSA's own forecasts or will they contact their associated Suppliers to create an aggregated forecast.

Alt HAN Co confirmed that an RSA could aggregate orders across a number of Suppliers (it is expected that both the Relevant Supplier and RSA would need to confirm to Alt HAN that they have agreed to act on their behalf). This will allow the RSA to meet the minimum order requirements and manage the end-to-end forecast and ordering process for those Suppliers. In this instance the RSA could take responsibility for the 'in stock' Explicit Charges up to the point that the equipment is



installed (at this point the Explicit Charge is linked to the MPxN and assigned to the registered Supplier).

## Views on the issue

### Change Sub-Committee initial feedback

A Device Manufacturer representative asked if the RSA User Role covers all the Parties that should be considered under this modification. Some Small Suppliers use other third parties who may not be signed up as an RSA. They considered the principle of this modification should be to cover all the Parties that may be affected, to avoid further modifications being needed in the future.

A CSC member highlighted that participants don't need to be a DCC User to order Communications Hubs, they just need to be a SEC Party, and enquired if the same would apply to Alt HAN Equipment. This has been investigated during the Refinement Process, and as part of the Alt HAN element of the solution, the Party would be required to sign the Alt HAN Supplier contract to gain access to the Devices.

The CSC also highlighted the timing and potential overlap with other Alt HAN related modifications already in flight. A member noted there were barriers for smaller Suppliers ordering Alt HAN Equipment due to the minimum order levels. They highlighted [MP170 'Firmware updates to Point to Point Alt HAN Devices'](#), which relates to the 'Over the Air' (OTA) firmware updates for Alt HAN Devices, and queried if DP210 may result in more Alt HAN Devices being installed that are not capable of OTA firmware updates. MP170 has since been withdrawn.

## Solution development

### Is 'Registered Supplier Agent' the correct term for the legal text?

During the Refinement Process, the initial term used in the legal text was 'Registered Supplier Agent', along with 'Relevant Supplier' which is currently in place. This was initially agreed between the Proposer, Alt HAN Co and SECAS. However, the SEC Lawyer advised that the most suitable term is 'Party'. The rationale provided is that Registered Supplier Agent is particular to a meter point (it refers to the Meter Operator/Asset Manager appointed for a meter point). Using 'Party' means that the entity needs to be a party to the SEC (so that it is obliged to pay the charges). They also advised that although 'Party' is a generic term, Alt HAN Co can control who they agree to deliver equipment to through its contracts but is expected to limit access to these services to Relevant Suppliers and RSAs.

### Credit Cover

During the Refinement Consultation, a Large Supplier queried whether current credit cover requirements, and in particular, the Value at Risk calculation were robust enough in the event that an RSA defaults. SECAS investigated this with the DCC, and it was agreed that the Value at Risk calculation will include monthly Alt HAN Explicit Charges for the RSA (annual Explicit Charges are excluded from the calculation).

Alt HAN Co also clarified that if an RSA defaults, it will be Alt HAN Co's responsibility to retrieve uninstalled Alt HAN Devices.

### **Small Supplier support**

During the Refinement Process, SECAS engaged with Small Suppliers to better understand the support for this modification. Three Small Suppliers were fully supportive of the Proposed Solution. One Small Supplier stated that the only way they will be able to support Alt HAN implementation is through this modification.

## **8. Case for change**

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### **Business case**

This modification will provide support to Relevant Suppliers that may struggle to deliver Alt HAN Services and meet their obligations. The effort and logistics for managing Alt HAN equipment processes will be alleviated for some Suppliers by allowing RSAs to forecast, order and subsequently obtain Alt HAN Equipment on behalf of those Suppliers. This will result in consumers being able to realise the full benefits of smart metering where an Alt HAN installation is required.

### **Views against the General SEC Objectives**

#### **Proposer's views**

The Proposer believes that this modification better facilitates SEC Objectives (a) <sup>1</sup>, (c)<sup>2</sup> and (h)<sup>3</sup>. This is due to the Proposed Solution facilitating the installation of smart metering systems (in particular Alt HAN Equipment), allowing consumers to better manage their energy consumption.

#### **Industry views**

Refinement Consultation respondents agreed with the Proposer that this modification will better facilitate SEC Objectives (a), (c) and (h).

### **Views against the consumer areas**

#### **Improved safety and reliability**

This modification will have a neutral impact on safety and reliability of smart metering.

#### **Lower bills than would otherwise be the case**

For Suppliers who under current circumstances may struggle to support delivering the Alt HAN solution, this modification will allow some consumers to gain smart functionality in their homes which

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<sup>1</sup> Facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain.

<sup>2</sup> Facilitate energy consumers' management of their use of electricity and gas through the provision of appropriate information via smart metering systems.

<sup>3</sup> Facilitate the establishment and operation of the Alternative Home Area Network (Alt HAN) arrangements.

provides consumers with information to manage their consumption in accordance with the proposed Smart Metering Implementation Programme (SMIP) business case.

#### Reduced environmental damage

This modification will have a neutral impact on environmental damage.

#### Improved quality of service

This modification will have a positive impact on the quality of service, as the Proposed Solution will allow for more consumers to gain access to smart metering benefits.

#### Benefits for society as a whole

This modification will result in a greater number of consumers being able to monitor their energy consumption as a result of smart functionality.

## Appendix 1: Progression timetable

Following the CSC's agreement that this modification should progress to the Report Phase, SECAS will issue the Modification Report Consultation before presenting the modification to the Change Board for decision under Self-Governance.

Timetable	
Event/Action	Date
Draft Proposal raised	4 Jul 2022
Presented to CSC for initial comment	19 Jul 2022
SEC Sub-Committee Chair triage meeting	20 Jul 2022
Business requirements developed with Proposer, Alt HAN Co and DCC	Jul – Aug 2022
Presented to CSC for final comment and recommendations	16 Aug 2022
Solution and legal text developed with the Proposer	Aug 2022
Modification discussed with the Working Group	7 Sep 2022
Refinement Consultation	26 Sep – 14 October 2022
<i>Modification Report approved by CSC</i>	15 Nov 2022
<i>Modification Report Consultation</i>	21 Nov – 9 Dec 2022
<i>Modification approved by Change Board</i>	21 Dec 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
Alt HAN	Alternative Home Area Network
Alt HAN Co	Alternative HAN Company
API	Application Programming Interface
CSC	Change Sub-Committee
HAN	Home Area Network
MAM	Meter Asset Manager
MOP	Meter Operator
MPxN	Meter Point Identifier Number
OPSG	Operations Group
OTA	Over-the-Air
RSA	Registered Supplier Agent
SEC	Smart Energy Code
SECAS	The Smart Energy Code Administrator and Secretariat
SMIP	Smart Metering Implementation Programme
SMKI PMA	Smart Metering Key Infrastructure Policy Management Authority
SSC	Security Sub-Committee
TABASC	Technical Architecture and Business Architecture Sub-Committee