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# DP189

## ‘Party Obligations for Communications Hub Orders’

### Modification Report

Version 0.2

14 June 2022

Corporate member of  
Plain English Campaign  
Committed to clearer  
communication

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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. This document will be updated as this modification progresses.

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## Contact

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## 1. Summary

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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 is 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 this given volume of 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

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Lower installation rates also mean that Parties may find themselves in possession of out-of-date equipment, due to technical uplifts being implemented before all Devices can be deployed.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

### 3. Assessment of the proposal

#### Areas for assessment

##### Will there be any operational impacts from reducing current Communications Hub ordering volumes?

During the Refinement Process, SECAS will present the modification and strawman solution to the Operations Group (OPSG) to better understand if there will be an impact on reducing the current volume of Communications Hubs a Party must order. The Proposer has commented that they are willing to work with the DCC to agree a reduced Communications Hub volume that is more appropriate for smaller Parties.

#### Sub-Committee input

SECAS has engaged with the Chairs from the 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 provide the following input to this modification:

Sub-Committee input	
Sub-Committee	Input sought
OPSG	Understand the operational impact of reducing the current required volume of Communications Hubs.
SMKI PMA	None – No anticipated impacts on the SMKI document set
SSC	None – No anticipated security impacts
TABASC	None – No anticipated impacts on technical architecture

#### Observations on the issue

##### Cost effective solution

During the Development Stage, the OPSG Chair advised that the Proposer and SECAS should identify where in the supply chain any proposed changes take place. They commented that this would be important as some changes may be more cost effective, depending on where in the supply chain they impact.

##### Shared ordering

Prior to raising this modification, the Proposer had investigated the possibility of sharing orders with other Parties. Initial investigations showed that there would be associated costs, that would negatively impact Small Suppliers. They advised that some Meter Operators (MOPs) and Meter Asset Providers (MAPs) already offer this type of service, though the process is financially limiting for Small Suppliers as the savings are not equal to the cost.

## Safeguarding Small Suppliers

During the Development Stage the Proposer highlighted how the current economic climate, particularly within the energy industry, is impacting Small Suppliers. Reducing the financial burden of the current minimum Communications Hub ordering volume would benefit these Parties.

## Appendix 1: Progression timetable

Timetable	
Event/Action	Date
Draft Proposal raised	22 Nov 2021
Presented to CSC for initial comment	30 Nov 2021
Modification placed on hold	Jan – May 2022
CSC converts Draft Proposal to Modification Proposal	21 Jun 2022
Business Requirements developed with the Proposer and DCC	Jun 2022
Legal text developed with the Proposer	Jun – Jul 2022
Modification discussed with the Working Group	3 Aug 2022
Modification discussed with the OPSG	9 Aug 2022
DCC Preliminary Assessment	Aug – Sep 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
MOP	Meter Operator
MAP	Meter Asset Provider
OPSG	Operations Group
SEC	Smart Energy Code
SIM	Subscriber Identity Module
SMKI PMA	Smart Metering Key Infrastructure Policy Management Authority
SSC	Security Sub-Committee
TABASC	Smart Metering Key Infrastructure Policy Management Authority