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MP162 ‘SEC changes required to deliver MHHS’

Conclusions Report – version 2.0

About this document

This document summarises the responses received to the two Modification Report Consultations and the recommendation of the Change Board regarding approval or rejection of this modification.

Summary of conclusions

Change Board

The Change Board voted by majority to recommend the Authority **approves** MP162. It believed the modification would better facilitate SEC Objectives (b)¹ and (g)².

Modification Report Consultation

SECAS received nine responses to the second Modification Report Consultation. Seven believed that the modification would better facilitate the SEC Objectives and should be approved, and two believed that the modification should be rejected.

¹ Enable the DCC to comply at all times with the General Objectives of the DCC (as defined in the DCC Licence), and to efficiently discharge the other obligations imposed upon it by the DCC Licence

² Facilitate the efficient and transparent administration and implementation of this Code

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First Modification Report Consultation responses

The first Modification Report Consultation was issued prior to the Authority's send-back direction, when the MP162 solution still included the additional capacity required by the DCC for market-wide half-hourly settlement (MHHS) and considered how the Service Requests would be scheduled across the day. These elements are now no longer in scope, but this summary has been retained in this report for completeness.

Views from Large Suppliers

Five Large Suppliers responded to the consultation, all believing MP162 should be rejected.

The respondents are supportive of the wider MHHS initiative. However, they felt they could not approve MP162 for various reasons and were not clear it better facilitated any of the SEC objectives.

One respondent disagreed with the Proposer's views that MP162 would better facilitate Objectives (b), (c)³ and (g). While MP162 implements the changes needed to facilitate MHHS, it could place other DCC delivery obligations at risk if the DCC couldn't meet the capacity requirements for its other obligations. Suppliers can already access the data needed for MHHS, and the large implementation costs would be passed through to consumers. They also considered MP162 could be detrimental to Objective (a)⁴ if overloading the DCC systems could mean other customer commitments can't be met, such as installing new meters or carrying out real-time troubleshooting, and Objective (f)⁵ due to the lack of Privacy Assessments for the new User Role (see below).

Several of the respondents noted concern with the allocation of the significant costs for MP162. The DCC costs for implementing modifications are recovered via Fixed Charges, which are split across Suppliers and Network Parties. Large Suppliers did not believe that they should incur the costs for MP162 for a service they can deliver without these changes, also noting these costs would ultimately be borne by consumers. Respondents felt the benefits Suppliers would realise would not match the costs they would incur, and that these costs should be incurred by the Supplier Agents. They also acknowledged the target operating model's (TOM) requirements regarding third-party access to half-hourly data but did not believe this sufficient to justify the costs for this being incurred by organisations who won't use this functionality. One respondent noted concerns the costs set out in the Modification Report could increase later on.

One respondent noted that the TOM only requires a meter data retrieval service but doesn't specifically require a new User Role. Suppliers already have access to the required Service Requests to access and retrieve half-hourly data and the respondent felt they could effectively appoint agents to run those without the need for a new User Role.

Two respondents noted concern with the approach to Privacy Assessments, considering the views that Meter Data Retrievers (MDRs) are looking to use the data for other uses, and noting this depends on the exact business models developed by these parties. SECAS spoke with the MHHS Programme and understands that while this may happen in the future, the intent for the delivery of MHHS is that the MDR will only be collecting data for settlement on behalf of Suppliers. SECAS has requested the

³ Facilitate Energy Consumers' management of their use of electricity and gas through the provision to them of appropriate information by means of Smart Metering Systems

⁴ Facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain

⁵ Ensure the protection of Data and the security of Data and Systems in the operation of this Code

MHHS Programme make fully clear to participants the expectations around the MDR role for both MHHS implementation and beyond. Additionally, the MP162 legal text has been drafted on the basis an MDR User can only collect data for settlement for a Supplier; any further changes to what this role could do would require a further SEC modification, under which the need for Privacy Assessments would be reassessed. The Panel could also choose to review the need for Privacy Assessments at any time should new information come to light, and request a further modification be raised to progress any changes needed.

Views from Other SEC Parties

Five Other SEC Parties responded believing that MP162 should be rejected, with a sixth providing a confidential response.

Respondents were generally supportive of the new User Role being introduced but noted concerns over the lack of parity in the service level for this compared to existing Users. They noted the TOM requires competition in data collection across all segments, including smart, and the design principle that all participants will be afforded the ability to deliver the same level of service. They considered that MP162's solution would not meet these points.

Respondents noted that the MDR User Role would receive responses to scheduled requests up to 10-20 hours later than the Import Supplier role. They considered this creates a significant advantage for Suppliers collecting the data in-house over those using a third-party MDR, as they would have more time to process data and more time to retry data retrieval should the schedule fail ahead of the first settlement run. This would result in a lower cost to serve overall and unfair advantages around performance management. Similarly, they can benefit from earlier access to that data – for instance for forecasting and in-day trading. They believed this would be detrimental to Objective (d)⁶.

Some respondents felt that progressing MP162 to decision now is premature given the outstanding issues and concerns over how this would impact competition and providing a level playing field which is still being discussed under the wider programme. They also considered they could not approve a change that would introduce competition issues.

Views from Small Suppliers

One Small Supplier responded, choosing to abstain.

The respondent highlighted concerns with MP162 being developed separately and did not believe any changes required for MHHS should be completed outside of the MHHS Programme governance. They also considered that MP162 should be held until a decision has been made as to whether there is likely be a delay with the wider programme, and that this should be included within the MHHS Programme's replanning exercise.

Views from Network Parties

Two Network Parties responded, both choosing to abstain.

The Network Parties agreed the solution would resolve the issue identified with one considering this would better facilitate SEC Objectives (b) and (c). One respondent noted the DCC's transparency

⁶ Facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy

over how it intended to manage the scheduled Service Requests to meet the 24 hour Target Response Time (TRT) for these. They acknowledged the question raised over how this fitted with the MHHS programme's level playing field design principle and queried if this might mean MP162 would be detrimental to objective (d). They also queried the impact of overnight reads impacting on Install and Commissioning (I&C) processes, noting the MHHS go-live date was expected to be around the same time as the smart metering rollout end date.

The other respondent felt MP162 did not consider the whole system impact of multiple SEC Users attempting to retrieve half-hourly consumption data from smart meters. They also noted the MHHS Programme's design being re-baselining and considered this an opportunity to return MP162 to the Refinement Process where this wider capacity impact could be brought into scope. Both respondents also noted the wider concerns raised by other Party Categories and felt MP162 is not yet able to be approved.

One respondent also noted the dependency on Retail Energy Code (REC) Change Proposal [R0044 'MHHS Programme Changes required to Central Switching Service'](#)⁷, and raised concerns that this change hadn't progressed far enough for them to understand the full end-to-end process.

Original Change Board vote

The original Change Board vote was completed prior to the Authority's send-back direction, when the MP162 solution still included the additional capacity required by the DCC for MHHS and considered how the Service Requests would be scheduled across the day. The Authority's send-back direction quashed this original vote, but the record of this has been retained in this report for completeness.

Change Board vote

The Change Board originally voted to recommend MP162 be **rejected** by the Authority.

The vote breakdown is summarised below.

Change Board vote				
Party Category	Approve	Reject	Abstain	Outcome
Large Suppliers	0	6	0	Reject
Small Suppliers	0	2	0	Reject
Network Parties	0	0	3	-
Other SEC Parties	0	2	1	Reject
Consumer Representative	0	1	0	Reject
Overall outcome:				REJECT

⁷ You will need to log into the REC Portal to access this page

Change Board discussions

Change Board members noted the outstanding issues around whether the solution aligns with the MHHS programme's level playing field principle. They were concerned that if MP162 is approved now, further changes could then be needed to it before implementation, which would have implication on costs.

The Design Advisory Group (DAG) has been reviewing the solution in parallel with the Modification Report Consultation, and the DAG Chair provided an update on progress. The MHHS Programme noted that MP162 is needed to fully deliver the wider MHHS solution but considered that further change to the proposed solution will likely be needed.

The DAG had queried how fundamental the proposed scheduling windows were to the DCC's solution and had been informed that this approach is a key part of the DCC's approach and the costs it provided in the Impact Assessment. It also queried how these scheduling windows were governed, noting these are not included in any of the SEC documentation or the MP162 legal text. It also considered whether a hierarchy of access needed to be established to manage the numerous requirements being placed on the system. The DCC noted that a solution without the scheduling windows, providing MDRs with the same access as Suppliers, would likely increase its implementation costs to the ballpark provided in the Preliminary Assessment (between £29m and £59m).

The Change Board considered the impacts of any delay to MP162's progression, either to defer the vote until further information is received, or to send the Modification Report back to the Working Group. Delays to MP162's progression would push back the implementation date accordingly, which would impact both the wider MHHS timetable and the Data Service Provider (DSP) re-procurement activities. The MHHS Programme would be keen to see more detail on the timeline and impacts of any delay. The DAG Chair also noted that the DAG is seeking a joint session with the MP162 Working Group to further discuss the solution.

Several members acknowledged that this modification has already been discussed at length by the Working Group, and it would need clear objectives and a lot of support if it was asked to look at this further. They were unclear what sending MP162 back would achieve without this.

A member asked whether there was any opportunity to review the TOM, considering this could be the cause of the issues. Any changes to the TOM would need to be raised through the programme with Ofgem, who would determine if any change could be made.

One member was concerned they had not seen any Suppliers come forward to say they needed this solution. However, the Change Board considered that smaller Suppliers, who are more likely to use third-party agents, have been focusing on the Faster Switching changes in recent months, and are more likely to engage with the MHHS changes now that this has been implemented.

Change Board members noted concerns over the split in governance, with the solution delivering the needs of one programme, but being subject to the governance of another. A member also noted the consequential REC Change Proposal is not yet complete, as well as MHHS design documents linked to this, meaning the full end-to-end solution is not yet known. SECAS acknowledged that lessons would need to be learnt from this modification around cross-Code working and will be undertaking a lessons learnt exercise.

Decision to proceed to vote

Change Board members noted the concerns discussed and felt in principle that MP162 is not yet ready to proceed to decision.

Three members considered MP162 should not proceed to vote yet. They were concerned by the end-to-end solution not being clear, the concerns raised over the cost allocation, and the split in governance between the programme and the SEC modification process. The MHHS Programme is also undertaking a replan which may revise the overall programme timelines, which could allow more time to work on the solution.

Other members shared these concerns, but on balance considered it would be more effective to move MP162 to the next stage of the process and submit it to the Authority for consideration. One member noted there seemed to be no escalation route and no clear guidance, and the only way seemed to be to send this forward. Members were also unclear whether any benefit would be realised from sending the solution back to the Working Group for further work. The Change Board therefore agreed by majority to proceed to vote.

Recommendation to the Authority

Large Supplier members were comfortable with the technical solution and noted their support for MHHS. However, they were not comfortable with how the costs for this change would be apportioned. Some members were supportive of the new User Role, though one member did query whether it was needed. Considering this, Large Suppliers voted to recommend rejection.

Small Supplier members also noted the concerns over costs, and that no Small Supplier Parties, who would be most likely to appoint a third-party MDR, had expressed support or an intent to use the solution. They also voted to recommend rejection.

Network Party members abstained from the vote. The Electricity Network Party members support the modification and MHHS, but considered the outstanding issues meant MP162 was not ready to be voted on. The Gas Network Party member abstained as Gas Network Parties are not involved in or impacted by MHHS.

Other SEC Party members noted the views given by Suppliers, and that there was no clear consensus the eventual solution would be as currently proposed. They therefore recommended rejection. One member abstained, considering the modification was not ready to be approved.

The Consumer member recommended rejection, considering this modification was not yet ready to be approved.

Second Modification Report Consultation responses

There were nine responses to the expedited second Modification Report Consultation which consulted on the revised MP162 solution following the send-back direction. Responses were received from two Large Suppliers, one Network Party, five Other SEC Parties and one other respondent.

The Large Supplier respondents continued to believe that MP162 should be rejected. They remained of the view that the modification was expensive and that there was no evidence that the new User Role was required or would be used. They were also unclear how this new function would improve

settlement, provide a better level of service to consumers, or change Supplier behaviour. As such, this would represent additional cost to Suppliers, and therefore consumers, for no benefit. One respondent noted they were not aware of any Suppliers planning to make use of this. The Network Party respondent, although supportive of approving MP162, also considered there to be insufficient evidence this User Role would be used, which would have helped provide a clear cost-benefit analysis.

One of the Large Supplier respondents also highlighted that the smart metering solution was never designed for another party to compete directly with a Supplier. They also considered that the Parties intending to become MDRs had shown clear intentions to carry out other activities beyond that settlement. They could not condone this being implemented at Suppliers' expense.

The remaining respondents considered that the revised MP162 solution would now better facilitate the SEC Objectives. Respondents generally agreed with the Proposer's views on Objectives (b) and (g), though some of these respondents considered it neutral to Objective (c). One Other SEC Party respondent also considered there to be benefits to Objectives (a) and (d).

Several of the respondents in support of MP162 acknowledged the concerns raised by Large Suppliers over the costs, and that the SEC's charging methodology was not well aligned to usage. They noted that [DP218 'Review of the SEC Charging Methodology'](#) had been raised to review these arrangements. They also noted that the MDR User role is a TOM requirement and that MP162 is needed to deliver this.

Change Board vote

Change Board vote

The Change Board voted to recommend MP162 be **approved** by the Authority.

The vote breakdown is summarised below.

Change Board vote				
Party Category	Approve	Reject	Abstain	Outcome
Large Suppliers	0	6	0	Reject
Small Suppliers	1	0	0	Approve
Network Parties	2	0	1	Approve
Other SEC Parties	1	1	1	Reject
Consumer Representative	1	0	0	Approve
Overall outcome:				APPROVE

The Gas Network Party member abstained as Gas Network Parties are not involved in or impacted by MHHS. One Other SEC Party member abstained, noting the questions around the business case for the MDR User Role.

Views against the General SEC Objectives

Objective (b)

The Change Board members who recommended approving MP162 believe that MP162 will better facilitate SEC Objective (b) as implementing the changes needed to deliver the MDR role defined in the MHHS TOM will allow the DCC to comply with the requirement introduced into the DCC Licence to facilitate the implementation of MHHS

Objective (c)

The Change Board did not agree with the Proposer's views that MP162 would better facilitate SEC Objective (c), as they did not see how the MDR User Role would enable consumers to benefit from more accurate allocation of their consumption within settlement. One member queried if this would imply that Suppliers' allocation of consumption into settlement would be less accurate. The Change Board considered MP162 to be neutral against this SEC Objective.

Objective (g)

The Change Board members who recommended approving MP162 believe that MP162 will better facilitate SEC Objective (g) as delivering the SEC and DCC changes for the MDR role as set out in the MHHS TOM will enable the wider programme to be delivered as planned.

Change Board discussions

The MP162 Modification Report noted that the DCC's Impact Assessment was still ongoing at the time the report was finalised, due to the expedited timeline following the send-back direction. Ahead of the Change Board vote, the DCC provided its updated Impact Assessment, which provided costs for Design, Build and Pre-Integration (PIT) of £1.26m and post-PIT costs of £3.96m. The DCC will continue to challenge the costs, particularly the post-PIT costs, with the Service Providers. The costs would also be reviewed as part of the corresponding post-PIT Change Request when the scope of the SEC Release that includes MP162 is finalised. Furthermore, the post-PIT costs will cover all changes in the release, and SECAS is actively reviewing which other changes could be delivered alongside MP162 to spread these costs. The DCC's updated Impact Assessment response will be published on the SEC Website and included alongside the Modification Report issued to the Authority for decision.

Change Board members expressed their discomfort with proceeding to vote given the costs had further changed at short notice from those consulted upon. However, they acknowledged the timescales that needed to be met, though noted these had been challenging.

Large Suppliers remained unconvinced that the new User Role will be used, having not heard of any Supplier organisations that planned to appoint a third-party MDR. Noting this, these members were uncomfortable with the high costs associated with this change. An Other SEC Party member also considered the modification should be rejected, given the views being expressed by Suppliers, considering their views were of more weight in this decision.

The members that voted to recommend approval noted they did so having considered the scope of the modification, that this was delivering on the MHHS TOM, and that the solution did so satisfactorily. They acknowledged that discussions on whether the MDR role is required should be raised with the MHHS Programme and not under MP162.

One member noted that they had supported the MHHS TOM but had not envisioned it being implemented in this way. Several members highlighted that the MHHS programme should have carried out an initial assessment of the costs and impacts of introducing a new User Role at a much earlier stage, to inform whether it should have been included in the TOM. This would have drawn out the expected cost-benefits case for this requirement, which members considered had still not been clearly articulated even at this late stage. They requested this lesson be taken on board for any future changes.