

Modification proposal:	Smart Energy Code (SEC) Modification Proposal (MP) 096: DNO Power Outage Alerts		
Decision:	The Authority ¹ determines that this modification ² should be made ³		
Target audience:	Data and Communications Company (DCC), SEC Panel, Parties to the SEC and other interested parties		
Date of publication:	28 September 2022	Implementation date:	12 October 2022

Background

When a power outage occurs, Distribution Network Operators (DNOs) have processes in place to ensure that, where possible, power is automatically restored within three minutes. When an outage extends beyond three minutes, the Data Communications Company (DCC) is obligated under the Smart Energy Code (SEC) to provide Power Outage Alerts (POAs) to industry including DNOs, within 60 seconds after the initial three minutes of the outage. Once power has been restored, a Power Restoration Alert (PRA) must be sent to the DNO within 60 seconds via the DCC Data Service Provider (DSP).

POAs and PRAs are significant to delivering the benefits of the Smart Metering Implementation Programme (SMIP) which is an industry led programme to roll-out smart electricity and gas meters to domestic and non-domestic sites. The DCC is currently unable to meet the 60 second obligation which is detailed within the SEC. To address this, a SEC transitional variation was approved by the Department of Business Energy and Industrial Strategy (BEIS) to compensate for the difference between what is stated in the SEC and DCC's current operational capability. This exception expired on 31 October 2018.

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² 'Change' and 'modification' are used interchangeably in this document.

³ This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989 and by section 38A of the Gas Act 1986.

Although the DCC does not currently meet the specified performance in the SEC, the DCC Service Providers including Communication Service Providers (CSPs) and the DSP are compliant with the POA and PRA performance requirements specified in their current contracts. CSP contracts were developed in parallel with the SEC, but they do not contain the same POA and PRA definitions and requirements. This has resulted in a scenario where the DCC is non-compliant with the SEC; however, CSPs are compliant with the performance requirements outlined in their contracts.

The modification proposal

On 14 November 2019, the DCC (the Proposer) raised SECMP096 'DNO Power Outage Alerts'. The Proposal seeks to amend the SEC to state that POA and PRA target performance will be captured within a new DCC document, 'Power Outage and Restoration Alerts Delivery Management Document.' This will address performance in relation to three specific alerts:

- AD1 Alert – Power Outage Event
- 8F35 – Supply Outage restored
- 8F36 Alert – Supply Outage Restored (Outage \geq three minutes)

Each performance requirement will be agreed with DNOs with performance divided between existing CSP technology. When 4G Communication Hubs are rolled out, they will need to meet the current 60 second requirement. The Proposal states that performance requirements will be reviewed by the DCC and validated on a quarterly basis with DNOs, and amendments (where necessary) will be applied every 12 months. These amendments will not require a SEC modification.

SECMP096 states that the division of performance requirements by technology is required due to the differing ways the CSPs operate their systems. The CSP Central and South uses cellular technology which is not impacted by the volume of Electricity Smart Metering Equipment (ESME). CSP North uses long-range radio technology, where performance may be affected by the volume of commissioned ESME. The legal text will specifically reference second and third generation cellular technology. As such, the fourth generation Communications Hubs will be exempt from the new requirements and will be required to meet the current 60 second requirement.

The issue outlined in SECMP096 is limiting DNOs in their delivery of the expected benefits and cost efficiencies from smart meter POAs and consumers are not receiving the expected outage benefits from smart meters, including earlier fault notification and restoration.

This solution has been proposed as the current smart infrastructure has technical constraints which prevents the DCC from meeting the current SEC requirements for POAs and PRAs. These technical constraints can only be addressed by changing the infrastructure which smart metering equipment currently relies on including legacy Communications Hubs. These changes would likely lead to significant costs and would be subject to an extended timeframe.

The full legal text associated with this modification, along with its history, can be found within Final Modification Report (FMR).

SEC Change Board⁴ recommendation

On 24 August 2022, the Change Board considered that SEC Modification Proposal MP096 'DNO Power Outage Alerts' would better facilitate SEC Objectives, namely the second and seventh General SEC Objectives. The Change Board unanimously recommended its approval.

Our decision

We have considered the issues raised by the Proposal. We have taken into account the votes of the SEC Change Board as set out in the Conclusions Report dated 24 August 2022. We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of SEC Objectives⁵, and
- directing that the change approved is consistent with the Authority's principal objective and statutory duties.⁶

Reasons for our decision

⁴ The SEC Panel and Change Board are established and constituted pursuant to and in accordance with DCC Licence 22.26(a).

⁵ The Objectives in accordance with DCC Licence 22.10-22.17

⁶ The Authority's statutory duties are wider than matters that the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 as amended and the Gas Act 1986 as amended.

We consider that the Proposal will better facilitate the second and seventh General SEC Objectives and will have a neutral impact against the other SEC Objectives.

The second General SEC Objective (b) is to enable the Licensee to comply at all times with the General Objectives of the Licensee, and to efficiently discharge the other obligations imposed upon it by this Licence.

We note Change Board discussions and responses to the consultation which state that the Proposal does not improve the underlying performance of the DCC system upon which Parties have based their original benefits forecasts to be delivered to customers. These benefits were declared to the Authority as part of their RIIO-ED1 submissions. Additionally, we recognise that on implementation of this modification, Parties will be required to re-evaluate the original forecast of benefits to customers based on the lower performance levels required of the DCC in respect of POAs and PRAs.

The Proposer asserts, and we agree that SEC Objective (b) will be better facilitated as the Proposal will change the SEC to reflect the current performance of the DCC and address its current non-compliance. We believe that the introduction of the Power Outage and Restoration Alerts Delivery Management Document will aid in improving performance given its intention to review and amend performance targets annually. This will also allow targets to be updated without raising further SEC modifications.

Changing the infrastructure which supports the delivery of POA, and PRA alerts would be disproportionate to the benefits that could be delivered to consumers and would involve significant timeframe issues and costs for all involved Parties. We note and agree with the views of DNOs who stated that the proposed system changes, outlined above, did not provide a strong enough business case for the proposed spend and therefore Objective (b) could be better facilitated through the updating of the SEC to match current performance levels.

Whilst this modification will align the SEC with current DCC performance, we note that the Proposal delivers no improvements to the timing or quality of the DCC's current performance. There will be no changes to the smart metering infrastructure with performance improvements reliant on the 4G Communications Hub roll-out. We encourage all Parties to work together in order to improve POA and PRA alerts on an ongoing basis. These alerts are a fundamental part of the SMIP, and longer alert delivery times erode the benefits and overall experience of smart

metering for consumers. We expect the DCC and other Parties to maximise the performance of the current smart metering infrastructure.

The seventh General SEC Objective (g) is to facilitate the efficient and transparent administration and implementation of the SEC.

We note the consultation response which states that they believe that the Proposal will be neutral against SEC Objective (g). However, we agree with the Proposer that SECMP096 will better facilitate the seventh General SEC Objective (g) as by modifying the performance measurements expected by the DCC in relation to POAs and PRAs. We feel this will improve SEC Parties' understanding of the expected level of service and performance they can expect to receive from the DCC. The proposed solution will ensure that the DCC delivers a consistent and agreed service level to the DNOs in relation to AD1, 8F35 and 8F36 alerts to DNOs.

The Proposal's intention to introduce a mechanism whereby the DCC will closely monitor the performance of POAs and PRAs and capture agreed targets in the DCC Power Outage and Restoration Alerts Delivery Management Document. We agree that this will improve the efficient and transparent administration and implementation the SEC. Thereby, better facilitating the seventh General SEC objective.

Decision notice

In accordance with standard licence condition 23 of the Smart Meter Communication licence, the Authority hereby determines that modification proposal SEC MP096 'DNO Power Outage Alerts' be made.

Michael Walls

Head of Retail Systems and Processes

Signed on behalf of the Authority and authorised for that purpose