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MP210 ‘RSA forecasts, orders and pay stock charges for Alt HAN Equipment’ Refinement Consultation responses

About this document

This document contains the full collated responses received to the MP210 Refinement Consultation.

Question 1: Do you agree that the solution put forward will effectively resolve the identified issue?

Question 1				
Respondent	Category	Response	Rationale	SECAS Response
Alt HAN Co	Other SEC Party	Yes	Alt HAN Co notes the SEC change creates the opportunity for metering agents to manage Devices on behalf of Relevant Energy Suppliers. Alt HAN Co will work with the Forum to establish the necessary processes and arrangements to implement the change, if approved.	
Shell Energy Retail Limited	Large Supplier	No	We have a concern regarding the legal text and drafting needed for credit cover provisions on the Party incurring Alt HAN 'in stock' charges, please see response below.	
E.ON	Large Supplier	Yes	No comment.	
British Gas	Large Supplier	Yes	It will help support the deployment of Alt HAN Devices, particularly for Small Suppliers	

Question 2: Do you agree that the legal text will deliver MP210?

Question 2				
Respondent	Category	Response	Rationale	SECAS Response
Alt HAN Co	Other SEC Party	Yes	<p>Alt HAN Co agrees the SEC legal drafting enables the ability for DCC to receive 'in stock' Explicit Charge data from Alt HAN Co for metering agents appointed by Relevant Energy Suppliers to manage the forecast, ordering and storing of Alt HAN Devices.</p> <p>Whilst the SEC refers to 'Party' we do anticipate that the services for forecast, ordering and storage of Devices would only be available to Relevant Suppliers and metering agents (where a Relevant Supplier has informed Alt HAN Co that they will act for the Supplier). Access is achieved through Alt HAN contractual arrangements.</p> <p>The processes and arrangements for metering agents to access the Alt HAN Devices will be agreed and progressed by the Alt HAN Forum. We anticipate that any liability associated with any metering agent business failure will need to be allocated to Suppliers participating in the use of that metering agent's services.</p>	
Shell Energy Retail Limited	Large Supplier	No	<p>We are unclear if the existing SEC credit cover terms and conditions can be relied upon. SEC Section J3, and in particular Section J3.6, refers to a Party's Value at Risk excluding any and all annual Explicit Charges. We believe that although 'in stock' Alt HAN equipment charges are</p>	<p>SECAS has raised this with the DCC to clarify that Alt HAN Explicit Charges are categorised as monthly and not annual. The response will be captured within the Modification Report.</p>

Question 2				
Respondent	Category	Response	Rationale	SECAS Response
			<p>treated as Explicit Charges, they are levied monthly so this clause J3.6 would not apply. We would welcome clarification on this point.</p> <p>We understand that there is still a risk that credit cover arrangements may be inadequate and specific amendments should be considered on how these charges could fall within the scope of a Party's credit cover requirement, or otherwise treated satisfactorily in the event of the Party's failure. On this latter point we note that AHC is developing proposals to reallocate responsibility to a Supplier for payment of charges that fail to be paid by their nominated RSA, through adjustments by the DCC's Explicit Charges for stock charges being sent to the relevant Supplier.</p>	
E.ON	Large Supplier	Yes	No comment.	
British Gas	Large Supplier	Yes	No comment.	

Question 3: Do you agree that the Parties that would use the option for ordering and forecasting Alt HAN Equipment should be limited to Relevant Suppliers and Registered Supplier Agents?

Question 3				
Respondent	Category	Response	Rationale	SECAS Response
Alt HAN Co	Other SEC Party	Yes	<p>Whilst the SEC refers to 'Party' we do anticipate that the services for forecast, ordering and storage of Devices would only be available to Relevant Suppliers and metering agents (where a Relevant Supplier has informed Alt HAN Co that they will act for the Supplier). Access is achieved through Alt HAN contractual arrangements. The Relevant Supplier must have already acceded to the Alt HAN Supplier contract to enable it to delegate to a metering agent.</p> <p>The processes and arrangements for metering agents to access the Alt HAN Devices will be agreed and progressed by the Alt HAN Forum.</p>	
Shell Energy Retail Limited	Large Supplier	No	<p>The 'Party' needs to be a party to SEC (for credit cover rules to apply), but there is no requirement for this to be limited to the RSA role specifically. This follows the Modification Report statement that "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".</p>	Alt HAN has made clear that it would not supply equipment to a SEC Party (that is also a DCC User) that is not a Supplier or RSA. Provisions will not be made to any other party type.

Question 3				
Respondent	Category	Response	Rationale	SECAS Response
E.ON	Large Supplier	Yes	It maintains control on who has access to Alt HAN Equipment, there needs to be a line somewhere.	
British Gas	Large Supplier	Yes	This seems appropriate.	

Question 4: Do you agree with the proposed implementation approach?

Question 4				
Respondent	Category	Response	Rationale	SECAS Response
Alt HAN Co	Other SEC Party	Yes/No	<p>Alt HAN is currently discussing the necessary contractual arrangements needed to allow for metering agents to undertake forecast, ordering and storage of Devices (where a Relevant Supplier notifies Alt HAN Co). Alt HAN will implement changes if the SEC change is approved. Contractual changes to give effect to this modification will be subject to a separate consultation of those changes and decision by the Alt HAN Forum and Board. We expect those changes to be complete by February 2023 in advance of the initial implementation date proposed.</p> <p>We would suggest that if a decision is not made on MP210 by 9 February that the implementation approach is that the SEC changes take effect 10WDs following decision. This is because ordering for Alt HAN Devices will have commenced and this allows the services to be accessed promptly upon the SEC change being made.</p>	SECAS notes your response and will amend the Modification Report to state that this will be part of an ad-hoc release provided that a decision is made before the February 2023 SEC Release. The Change Sub-Committee will agree the implementation approach.
Shell Energy Retail Limited	Large Supplier	Yes	Responsibility rightly sits with Alt HAN Co, Alt HAN Forum / energy Suppliers and their agents.	
E.ON	Large Supplier	Yes	The earlier date would support Parties in getting orders raised ASAP, noting that the lead times will likely mean deliveries won't be until later in '23.	

Question 4				
Respondent	Category	Response	Rationale	SECAS Response
British Gas	Large Supplier	Yes	It seems appropriate.	

Question 5: Will there be any impact on your organisation to implement MP210?

Question 5				
Respondent	Category	Response	Rationale	SECAS Response
Alt HAN Co	Other SEC Party	Yes	The consultation document reflects the fact that this Modification simply enables the ability for DCC to receive explicit charge data from Alt HAN Co that includes where metering agents hold Devices on behalf of Relevant Suppliers. Alt HAN Co will develop the necessary contractual arrangements and any revised processes that will enable metering agents to access these services and for Alt HAN to report accurately to DCC where explicit charges should be allocated. These contractual arrangements will be consulted upon before agreement is sought from the Alt HAN Forum and Board.	
Shell Energy Retail Limited	Large Supplier	Yes	We would need to agree a bilateral agreement / changes to existing arrangements with our agents to take advantage of this change, so that we could place reliance on the agent for forecasting, ordering and obtain Alt HAN Equipment to install our behalf.	
E.ON	Large Supplier	No	No comment.	
British Gas	Large Supplier	No	As a Large Supplier, with our own in house MEM operations, we would not use this new service, but recognise that others will.	

Question 6: Will your organisation incur any costs in implementing MP210?

Question 6				
Respondent	Category	Response	Rationale	SECAS Response
Alt HAN Co	Other SEC Party	Yes	There will be a cost for progressing the changes to implement MP210 using existing resources and legal costs for contract development. Both these costs are budgeted for within the Alt HAN budget.	
Shell Energy Retail Limited	Large Supplier	Less than £100k	Costs of accompanying changes are expected to be minimal and are outweighed by the benefits of this change.	This has been discussed with the respondent, where they have clarified that the Rough Order of Magnitude cost consists of legal and commercial expertise, and costs charged by their respective Meter Equipment Manager.
E.ON	Large Supplier	No costs	No comment.	
British Gas	Large Supplier	No costs	No comment.	

Question 7: How long from the point of approval would your organisation need to implement MP210?

Question 7				
Respondent	Category	Response	Rationale	SECAS Response
Alt HAN Co	Other SEC Party	February 2023	Alt HAN is currently progressing discussions with regards to contractual changes required to implement MP210. Contract development will need to proceed through the Forum's sub group, consultation and then Forum and Board approval. There is an appeal period associated with decisions. Assuming the structure of the contract has been agreed in advance of the Final Report for MP210 then Alt HAN should be in a position to meet the implementation deadline of 23 February 2023 or any subsequent implementation date.	
Shell Energy Retail Limited	Large Supplier	3-6 months	We expect the contractual arrangements to run alongside other Alt HAN mobilisation activities, with this change incorporated into existing timelines.	This has been discussed with the respondent. They have clarified that they would like the modification to be implemented as soon as possible, to provide certainty that such arrangements can be supported, so that work to implement between them and the respective MEM can proceed on this basis.
E.ON	Large Supplier	N/A	No comment.	

Question 7				
Respondent	Category	Response	Rationale	SECAS Response
British Gas	Large Supplier	N/A	No comment.	

Question 8: As a Relevant Supplier or Registered Supplier Agent, are you likely to take up this service?

Question 8				
Respondent	Category	Response	Rationale	SECAS Response
Alt HAN Co	Other SEC Party	N/A	Alt HAN would be keen to hear from any Relevant Supplier or metering agent who intends to utilise this service if they have not previously discussed with Alt HAN.	
Shell Energy Retail Limited	Large Supplier	Yes	More efficient operating model, and use of Alt HAN equipment.	
British Gas	Large Supplier	No	As a Large Supplier, with our own in house MEM operations, we would not use this new service, but recognise that others will, particularly Small Suppliers and their RSAs.	

Question 9: Do you believe that MP210 would better facilitate the General SEC Objectives?

Question 9				
Respondent	Category	Response	Rationale	SECAS Response
Alt HAN Co	Other SEC Party	N/A	We believe this if a matter for Relevant Suppliers and Alt HAN will implement the solution agreed.	
Shell Energy Retail Limited	Large Supplier	Yes	As Modification Report.	
E.ON	Large Supplier	No	No comment.	To be clarified with the respondent.
British Gas	Large Supplier	Yes	We agree with the Modification Report that this would benefit General SEC Objectives (a), (c) and (h).	

Question 10: Do you believe there will be any impacts on or benefits to consumers if MP210 is implemented?

Question 10				
Respondent	Category	Response	Rationale	SECAS Response
Alt HAN Co	Other SEC Party	Yes	MP210 could increase the likelihood of consumers receiving smart benefits through creating efficiencies in Supplier processes that enables installations.	
Shell Energy Retail Limited	Large Supplier	Yes	Lowers barrier to use Alt HAN services for all energy Suppliers and so extends overall smart metering benefits to greater number of customers who premises need an Alt HAN solution.	
E.ON	Large Supplier	Yes	It allows more consumers access to smart which puts them in control of their energy usage.	
British Gas	Large Supplier	Yes	This will definitely help customers in the types of properties that need Alt HAN support (ie blocks of flats, etc) to get access to Smart, regardless of the size of their Energy Supplier.	

Question 11: Noting the costs and benefits of this modification, do you believe MP210 should be approved?

Question 11				
Respondent	Category	Response	Rationale	SECAS Response
Alt HAN Co	Other SEC Party	N/A	We believe this is a matter for Relevant Suppliers and Alt HAN will implement the solution agreed.	
Shell Energy Retail Limited	Large Supplier	Yes	Minimal costs for inclusive operating model change for all energy Suppliers and their agents.	
E.ON	Large Supplier	Yes	No comment.	
British Gas	Large Supplier	Yes	No comment.	

Question 12: Please provide any further comments you may have

Question 12			
Respondent	Category	Comments	SECAS Response
Alt HAN Co	Other SEC Party	No comment.	
Shell Energy Retail Limited	Large Supplier	<p>The Modification Report (Section 4) indicates that 'Shared Resource Providers' are impacted by the implementation of this modification. We are unclear how this modification impacts Shared Resource Providers (as defined by SEC G10.2). There is no explanation for this assessment and is not justified.</p> <p>We expect that Alt HAN Co can also use the same granular level changes in the Explicit Charge reports to DCC for 'in stock' transfers between differing chargeable Parties. This follows a maturing in Alt HAN Co's approach to allow 'in stock' transfers of Alt HAN Devices (and ancillary equipment) between suppliers and RSAs / Parties to make efficient use of stock. For example, such efficiencies may be needed due to unused equipment from part-pallets at the end of deployment for some Parties, or during deployment, with fluctuations between Parties in the actual Alt HAN deployment numbers compared with their forecast numbers.</p>	<p>Thank you for your comments. SECAS will amend the Modification Report to remove Shared Resource Providers from the impacted Parties.</p> <p>Flexibility is built into the Alt HAN contractual change, whereby the RSA can re-allocate its stock to its other Supplier.</p>
E.ON	Large Supplier	No comment.	
British Gas	Large Supplier	In the Modification Report there is a paragraph explaining what would happen in the event of an RSA going into administration. This explains that the credit cover would be used in the first instance, but if this ran	When a Meter Operator ceases to trade, Alt HAN Co would seek to allocate any outstanding charges to those supplier that

Question 12			
Respondent	Category	Comments	SECAS Response
		<p>out, and the uninstalled Alt HAN assets had not been reclaimed, then the subsequent accruing costs would be met by the SEC Parties.</p> <p>Is there a calculation we can see, to understand the potential scale of this? For example, what is the typical credit cover level for an RSA party, and what does this equate to in terms of number of Alt HAN Devices?</p>	<p>are utilising that MOP until Devices have been retrieved.</p> <p>The Forum's contract sub group will discuss the methodology for cost reallocation and any adjustment to Explicit Charge data would be made prior to submission to DCC.</p>
		Action – amend the proposed solution to state that RSAs will be able to manage returns of Alt HAN Equipment before and after installation.	