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# SECMP0048 Initial Modification Report

## About this document

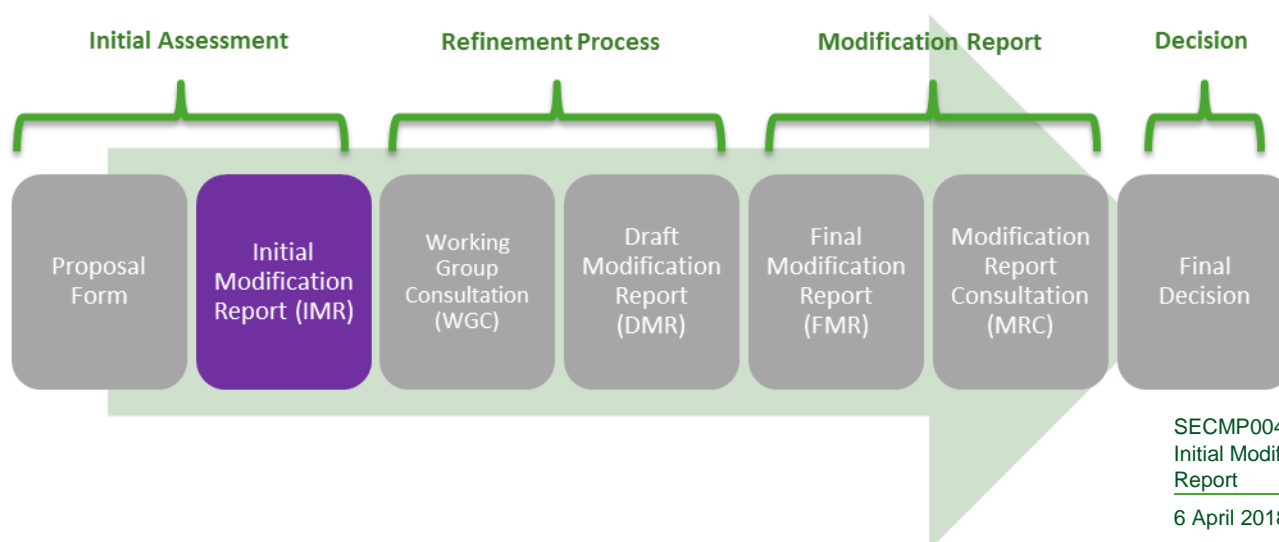
This Initial Modification Report (IMR) contains our initial assessment of SECMP0048. It also provides information on the issue, the Proposer's solution, potential impacts, costs and proposed progression.

**This document was submitted to the Smart Energy Code (SEC) Panel for consideration to determine how this Modification Proposal should be progressed through the Modification Process.**

As part of this document the Panel:

- **AGREED** that this modification should be submitted into the Refinement Process to be assessed by a Working Group;
- **AGREED** the Working Group Terms of Reference;
- **AGREED** the progression timetable set out in Section 6; and
- **AGREED** that SECMP0048 should be progressed as a Path 3 Modification Proposal.

## Where are we in the process?



SECMP0048  
Initial Modification  
Report

6 April 2018

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## Stage 01: Initial Modification Report

# SECMP0048:

## Extension of SMETS gas Valve exemption to include U16 Large Gas Meters installed at Domestic Premises

### Summary

This Modification seeks to extend the current Smart Metering Equipment Technical Specifications (SMETS) gas Valve exemption to also cover any U16 Large Gas Meter installed at domestic premises.

### Proposed Progression

This Modification Proposal has been agreed to be progressed:

**P3**

- as a Path 3: Self-Governance Modification Proposal; and
- through the Refinement Process for four months.

**4**  
Months

### Potential Impacts



- Large Supplier Parties, Small Supplier Parties and Other SEC Parties.
- There are no impacts on DCC Central Systems or Party interfacing systems.

What stage is this document in the process?

01	Initial Assessment
02	Refinement Process
03	Modification Report
04	Decision

#### SECAS Contact:

**Name:**

Nikki Olomo

**Number:**

020 7081 3095

**Email:**

[SEC.change@gemserv.com](mailto:SEC.change@gemserv.com)

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## About this Document

This is an Initial Modification Report (IMR). This document contains details of the issue, solution, potential impacts and costs as well as the proposed progression for SECMP0048.

This document has one attachment:

- Attachment A contains the SECMP0048 Modification Proposal Form.

The Panel considered this IMR at its meeting on 13<sup>th</sup> April 2018 and agreed that this modification should progress into Refinement for further development by a Working Group.

## 1. Summary

### What is the issue?

The [SMETS](#) requires Large Gas Meters<sup>1</sup>, commonly referred to as U16 Large Gas Meters, that are installed at domestic premises to include a Valve. However, this requirement does not extend to U16 Large Gas Meters installed at non-domestic premises. The number of non-domestic consumers that have, or require, a U16 Large Gas Meter is thought to be approximately 150,000, compared to the domestic sector where the number of U16 Large Gas Meters is estimated to be approximately 50,000. With most U16 Large Gas Meters being installed at non-domestic premises, and there being no requirement for those meters to contain a Valve, it is unlikely that a U16 Large Gas Meter will be developed that could be installed at domestic premises. Suppliers will instead have to rely on advanced meters as a domestic solution where a U16 Large Gas Meter is required.

### What is the Proposed Solution?

This modification aims to extend the current SMETS gas Valve exemption to also cover any U16 Large Gas Meter installed at domestic premises.

### Potential impacts

#### Party

Large Supplier Parties	X	Small Supplier Parties	X
Electricity Network Parties		Gas Network Parties	
Other SEC Parties	X		

#### System

DCC Systems		Party interfacing systems	
Smart Metering Systems		Communication Hubs	
Other systems			

<sup>1</sup> A U16 Large Gas Meter is defined within the Gas Supply Standard Licence Conditions as a Gas Meter designed to operate with a maximum flow rate of greater than 11 cubic metres per hour.



## Potential implementation costs

We believe that the cost to implement SECMP0048 will be limited to SEC time and effort to deliver the necessary document changes.

## Proposed progression

The Panel agreed that this modification be:

- progressed as a Path 3: Self-Governance Modification Proposal; and
- progressed through the Refinement Process for four months.

## 2. What is the issue?

### Background

The SMETS defines the minimum requirements for U16 Large Gas Meters installed at domestic and non-domestic premises. The U16 Large Gas Meter is a type of GSME (Gas Smart Meter) designed for use in larger homes and small commercial units and is a cost-effective method of metering. This contrasts with the U6 Prepayment Gas Meter, which has only ever been developed for the smaller domestic market. The U6 Meter has a Valve incorporated into it that can shut off the flow of gas via the meter. The Valve is simply a function in the meter that is activated when credit thresholds are breached. In the early days of the Smart Metering Implementation Programme (SMIP), Suppliers successfully argued that U16 Large Gas Meters installed at domestic premises should have a Valve to allow them to function in prepayment/credit mode in the same way that Electricity Smart Meters (ESME) do. It was believed that this would improve the customer experience, especially where both a U16 Large Gas Meter and an ESME were installed at a single premise. This is because the servicing of these devices will be largely the same, introducing efficiencies which are detailed in the [Department of Business and Industrial Strategy \(BEIS\)<sup>2</sup> Impact Assessment for the Smart Metering mandate](#). They include:

- Early energy savings being achieved; and
- Carbon savings being achieved.

### What is the issue?

The number of non-domestic consumers that have, or require, a U16 Large Gas Meter is thought to be approximately 150,000. This number is considerably higher compared to the domestic sector, where it is estimated that the number of U16 Large Gas Meters is approximately 50,000. With most U16 Large Gas Meters being installed at non-domestic premises, and there being no requirement for those meters to contain a Valve, it is unlikely that a U16 Large Gas Meter will be developed that could be installed at domestic premises. Suppliers will instead have to rely on advanced meters as a domestic solution where a U16 Large Gas Meter is required.

Without extending the SMETS gas Valve exemption it is likely that Suppliers' only feasible option will be to install an advanced meter at domestic premises where a U16 Large Gas Meter is required. Advanced meters do not offer the same benefits as SMETS meters. For example, they will not interact with the domestic customer's Smart Metering System. The impact of this will be a sub-optimal consumer experience, for example:

<sup>2</sup> At the time the document was published, BEIS was known as the Department for Energy and Climate Control (DECC)





- the In-Home Display (IHD) will not display any gas information;
- the customer may not benefit from bespoke smart tariffs;
- prepayment functionality will not be available on the gas supply account;
- there will be no ability to connect a standard Consumer Access Device (CAD);
- the customer may experience issues on Change of Supplier (CoS) (e.g. the gaining Supplier is unable to access remote information); and
- it is unlikely to enable remote access to data for third parties.

Furthermore, most domestic customers that require a U16 Large Gas Meter will have an ESME installed. This means that these consumers may have two different solution within their premises as the advanced meter used instead of a U16 Large Gas Meter will have to be operated via some other means. Furthermore, the services and customer benefits from advanced meters are less than the SMETS equivalent technology.

### 3. Solution

#### Proposed solution

SECMP0048 'Title' was raised by Centrica on 04 April 2018

The proposed solution seeks to amend the SMETS2 versions 2.0, 3.0 and 4.0 so that U16 Large Gas Meters installed at domestic premises do not require a Valve.

Extending the gas Valve exemption will enable U16 Large Gas Meters to be compliant for both domestic and non-domestic installations and allow more domestic customers to benefit from SMETS technology and services. It will also increase the overall requirement (and case) for U16 SMETS meters meaning that the overall cost of SMETS U16 Large Gas Meters is likely to decrease (e.g. higher production resulting in lower unit cost).

#### Views against the General SEC Objectives

The Proposer believes that this Modification Proposal better facilitates General SEC Objectives (a)<sup>3</sup>, (c)<sup>4</sup> and (d)<sup>5</sup> for the following reasons:

- **Objective (a):** The modification will increase the likelihood of domestic customers that require a U16 Large Gas Meter to benefit from SMETS/DCC.
- **Objective (c):** Domestic customers will be better placed to manage their energy usage through SMETS metering and connected devices.
- **Objective (d):** The modification will increase the potential usability of a single meter variant to cover both domestic and non-domestic premises, reducing the risk of issues at change of supply with interoperability and allowing rationalisation of solutions (SMETS and advanced metering) used in single premises.

For the avoidance of doubt, the Proposer believes that this modification is neutral against the remaining Objectives.

<sup>3</sup> to facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain

<sup>4</sup> to 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

<sup>5</sup> to facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy



## 4. Potential Impacts

The following section sets out the initial assessment of likely impacts should SECMP0048 be approved and implemented. Additional impacts may be identified by the Working Group as part of the Refinement Process.

### SEC Party impacts

Large Supplier Parties	X	Small Supplier Parties	X
Electricity Network Parties		Gas Network Parties	
Other SEC Parties	X		

Suppliers that choose to or have already procured U16 Large Gas Meters will be impacted by the implementation of the modification in a positive way as the SMETS change will mean they already have the experience of U16 Large Gas Meters at domestic premises. It also means they will already be SMETS compliant, so won't need to encounter further costs from procuring U16 Large Gas Meters in the future.

Manufacturers are impacted as this modification proposal would provide them with the ability to develop a further SMETS variant. They may also be impacted as the modification will change the minimum specifications for U16 Large Gas Meters.

### Central System impacts

DCC Systems		Party interfacing systems	
Smart Metering Systems		Communication Hubs	
Other systems			

There are no central system or user system changes required to implement this modification.

### Testing

There will be no testing required to implement this modification.



## **SEC and Subsidiary Document impacts**

SMETS2 versions 2.0, 3.0 and 4.0 of SMETS 2 will be impacted and will require updating.

## **Impacts on other industry codes**

There will be no impact on other industry codes.

## **Greenhouse Gas Emission impacts**

This proposal will enable both domestic and non-domestic customers to have U16 Large Gas Meters that are compliant with SMETS. These provide benefits such as consumers being better informed on their energy usage, potentially leading to a reduction in energy consumption and subsequently reducing Greenhouse Gas Emissions.



## 5. Potential Costs

### Potential implementation costs

The cost to implement SECMP0048 is expected to be limited to the SEC Administration time and effort for:

- Making the necessary amendments to the SEC;
- Releasing a new version of the SEC to SEC Parties; and
- Publication of this on the SEC website.

However, this will be confirmed as part of the Working Group's assessment and development of the modification.

## 6. Proposed Progression

### Modification Path

The Propose and SECAS recommended that SECMP0048 is progressed as a Path 3: Self-Governance Modification Proposal, as we do not believe it will have a material impact on consumers, competition, the environment, security of supply or personal data or any other area set out in [SEC Section D2.6](#). The Panel agreed that this Modification should be progressed as Path 3.

### Proposed progression

The Panel agreed the following progression timetable.

Activity	Date
Modification Proposal raised	09 Mar 18
IMR presented to Panel	13 Apr 18
Working Group	W/C 7 May 18
Working Group Consultation	24 May 18- 15 Jun 18
Working Group	W/C 25 Jun 2018
Panel reviews Modification Report	10 Aug 18
Modification Report Consultation	20 Aug 18 -07 Sep 18
Change Board vote	20 Sep 18

### Refinement length

The Panel agreed that this modification be submitted for a four-month Refinement and assessment by a Working Group. This four-month timeframe will allow for:

- a full Working Group assessment to take place (approx. one to two meetings); and
- One 15 Working Day industry consultation(s) to be issued and reviewed.

For a more detailed progression plan please see Appendix 1.

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## Working Group

### Membership

The Panel agreed that the SECMP0048 WG be made up of individuals with expertise in:

- U16 Large Gas Meters; and
- SMETS requirements,

as well as any other interested parties.

### Terms of Reference

We are not considering any additional questions in addition to the standard Working Group Terms of Reference questions, which can be found on the [About Modifications](#) page of our website.



## 7. Recommendations

The Panel:

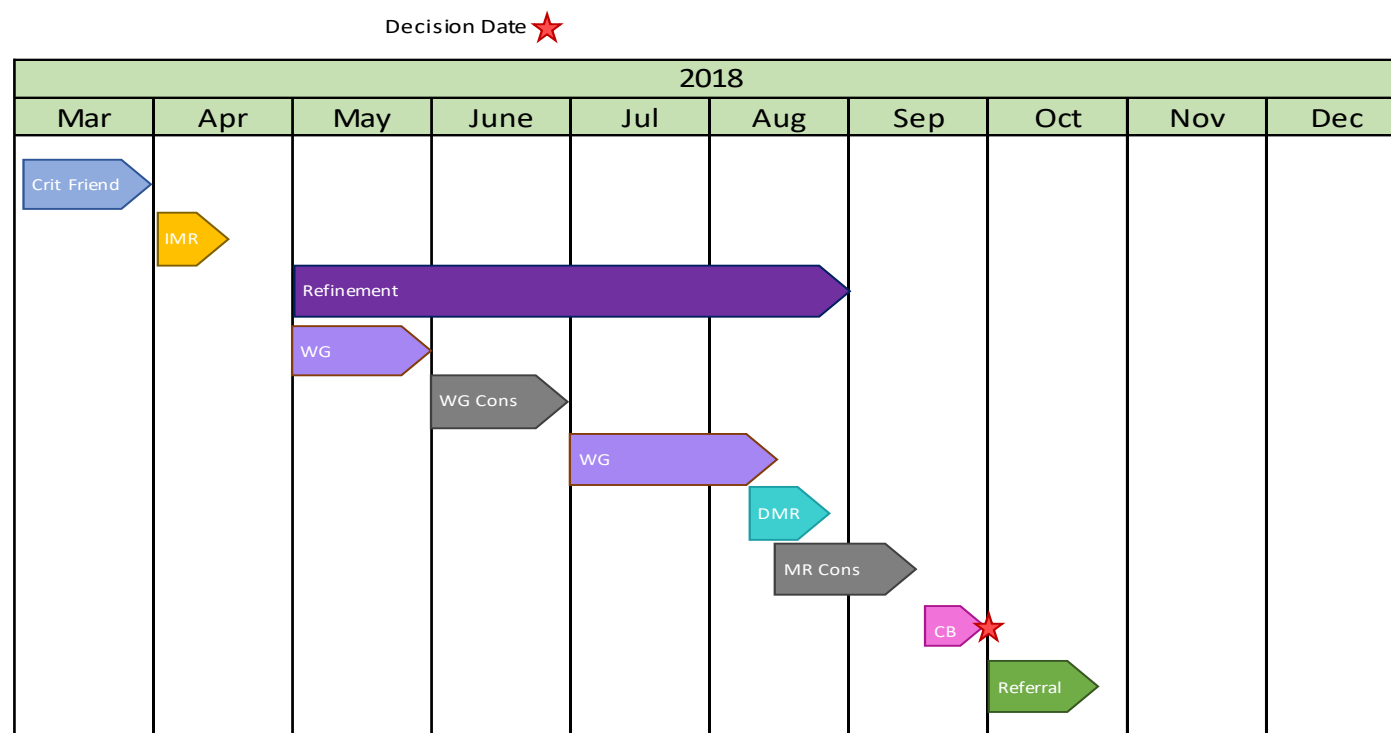
- **AGREED** that this modification should be submitted into the Refinement Process to be assessed by a Working Group;
- **AGREED** the progression timetable set out in Section 6; and
- **AGREED** that SECMP0048 should be progressed as a Path 3 Modification Proposal.





## Appendix 1: Detailed Progression Plan

Please note that the progression plan shown below is subject to change.



## Appendix 2: Glossary

The table below provides definitions of the terms used in this document.

Acronym	Defined Term
BEIS	The Department for Business, Energy and Industrial Strategy
CAD	Consumer Access Device
CoS	Change of Supplier
DCC	Data Communications Company
DECC	The Department of Energy and Climate Control
ESME	Electricity Smart Meter
GSME	Gas Smart Meter
IHD	In Home Display
IMR	Initial Modification Report
SEC	Smart Energy Code
SMETS	Smart Metering Equipment Technical Specifications
SMIP	Smart Metering Implementation Programme