



This document is classified as **White** in accordance with the Panel Information Policy. Information can be shared with the public, and any members may publish the information, subject to copyright.

## SEC Modification Proposal Form – SECMP0054

### Mod Title

Changes to DCC Explicit Charges for Test Houses

### Submission Date

24 April 2018

### Details of Proposer

Name:	Jon Brennan
Organisation:	E.ON UK
Contact Number:	07810 183954
Email Address:	jonathan.brennan@eon-uk.com

### Details of Representative (if applicable)

Name:	Eessa Mansoor
Organisation:	Smart Meter Device Assurance (SMDA) Co Ltd
Contact Number:	+44 (0)20 7090 1089
Email Address:	<a href="mailto:eessa.mansoor@gemserv.com">eessa.mansoor@gemserv.com</a>

## 1. What issue are you looking to address?

### Background

Suppliers have key asset obligations in both [Supplier Licence Conditions](#) (relating to SMETS compliance for all devices they install) and also the SEC (relating to device Interoperability with the DCC). In addition, whilst proving the Interchangeability of devices acquired on churn was removed from Supplier obligations earlier in the legislative development, this was recognised as an industry requirement to resolve.

One way for Suppliers to demonstrate the required compliance is through the Smart Meter Device Assurance (SMDA) Scheme, which provides assurance that installed Devices will work with the Data and Communications Company (DCC) systems, are interoperable and interchangeable with other Devices and provides testing evidence of a large proportion of SMETS requirements.

When any Testing Party uses one or more of the DCC's services for assurance testing, it is charged. Below are some of the assurance related testing charges set out in the DCC Charging Statement for 2017/18:

- SM WAN connection:
  - £10,140 (for each connection in CSP North)
  - £2,024 - £2,277 (for each connection in CSP South and Central)
  - £2,548 (monthly charge for each connection in CSP North, subject to minimum of 6 months)
  - £1,012 (monthly charge for each connection in CSP South or Central, subject to minimum of 6 months)
- LV Gateway connection:
  - £300 - £4,000 (per connection)
  - £600 - £1,000 (per annum for a 3-year contract, but 1-year is also available)
- Additional DCC testing support:
  - £700 - £1,350 (per consultant, per day)

In relation to the SMDA scheme, the charges listed above are initially incurred by the SMDA's Test House. These charges are included in the total costs of the SMDA Scheme; which are recovered in the form of Test Fees paid for by device manufacturers. Device manufacturers can request recovery of their costs through purchasing and funding agreements made with Energy Suppliers and MAPs.

Over the lifetime of the SMDA scheme, DCC costs are projected to be £261,800, costing manufacturers between £2,500 and £59,000 (depending upon their projected device submissions).

### What is the issue?

The charges associated with SMDA Test Houses using the DCC's service increases the cost of assurance testing which has proved to be a financial barrier to certain manufacturers.

Those Manufacturers providing lower volume of devices into the UK market and those making device variants with a lower volume are particularly affected as they have fewer units across which to amortise SMDA costs. Certain manufacturers are therefore delaying submitting devices for assurance testing which will, in turn, affect investor confidence in the scheme.

SECMP0054  
Modification  
Proposal Form

24 April 2018

Version 1.0

Page 2 of 5

This document is  
classified as **White**

© SECCo 2018

In addition, DCC Communication Hubs are not in scope of HAN devices under test for SMDA assurance, but form a key part of the test equipment and tools used by SMDA test house. The DCC is therefore gaining significant benefit with their Comms Hubs and systems being exercised through a range of device combinations, future device and Comms Hub firmware upgrades. SMDA is effectively being charged for providing this testing regime benefit to the DCC.

We believe that the charges for Test Houses using SM WAN connections, LV Gateway connections and DCC testing support for device assurance, should be removed. This in turn will help to accelerate the deployment of current and future SMETS2 devices into SMDA testing and reduce the risk of devices failing to work on the HAN with other devices.

## 2. Why does this issue need to be addressed? (i.e. Why is doing nothing not an option?)

By making SMDA (who perform Interoperability and Interchangeability testing with appropriate governance to deliver industry-wide benefits) exempt from certain DCC Explicit Charges, financial savings would flow down and reduce the financial exposure borne by manufacturers and passed onto Suppliers.

Doing nothing will contribute to delays in the deployment of SMETS2 Devices and an increased risk to Devices failing to work with the DCC and other Devices on the Home Area Network (HAN).

The SMDA and its appointed Test Houses are enablers in the rollout of SMETS2 Devices and will complete testing activity that is valuable to the DCC during the ramp up towards mass roll out and on an enduring basis for assets and CH updates. To reflect this industry wide benefit status, SMDA should be treated as a partner to the DCC rather than a customer, in terms of charges.

## 3. What is your Proposed Solution?

The proposed solution is, for SMDA and its' appointed test house, to waive one off and ongoing costs associated with the following DCC Explicit Charges (as set out in SEC Section K7.5):

- LV Gateway Connection (SEC Section K7.5(c));
- SM WAN for testing (SEC Section K7.5(h)); and
- Additional testing support (SEC Section K7.5(i)).

In order for all stakeholder engaged in funding (directly or indirectly) current and future SMDA testing, confirmation and evidence is also sought that any costs waived under this SECMOD are not reallocated to DCC user charges and effectively funded by Suppliers or other users..

## 4. What SEC objectives does this Modification better facilitate?

This modification will better facilitate General SEC Objectives (a)<sup>1</sup> and (d)<sup>2</sup> as:

- waiving the high costs associated with the DCC Explicit Charges noted above will reduce cost related barriers to manufacturers; thus, allowing them to more efficiently and effectively ensure device assurance without it being cost prohibitive.
- It will correctly allocate costs amongst all parties who benefit from the SMDA Scheme

## 5. What is the requested Path type?

Path 2

We believe this modification should be progressed as a Path 2 'Authority Determined' Modification Proposal as:

- there may be a material effect on competition, though this is believed to be positive; and
- this modification seeks to make changes to the DCC's Explicit Charges.

## 6. Are you requesting that the Modification Proposal be treated as Urgent?

No

Urgency is not being requested.

## 7. What is your desired implementation date?

We request that this modification be implemented in the next available SEC Release.

## 8. Which SEC Parties are expected to be impacted? (Please mark with an X)

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

This modification is expected to have positive impacts on all **SEC Parties** as waiving the costs associated with the DCC Explicit Charges noted above will reduce barriers for testing and allow **Manufacturers** to fully test their ESME, GSME, PPMID and IHD devices at an overall lower cost, ensuring that testing is done more cost efficiently and effectively.

In turn, reducing these barriers and ensuring that Manufactures fully test their devices will give more confidence to **Suppliers, Network Operators** and the **DCC**

<sup>1</sup> The first General SEC Objective is to facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain.

<sup>2</sup> The fourth General SEC Objective is to facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy.

that devices in operation are interoperable, interchangeable and will work with the DCC's Systems. Further, it will also ensure that there is a reduced risk of devices failing to work with the DCC's systems and other devices.

The **DCC** will be directly impacted due to the implementation of this Modification. The DCC will have to make changes to its Charging Statement and may also have to make changes to internal documentation and contractual agreements. However, this will be determined as part of the modifications refinement.

## 9. Which parts of the SEC will be impacted?

SEC Section K – Charging Methodology

## 10. Will there be an impact on Central Systems? (Please mark with an X)

DCC Systems	<input type="checkbox"/>	Party interfacing systems	<input type="checkbox"/>
Smart Metering Systems	<input type="checkbox"/>	Communication Hubs	<input type="checkbox"/>
Other systems	<input type="checkbox"/>		

There are no system impacts anticipated.

## 11. Will there be any testing required?

There is no testing of systems required.

## 12. Will this Modification impact other Energy Codes?

No

No impacts on other industry Codes are anticipated.

## 13. Will this Modification impact Greenhouse Gas Emissions?

No

No impacts on Greenhouse Gas Emissions anticipated.