Smart Energy Code

SEC
Smart Energy Code

Stage 03: Final Modification Report

What stage is this document in the process?

01	Initial Assessment
02	Refinement Process
03	Modification Report
► 04	Decision

SECMP0027:

Amending Service Request Forecasting

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Summary

This modification seeks to amend provisions for the Service Request (SR) Variance and Metrics Panel report. Specifically, it looks to ensure that the information on Users who fail to forecast their monthly demand within the 10% tolerance, as a result of the following SRs, will not be published by the Panel:

- SRV 2.2 'Top-Up Device' and
- SRV 7.4 'Read Supply Status'.

Further, it also introduces a list (owned by the Panel) to which other SRs can be added (or removed) in the future.

Working Group Conclusions

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- The Working Group (WG) **by majority** believe that SECMP0027 should be **approved**.

Impacts

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- The Data and Communications Company (DCC)
- DCC Users
- There are no impacts on any other SEC Parties, DCC Central Systems and/or Party interfacing systems

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About this Document

This document is the Final Modification Report (FMR) for SECMP0027. This document provides detailed information on the issue, solution, impacts, costs, industry consultation as well as WG and Panel discussions and conclusions on the modification.

The Change Board will consider this modification at its meeting on 20th June 2018, where it will determine whether SECMP0027 to be approved or rejected.

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1. Summary

What is the issue?

Under the SEC, every User is required to provide forecasts for each type of SR that it will send. If the total number of SRs sent by a User during a month is outside of the 10% tolerance of the User's forecast for the month, the Panel may publish a report showing the identity of the User as well as the number of SRs forecasted and sent by that User.

Utilita Energy (the Proposer) suggests that the current arrangements mean that the Panel may decide to publish the report even if the under-forecasting or over-forecasting was a result of matters beyond the User's control. For example, where demand for SRs was driven by Energy Consumers' requirements.

What is the Proposed Solution?

This modification proposes changes to the SEC to ensure that the information on Users who fail to forecast their monthly demand within the 10% tolerance, as a result of the following SRs, will not be published by the Panel as part of the SR Variance and Metrics Report:

- SRV 2.2 'Top-Up Device'; and
- SRV 7.4 'Read Supply Status'.

Further, it also introduces a list (owned by the Panel) for which other SRs can be added (or removed) in the future.

Impacts – Proposed Solution

Party

The implementation of this modification will impact the **DCC** and **DCC Users**. There are no impacts on any other SEC Parties anticipated.

System

This modification will not impact DCC Central Systems or Party interfacing systems.

Implementation Costs

The total estimated implementation cost to deliver SECMP0027 is approximately £1,200, and consists only of SEC Administration effort in implementing the modification.

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Implementation Date

SECAS recommends an implementation date of:

- **1st November 2018**, if a decision to approved is made by 15th October 2018.

Working Group's views

The WG **by majority** believe that SECMP0027 better facilitates the SEC Objectives. The WG therefore believe that this Modification Proposal should be **approved**.

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2. What is the issue?

Background

SEC Section H 'Managing Demand for DCC User Interface Services' 3.22 requires Users to provide monthly forecasts to the DCC for each type of SR that it will send.

In the event Users fail to forecast their monthly demand for SRs within the 10% tolerance of the total number of SRs sent during that month, the DCC will report such failure to the Panel pursuant to SEC Section H3.24(c) (SR Variance and Metrics Panel Report). The report that the DCC provides to the Panel reveals the identity of the User and the number of SRs they forecast and sent during the month, broken down by SR type. The Panel may publish any part of this report on the website, subject to a determination of reasonable circumstances (as per the provision in SEC Section H3.25).

What is the issue?

The Proposer suggests that Suppliers will struggle to forecast demand for SRs that are driven by Energy Customers, and believes such SRs may be the sole or main contributor to under-forecasting or over-forecasting in a month. They consider it would be unfair for these Suppliers to be reported in these circumstances.

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3. Proposed Solution

Solution

SECMP0027 was raised by Utilita Energy on 16th December 2016.

The proposed solution seeks to amend provisions for the SR Variance and Metrics Panel report to ensure that information on Users will not be published by the Panel if they fail to forecast their monthly demand within the 10% tolerance, as a result of the following SRs:

- SRV 2.2 'Top-Up Device'; and
- SRV 7.4 'Read Supply Status'.

Further, it also introduces a list, which will be owned by the Panel, for which other SRs can be added (or removed) in the future.

For avoidance of doubt, should a User under-forecast or over-forecast as a result of any other SRs, the Panel will be able to publish the Users information publicly, as currently.

Solution Requirements

In detail, the proposed solution requires that:

- Under information will be redacted in published versions of the SR Variance and Metrics Panel Report (pursuant to the proposed revisions in SEC Section H3.25) if under-forecasting or over-forecasting is a result of SRV 2.2 and SRV 7.4, or any other SRs on the new exclusion list;
- An exclusion list will be introduced to which other SRs can be added (and subsequently removed):
    - The exclusion list will be maintained and managed by the Panel;
    - Users wishing to add or remove SR types from the list maintained by the Panel will have to submit a request to the Panel. The Panel will determine whether that SR should be added or removed from the list;
- Users wishing to permanently redact one or more SRs will have to raise a SEC Modification to add the SR(s) to the SEC (similarly to SRV2.2 and SRV 7.4); and
- The DCC's output on the SR Variance and Metrics Panel report will stay as it is. Updates will be made to the physical document (if needed) once the Panel has reviewed it and determined whether any User(s) have failed to forecast their monthly demand within the 10% tolerance as a result of SRV2.2, SRV7.4 or any other SRV on the exclusion list.

Draft legal text

The proposed legal text changes to the SEC are provided in Attachment B.

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4. Impacts

The following section sets out the impacts associated with the implementation of SECMP0027.

SEC Party impacts

This modification impacts the **DCC** and **DCC Users**.

Under this modification, the DCC's output on the SR Variance and Metrics Panel report will stay as it is. However, the DCC may have to make updates to the physical document once the Panel has reviewed it and determined whether any User(s) have failed to forecast their monthly demand within the 10% tolerance as a result of SRV2.2, SRV7.4 or any other SRV on the exclusion list.

DCC Users will be positively impacted by the implementation of this modification as it allows them to request that the Panel adds or removes SRs to or from the exclusion list. In addition, it still allows for Parties to raise a modification to codify SRs they want permanently redacted.

This modification will not impact any other SEC Parties.

Central System impacts

This modification will not impact DCC Central Systems or Party interfacing systems.

Testing

Testing is not required for the implementation of this modification.

SEC and Subsidiary Document impacts

SEC Section H will be impacted by this Modification Proposal.

Impacts on other industry codes

No impacts on any other industry codes have been identified.

Greenhouse Gas Emission impacts

No impacts on Greenhouse Gas Emissions have been identified.

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5. Costs

Estimated Implementation costs

The total estimated implementation cost to delivery SECMP0027 is approximately £1,200.

SEC costs

The estimated SEC implementation cost is detailed in the table below:

SECAS implementation costs		
Implementation Activity	**Effort (man days)**	**Cost**
Application of approved changes to the SEC. Publication of new version of the SEC on the SEC Website and issuance to SEC Parties. Review and updated any impacted SEC guidance materials.	Two	£1,200[1]

6. Implementation

Recommended implementation date

The WG are recommending an implementation date for SECMP0027 of:

- **1st November 2018**, if a decision to approved is made by 15th October.

[1] SEC man day effort based on a blended rate of £600 per day.

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7. Working Group Discussions

The WG **by majority** believe that SECMP0027 better facilitates General SEC Objectives (d) and (g) and should be **approved**.

Solution options considered by the WG

When SECMP0027 was first raised, the Proposed suggested the following two solution options to address the issue:

- **Option 1:** The SEC is altered to request that Users submit a forecast of the total number of SRs and the category of SR (i.e. Future Dates, On Demand or Scheduled) only. This would exclude making reference to each Service listed in SEC Appendix E 'DCC User Interface Services Schedule'.
- **Option 2:** The SEC is altered so that SRV 2.2 'Top Up Device' is excluded from the report described in SEC Section H3.24(c). This would mean that if SEC Parties fail to forecast consumer driven top up requests within the 10% threshold, they would not be reported to the SEC Panel.

At the first WG meeting, the WG considered the issue and the proposed solution options, and agreed that:

- SR forecasting in general, and consumer driven top-up requests in particular, will be a challenging exercise (especially in the first year). Volatile consumer behaviour and size-varying portfolios are likely to contribute to the difficulty of the exercise.
- Despite these difficulties, there is value in Users providing SR forecasts with the current required granularity to the DCC, since the forecast provides the level of detail that enables the DCC to effectively manage demand for SRs.

Following discussions, the Proposer and the WG agreed that, since the outcome of this modification is to limit the reputational impact of the report published by the Panel pursuant to section H3.25 on Users, the solution should focus on changing the current reporting arrangements (Option 2), rather than the current SR forecasting arrangements (Option 1).

The WG also noted that the current arrangements are in place to encourage Users to forecast accurately, and these should remain as-is. But there should be more certainty that the Panel would only reveal the identity of Users who are not taking all reasonable steps to ensure that their SR forecast closely reflects their demand for SRs.

At the second WG meeting, the WG considered options for excluding SR types from the report provided by the DCC pursuant to H3.14(c)(ii):

- **Option 1:** The SEC would be amended and list all SR that would not be included in the under-forecasting/over-forecasting test and therefore not reported to the Panel pursuant to H3.24(c)(ii). Users wishing to add or

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remove SRVs from the list will have to raise a SEC Modification Proposal to do so.

- **Option 2:** all SRs that would not be included in the under-forecasting/over-forecasting test and therefore not reported to the Panel pursuant to H3.24(c)(ii) would be captured on a list maintained by the Panel.
    - To add or remove an SR, Users would make a submission to the Panel.
    - The Panel would determine whether the SR should be added or removed from the list.
    - If a User disagrees with the Panel's decision to add or remove and SRV(s) from the list, they can refer the matter to the Authority whose decision will be final and binding.
    - Should there be a change to the list, SECAS would notify the DCC.
    - The DCC would ensure that any change to the excluded SRV list are reflected in the SR Variance and Metrics Panel Report, taking affect from the month following receipt of the revised list.

Under both of the solutions noted above, the WG agreed on three initial SRs to be excluded from the report:

- SRV 2.2 'Top-Up Device';
- SRV 11.1 'Update Firmware'; and
- SRV 11.3 'Activate Firmware'.

The Proposer's preference for was Option 1, while other WG members favoured Option 2 as they felt Option 2 was less administratively burdensome (as, under Option 1, Users will have to raise a modification each time they want an SR to be excluded from the report). The Proposer suggested that the two options be combined into one solution.

Agreement of combined solution approach

The WG unanimously agreed to combine the two options noted above into one solution approach. However, the WG noted that the Panel should have visibility of all SRs sent and forecast. Also, following the TABASC's feedback (details of which are included below), the WG agreed to remove the firmware SRs from the proposed solution and add SRV 7.4 'Read Supply Status' instead.

The new proposed solution will ensure that User information will not be published by the Panel if under-forecasting or over-forecasting was a directly related to SRV 2.2, SRV 7.4 and any other SRs on the exclusion list managed by the Panel. The WG also agreed that the DCC's reporting process will remain the same, with the

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physical document being redacted once the full report has been considered by the Panel.

Consideration of the Path Type

SECAS requested the WG to consider whether this modification should still progress as a Path 2 'Authority Determined' Modification Proposal, or if SECAS should ask the Panel to consider progressing this modification as a Path 3 'Self Governance' Modification Proposal. The WG agreed that this modification should be progressed as a Path 3 'Self Governance' Modification Proposal, as the material impact originally envisioned is no longer relevant.

Does the proposed solution need to account for failed SRs?

A WG member asked whether failed or resent SRs are counted and included in a User's aggregate demand. A member noted that any SRs that are received by the DCC count towards the total aggregate number sent. However, they will not be able to determine which ones failed or were resent. SECAS asked the WG whether Suppliers keep a record of these SRs. A WG member responded, advising that Suppliers not only keep a record of these SRs but they also take into account any potential failure/error rates when they submit their SR forecast. The WG agreed that, given Users have the opportunity to provide rationale to the Panel for over/under forecasting, and Suppliers can keep a record of failure/error rates, there is no need to make a change to the proposed solution to account for this.

TABASC and Panel Feedback

The Technical Architecture and Business Architecture Sub-Committee (TABASC) discussed this Modification Proposal at two of its meetings (20th July 2017 and 16th November 2017). At its first meeting, the TABASC:

- agreed that SR forecasting, specifically customer driven top-up requests, will be an uncertain exercise, especially in the first year;
- questioned whether the Modification Proposal had been raised too early, as a problem has not been identified yet and therefore a solution cannot be shaped; and
- questioned the proposal to exclude the firmware update SRs on the basis that these should be more predictable than the prepayment top-up SRs.

The TABASC also recommended that SECAS present the modification to the Panel to determine whether it may wish to exclude certain SRVs from the report now (making the modification obsolete) or providing further guidance on the SRV report processes. The Panel considered TABASC's feedback at its meeting on 11th August 2017. The Panel:

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- noted that no formal guidance was necessary on the SR report process; and
- did not agree to redact any further information from the report at this time and believed that the modification should progress.

SECAS presented an update on the modification to TABASC on 16th November 2017, which included details of the Panel's consideration. The TABASC again questioned the proposal to exclude the firmware update SRs as they should be more predictable than the prepayment top-up SRs, on the basis that:

- Suppliers should know when the Meters they have require a firmware update through correspondence with the manufacturer (or Meter Asset Provider (MAP)) they obtain their Meters from;
- if it is a Firmware update to existing deployed Meters, they have to submit/corroborate the firmware submission that would be added to the Certified Products List (CPL), therefore it should be forecastable; and
- on a more enduring basis from 2019 onwards, releases with system/device impacts that may require firmware updates should happen at defined times of the year (in line with the Panel Release Management Policy) with firmware updates happening on or around this time.

WG consideration of the TABASC's feedback

The WG met to discuss the TABASC's feedback and agreed with the TABASC's view that SRV 11.1 'Update Firmware' and SRV 11.3 'Activate Firmware' should be forecastable and ultimately agreed that both SRVs should be removed from the proposed solution on the basis that:

- there should be few occasions of emergency updates; and
- SRV 11.1 'Update Firmware' is a DCC only SR, but noted that there are still activities related to it that are Supplier driven.

The WG agreed to take the Firmware SRs off the list. It also agreed to add SRV 7.4 (Read Supply Status) to the list, given that this SR is used mostly for power outages, and so is not predictable.

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8. Working Group Conclusions

The WG's **majority** view is that SECMP0027 better facilitates General SEC Objectives (d) and (g) and should be **approved**.

Benefits and drawbacks of SECMP0027

The Proposer and the WG have identified the following benefits and drawbacks related to SECMP0027:

Benefits

The Proposer and the WG agreed that it is challenging to predict some SRs nine months in advance (especially SRV 2.2 'Top Up Device'), and therefore excluding such SRs from the SR Variance and Metrics Panel report will prevent the reputational impacts that Users may face should their names be published as a result of a mis-forecast.

The combined solution approach also allows Parties to raise SR(s) with the Panel to be added to or removed from the exclusion list without having to raise a SEC Modification. Furthermore, it still allows the capability to permanently redact the SR(s), if they wish to, by raising a SEC Modification.

Drawbacks

One WG member did not agree with the implementation of this modification as they do not see any benefits against the Objectives. This is because there are currently no penalties in place for Users that breach the 10% tolerance.

Furthermore, for those Users who have breached, there is a process in place where they can provide their rational and/or evidence as to why they breached to the Panel. It is at this point that the Panel may choose not to publish their name publicly. Considering these factors, the WG member believes that there are no benefits to making these exclusions.

The Proposer and other WG members did not raise any concerns or further drawbacks.

Views against the General SEC Objectives

Objective (d)[2]

The **majority** of the WG believe that this modification will better facilitate SEC Objective (d). Rationales are explained above, under benefits and drawbacks.

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

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Objective (g)[3]

The **majority** of the WG believe that this modification will better facilitate SEC Objective (g).

One WG member found it difficult to associate this modification with the General SEC Objectives. However, they were happy to vote in line with the majority of the WG as the modification is more closely linked to (d) and (g) than any of the others.

One WG member stated that this modification will not better facilitate any of the SEC Objectives.

Draft legal text changes

The WG **unanimously** agreed that the proposed legal text (Attachment A) delivers the intention of SECMP0027.

Implementation approach

The WG initially **unanimously** recommends an implementation date of **1st November 2018**, if a decision to approved is made by 15th October 2018.

[3] Facilitate the efficient and transparent administration and implementation of this Code.

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9. Panel discussions

Panel discussions

The Panel **unanimously** agree that due process has been followed and that SECMP0027 should progress to Modification Report Consultation.

The Panel considered the Path Type of this modification and agreed that it should now be progressed as a Path 3 'Self-Governance' Modification Proposal, as the material impacts originally envisioned under the initially proposed solution is no longer relevant.

The Panel also agreed that the draft legal text changes to the SEC deliver the intention of the modification.

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Appendix 2: Glossary

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

Acronym	Definition
CPL	Certified Products List
DCC	Data and Communications Company
FMR	Final Modification Report
MAP	Meter Asset Provider
SEC	Smart Energy Code
SR	Service Request
SRV	Service Request Variant
TABASC	Technical Architecture and Business Architecture Sub-Committee
WG	Working Group
WGC	Working Group Consultation

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