



Modification proposal:	Smart Energy Code (SEC) Modification Proposal 0002: Add New Command to Reset Debt Registers		
Decision:	The Secretary of State ¹ has decided to reject the Modification Proposal ²		
Target audience:	Data Communications Company (DCC), SEC Parties, the SEC Panel, Ofgem and other interested parties		
Date of publication:	24 May 2018	Implementation date:	n/a

Background

1. In accordance with the SMETS2 specifications, ESMs and GSMs are required to have three debt registers. These are:
 - one Payment Debt Register, where the debt is recovered by deducting a configurable percentage of each credit added; and
 - two Time Debt Registers, where the debt is recovered by deducting a specified amount from the Meter Balance per period of time.
2. The Modification Proposal seeks to add a single command to SMETS2 which would enable Supplier Users to directly reset the Debt Registers on a Smart Meter by means of a single command.

The Modification Proposal

3. The Modification Proposal was raised by RWE Npower on 19 February 2016.
4. The proposal recommends the incorporation of a new single command into SMETS2 that will allow Suppliers to directly reset the Debt register on a smart meter that is operating in prepayment mode. Currently there is no single command which will allow such a reset; instead suppliers will have to send multiple commands to achieve this result.
5. Ways in which the displayed debt value can be reset have been identified, examples of which are as follows:
 - The Adjust Debt command allows for a positive or negative adjustment of these registers, so a reset can be achieved by reading the value and adjusting by the requisite amount. The value of the adjustment would have to take into account any pending payments or time-based debt to be able to calculate the accurate amount.

¹ References to the "Secretary of State", "BEIS", "we" and "our" are used interchangeably in this document. This decision is made on behalf of the Secretary of State.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989 and section 38A of the Gas Act 1986.



- Another mechanism to achieve a reset is to add a large credit to the meter so that any excess is rolled onto the Meter Balance and then resetting the Meter Balance.
6. These examples would be workarounds that would achieve the objective of resetting the debt register, however the proposer is concerned that if one of the commands fail then the full set of commands would not be completed leading to inaccurate debt registers.
 7. The proposed solution is to add a new remote command to SMETS2 meters and a new Use Case to GBCS to allow a user to reset the three Debt Registers independently. The Command would be usable in both Credit and Prepayment modes, although the function would only affect debt recovery while the meter is in prepayment mode.

Change Board³ recommendation

8. At the Change Board meeting on 18 April 2018 the Change Board voted unanimously that the Modification Proposal should be rejected, with one of the Network parties abstaining.
9. The Change Board members were generally of the opinion that SECMP0002 would better facilitate SEC objectives (a)⁴ and (c)⁵ although some members thought that the modification would not do so any better than the current baseline. The Change Board members considered that the costs associated with the modification outweighed any benefits that could potentially accrue from the modification.
10. SECAS submitted the Modification Proposal to BEIS for a decision in our temporary role as the Authority⁶ on 20 April 2018.

DCC Impact Assessment

11. The DCC provided an Impact Assessment⁷ which set out the changes that would be required to be made to its system to achieve implementation of the modification and the manner in which it would affect its system. The DCC confirmed that it

³ The Change Board is a sub-committee of the SEC Panel, established and constituted pursuant to and in accordance with Section D8 of the Smart Energy Code.

⁴ The First SEC Objective is the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems

⁵ The Third SEC Objective is to facilitate Energy Consumers' management of their use of electricity and gas through the provision to them of appropriate information

⁶ Section D8.3 of the SEC as varied by Section X2.3: <https://smartenergycodecompany.co.uk/the-smart-energy-code-2/>

⁷ Located in the Refinement Tab of SECMP0002 on the SECAS website: <https://smartenergycodecompany.co.uk/modifications/add-new-command-to-reset-debt-registers/>



would be possible to make changes to its system which could incorporate the changes sought by the proposal.

12. As part of the Impact Assessment, the DCC provided a breakdown of the Costs and Charges for the implementation of the modification. The total costs amounted to £2,449,796. These costs were for the design, build and pre-integration testing. Costs for system integration testing, User testing and implementation to live were not included in the costs presented by the DCC in its Impact Assessment.

Our Decision

13. We have considered the issues raised in the Modification Proposal that was raised on 19 February 2016 and the modification report dated 13 March 2018. We have considered and taken into account the responses to the industry consultations on the modification proposal which are attached to the report, as well as the DCC Impact Assessment.
14. We have in accordance with Section D9.2, had regard to:
 - (a) the Secretary of State's objectives and statutory duties under the Electricity Act 1989 and the Gas Act 1986;
 - (b) whether or not the approval of the variation would better facilitate the achievement of the SEC Objectives than if the variation was rejected;
 - (c) the decision of the Change Board in respect of the Modification Proposal; and
 - (d) other matters that we consider appropriate.
15. We have concluded that:
 - making the modification would not be consistent with the Secretary of State's principal objective and general duties under the Electricity and Gas Acts; and
 - the modification, if made, would not on balance better facilitate the achievement of the SEC Objectives, in particular the first and seventh SEC Objectives.
16. The Secretary of State has therefore determined that the Modification Proposal should be rejected

Reasons for our decision

17. Industry does not appear to support this modification as is evidenced by the Change Board vote and the consultation responses. We consider the Change Board vote as a recommendation.
18. This modification has been identified as facilitating the First SEC objective which is as follows:



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

19. The view of the working group members was that the modification better facilitates the first SEC objective because Suppliers will be able to make more efficient use of the DCC System by replacing two Commands to reset Debt Registers with one. This will reduce the traffic across Supplier and DCC systems, thus reducing the risk of failures.
20. However, this view fails to take into account an important consideration that links to the first SEC objective, which is the necessity on suppliers to create workarounds. Given the timing for the implementation of the modification relative to the SMETS2 rollout, suppliers would have to develop workaround. If this modification was implemented, the result would be that suppliers would have at least two processes in operation to achieve a reset of the Debt Register. The implementation of this modification would require additional work being undertaken by suppliers, which would be inefficient. This inefficiency would not meet the efficiency requirement of the First SEC objective, with the result that this modification would not better facilitate the First SEC objective.
21. The working group also identified that the modification benefitted the third SEC objective which is the following:

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

22. This consideration was premised on the contention that it is possible that using a workaround which requires multiple messages increases the likelihood of an error which could result in a faulty debt register reading. The Working Group did not however form a view of whether this error is likely to occur and if there is a potential for this to happen, whether it would be a regular occurrence. No information is provided on how often it will be necessary to reset the debt registers.
23. In the Working Group Consultation, one of the respondents stated that there is a potential risk that the workarounds might not work in all circumstances, but that there is no evidence to support this.
24. The Working Group has presented an argument in favour of the Third SEC Objective that has little evidence to support it. Accordingly, it is not possible to objectively conclude that the modification better facilitates the Third SEC objective.
25. We have identified that the seventh SEC Objective is also impacted by this modification.



to facilitate the efficient and transparent administration and implementation of the SEC

26. The costs of the modification have been identified in the responses to the consultation as well as by the Change Board to be high. Efficiency of the operation of the SEC is closely linked to the cost effectiveness of the modification. These costs cannot be reconciled easily with the efficient administration and implementation of the SEC.
27. We accordingly believe that the modification does not better facilitate SEC Objective seven.
28. In addition to the SEC objectives, Section 9.2 requires the Secretary of State to consider the statutory duties as set out in the Gas and Electricity Acts which is a duty to protect the interests of consumers.
29. As this modification would only come into effect after the rollout has commenced, it will be imperative for suppliers to develop an interim workaround, this modification will only be a benefit where an issue develops in a meter that had been installed or upgraded after the implementation of the modification. Taking into consideration the duplication of work that will be required by suppliers to implement this modification, there is little evidence that this modification would be of benefit to consumers.
30. Taking into consideration the limited benefits as identified above and the high costs, there is no evidence to indicate that it would be in the interests of consumers to have this modification approved.

Decision Notice

In accordance with Condition 23.15 of the DCC Licence, and Section D of the SEC as varied by Section X2.3, the Secretary of State has decided that this modification should not be made.

Duncan Stone
Head of Smart Metering Delivery

(an official of the Department for Business, Energy & Industrial Strategy authorised to act on behalf of the Secretary of State)