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SECMP0060 Initial Modification Report

About this document

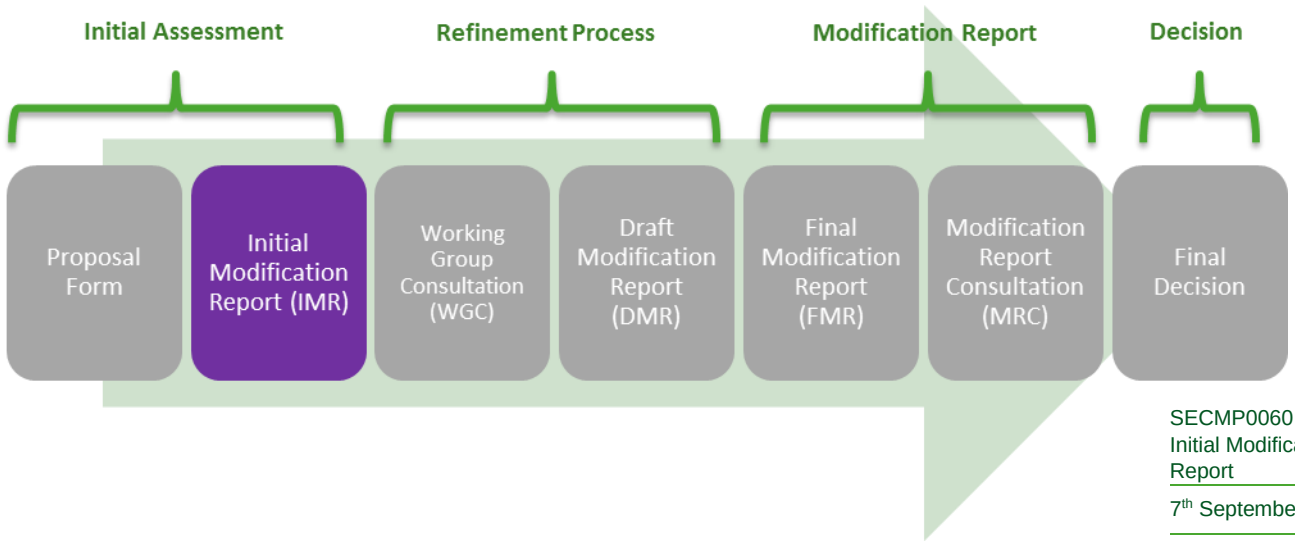
This Initial Modification Report (IMR) contains our initial assessment of SECMP0060 'Amend Requirements to remove 'Pending' Communications Hubs from the SMI'. It also provides information on the issue, the Proposer's solution, potential impacts, costs and proposed progression.

This document is 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 will be invited to:

- **AGREE** that this modification should be submitted into the Refinement Process to be assessed by a Working Group;
- **AGREE** the Working Group Terms of Reference;
- **AGREE** the progression timetable set out in Section 6; and
- **AGREE** that SECMP0060 should be progressed as a Path 3 Modification Proposal.

Where are we in the process?



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Smart Energy Code

SEC
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Stage 01: Initial Modification Report

What stage is this document in the process?

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

SECMP0060:

Amend requirements to remove 'Pending' Communications Hubs from the SMI

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Summary

This modification seeks to amend the existing conditions in the Smart Meter Inventory (SMI) so that Communication Hub devices listed under 'Pending' are not removed from the inventory. Due to the delays in the Smart Metering Equipment Technical Specifications (SMETS) 2 rollout programme, an estimated 20,000 devices may be removed from the SMI by November 2018 if the requirements are left unchanged.

Proposed Progression

This Modification Proposal is recommended to be:

P3

- progressed as a Path 3: Self-Governance; and
- progressed through the refinement process for three months.

2 Months

Potential Impacts

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- Supplier Parties are impacted by this modification.
- There are no impacts on Data Communications Company (DCC) Central Systems and/or Party interfacing systems.

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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 SECMP0060.

This document has one attachment:

- **Appendix A** contains the SECMP0060 Modification Proposal Form;

The Panel will consider this IMR at its meeting on 14th September 2018 and determine how this modification should be progressed through the Modification Process.

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1. Summary

What is the issue?

Currently under the SEC, any device in the SMI with a 'Pending' status must be removed by the DCC after 12 months if the status has not changed. Delays to the SMETS2 rollout programme has led to multiple Communications Hub devices still being listed as pending and potentially needing to be removed from the SMI. The requirement in its current form is a potential barrier to the rollout and the affected assets could be obsolete to Users in their current state. This is due to DCC Users being unable to install devices that have been removed from the SMI list, and therefore increases the likelihood of older device models not being used and being charged by the DCC through the Communication Hub Stock Level Charges as specified in the SEC Section K 'Charging Methodology'.

What is the Proposed Solution?

The proposed solution is to remove the requirement in SEC Appendix AC 'Inventory, Enrolment and Withdrawal Procedures' which obligates the DCC to remove devices from the SMI where the device status is 'Pending' and has remained in that state for 12 months.

Potential impacts

Party

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

System

There are no anticipated impacts on DCC Central Systems and/or Party interfacing systems. However, the DCC may receive a positive impact through greater and more transparent administration if this modification is approved.

Potential implementation costs

The estimated cost to implement SECMP0060 is approximately £1,200 and is limited to SEC time and effort to deliver the necessary document changes.

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Proposed progression

We recommend that this modification is progressed to a Refinement Process for a three-month assessment from a Working Group.

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2. What is the issue?

What is the SMI?

The SMI is a list that was established and is maintained by the DCC which contains all the devices which DCC Users can install and that can communicate with the DCC. Under the SEC, any device in the SMI with a 'Pending' status must be removed by the DCC after 12 months if the status has not changed. Delays to the SMETS2 rollout programme has led to multiple devices still being listed as pending, which will need to be removed from the SMI. A device that is removed from the SMI list cannot be installed by DCC Users.

What are DCC stock level charges?

The DCC levies a Communications Hub Stock Level Charge (SEC Section K 'Charging Methodology' 7.5(l)) to customers. This charge is based upon devices that have been delivered and accepted but have not been commissioned. This charge is calculated using the figures from the SMI concerning the quantity of affected devices to each individual DCC User for reference (as this was considered the most efficient practice to follow). As part of the modification, DCC also wishes to develop a new practice of sourcing data to calculate these charges for devices that have been removed from the SMI.

What is the issue?

The current SEC requirements will result in thousands of Communications Hubs (that would have been functional) being removed from the SMI, and DCC Communications Hub Stock Level Charges being incurred by Parties who have these devices, which is an unfair penalty. This in turn may delay the rollout to an even greater extent as the devices unable to be installed will be rendered obsolete to DCC Users and will devalue devices that may have been previously fit for purpose.

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3. Solution

Proposed solution

SECMP0060 was raised by the DCC on 4th September 2018. This modification proposes to remove a requirement in SEC Appendix AC7.2 which obligates the DCC to remove devices from the SMI where the device status is 'Pending' and has remained in that state for 12 months.

Efforts will be made to disincentivise a 'last-in-first-out' system to prevent older stock becoming increasingly outdated and not being utilised. The Proposer suggests introducing a new reporting process to the SEC Panel, whereby the Panel is notified of DCC Users installing devices that have been added more recently to the SMI rather than using the older existing stock. The Proposer suggests that any new process that is raised should be developed by the Working Group and consulted upon as part of this modification to help formulate a more efficient process of reporting Charges levied against devices on the SMI.

Views against the General SEC Objectives

The Proposer believes that this Modification Proposal better facilitates General SEC Objectives (a), (b) and (f).

- **Objective (a)**[1]: The Proposer believes that the modification will provide a more effective provision of existing stock from the SMI to the DCC Users and consumers.
- **Objective (b)**[2]: The Proposer believes that the modification will help facilitate the DCC's objectives to a greater degree by administering a better provision of devices specified on the SMI and reduce administrative burdens on DCC.
- **Objective (f)**[3]: The Proposer believes that the modification will ensure the protection of data and security of data and systems in the operation of the SEC by accurately tracking and reporting on 'near-deletion' devices.

For the avoidance of doubt, the Proposer believes that this modification is neutral against all other General SEC Objectives.

[1] (a) Facilitate the efficient provision, installation, operation and interoperability of smart metering systems at energy consumers' premises within Great Britain.
[2] (b) Enable the DCC to comply at all times with the objectives of the DCC and to discharge the other obligations imposed upon it by the DCC License.
[3] (f) Ensure the protection of data and the security of data and systems in the operation of the SEC.

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4. Potential Impacts

The following section sets out the initial assessment of likely impacts should SECMP0060 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			

Supplier Parties in possession of devices listed as 'pending' after 12 months will benefit from this modification implemented because they will be able to continue to install these devices.

The modification will also affect the method of retaining these 'pending' devices in the SMI and applying the relevant Stock Level charges from DCC.

Central System impacts

There are no anticipated impacts on DCC Central Systems and/or Party interfacing systems. However, the DCC may receive a positive impact through greater and more transparent administration if this modification is approved.

Testing

No testing is required in this modification.

SEC and Subsidiary Document impacts

SEC Appendix AC is expected to be impacted in this modification, specifically Section 7.2.

Impacts on other industry codes

No impacts on other industry codes are expected in this modification.

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Greenhouse Gas Emission impacts

There are no Greenhouse Gas Emissions anticipated in this modification.

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5. Potential Costs

Potential costs

The cost to implement SECMP0060 is expected to be £1,200 and will 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
- Publishing this on the SEC website.

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

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6. Proposed Progression

Modification Path

We and the Proposer recommend that SECMP0060 be progressed as a Path 3: Self Governance Modification Proposal. We do not believe this will impact any of the criteria in SEC Section D2.6 for requiring an Authority Determination, in particular it would not materially impact on consumers, competition or privacy/security arrangements.

Proposed progression

We recommend the following progression timetable for Panel consideration.

Activity	Date
Modification Proposal raised	31 Jul 18
IMR presented to Panel	14 Sep 18
Working Group meeting	W/B 24 Sep 18
Working Group Consultation	15 Oct 18 – 02 Nov 18
Panel reviews Modification Report	14 Dec 18
Modification Report Consultation	14 Dec 18 – 09 Jan 19
Change Board vote	23 Jan 19

Refinement length

We recommend that this modification is submitted for a three-month Refinement Process for assessment by a Working Group. This timeframe will allow for:

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

For a more detailed progression plan please see Appendix 1.

Working Group

Membership

We recommend that the SECMP0060 Working Group be made up of individuals with expertise in the SMI and surrounding processes, as well as any other interested parties.

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Terms of Reference

In order to assess the Modification Proposal fully, we are recommending that the Working Group consider the following specific questions in addition to the standard Working Group Terms of Reference questions.

Q1: Are the existing Smart Meter Inventory requirements fit for purpose?

The modification is seeking to amend the requirements for the SMI. As part of the modification, the Working Group should consider whether the current requirements and regulations around the handling of 'pending' devices in the SMI are effective or if there should be amendments made, given the circumstances surrounding delays to the SMETS2 Rollout. The Working Group will be asked to consider the impacts of this modification to the SMI requirements and what impacts will occur if the modification is rejected.

Q2: What security risks exist if Communication Hubs devices are left on the SMI over twelve months?

The modification looks to address Communications Hub devices that will either have to be removed from the SMI and incur CH Stock Level charges, or, if they remain on the list, will have been on the list for longer than twelve months. Given that the process was originally designed so that the devices listed as 'pending' would be removed after twelve months, it would therefore raise the issue as to what risks may exist if a device stays on the list past this specified time. An area of consideration would be firmware updates that may no longer be sufficient for older models of Communications Hub devices.

The standard Terms of Reference for SEC Working Groups can be found on the About Modifications page of our website.

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7. Implementation

Recommended implementation date

The Proposer has a desired implementation date of November 2018. However, given the projected timeline for the modification, we consider the earliest release that this modification could be included in, would be the February 2019 SEC Release.

8. Recommendations

The Panel is invited to:

- **AGREE** that this modification should be submitted into the Refinement Process to be assessed by a Working Group;
- **AGREE** the Working Group ToR;
- **AGREE** the progression timetable set out in Section 6; and
- **AGREE** that SECMP0060 should be progressed as a Path 3 Modification Proposal.

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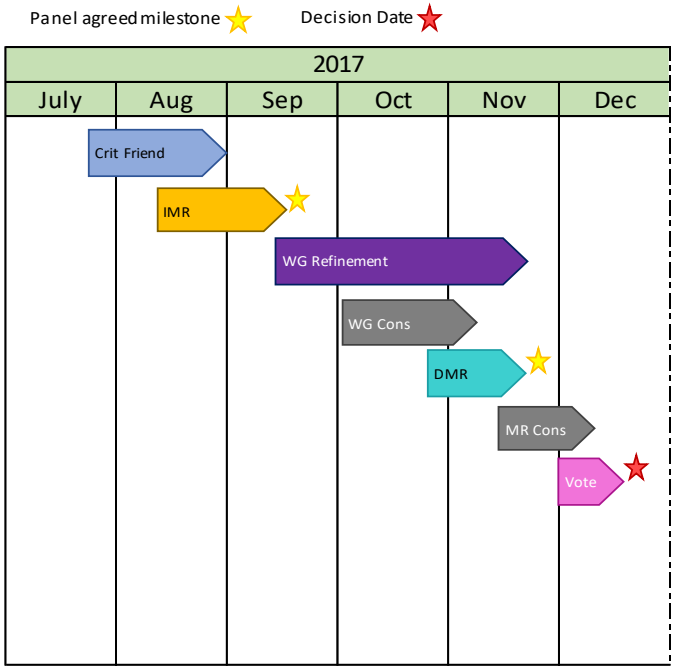
Appendix 1: Detailed Progression Plan

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
DCC	Data and Communications Company
IMR	Initial Modification Report
SEC	Smart Energy Code
SECAS	Smart Energy Code Administration and Secretariat
SMETS	Smart Metering Equipment Technical Specifications
SMI	Smart Metering Inventory

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