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SECMP0064 Initial Modification Report

About this document

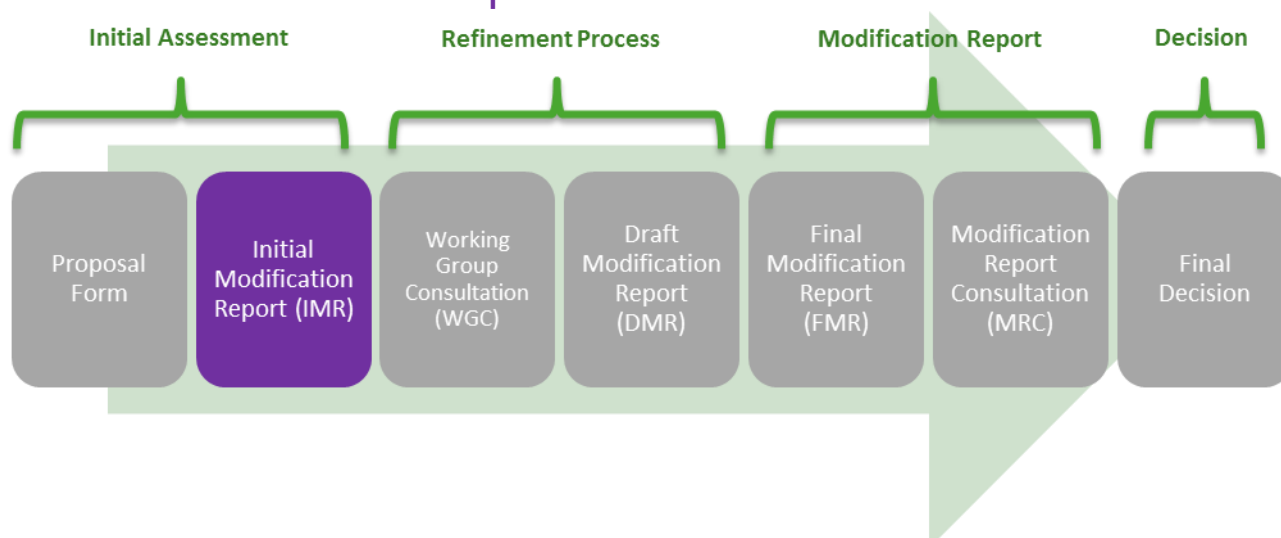
This Initial Modification Report (IMR) contains our initial assessment of [SECMP0064 'Alt HAN Co permission to seek access to consumer premises for Alt HAN Activities as a representative of energy suppliers'](#). It also provides information on the issue, the Proposer's solution, potential impacts, costs 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 to Modification Report Consultation;
- **AGREE** the progression timetable set out in Section 6; and
- **AGREE** that SECMP0064 should be progressed as a Path 2 Modification Proposal.

Where are we in the process?



SECMP0064
Initial Modification
Report

2 November 2018

Version 0.3

Page 1 of 20

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Stage 01: Initial Modification Report

SECMP0064:

Alt HAN Co permission to consumer premises for Alt HAN Activities as a representative of energy suppliers

What stage is this document in the process?

01	Initial Assessment
02	Refinement Process
03	Modification Report
04	Decision

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Summary

This modification is looking to enable Alt HAN Building Surveyors to seek permission from the Energy Consumers, as a representative of the Energy Suppliers, to access buildings across Great Britain so that Alt HAN Activities can be carried out. The Alt HAN Activities will determine which premises might require an Alt HAN technological solution.

Proposed Progression

This Modification Proposal is recommended to be:

P2

- progressed as a Path 2: Authority Determined Modification; and
- submitted for Modification Report Consultation.

SECMP0064
Initial Modification
Report

2 November 2018

Version 0.3

Page 2 of 20

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Potential Impacts



- Large and Small Supplier Parties are likely to be impacted.
 - There are no impacts on Data Communications Company (DCC) Central Systems or Party interfacing systems.
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Content

1. Summary	5
2. What is the issue?	7
3. Solution	11
4. Potential Impacts	14
5. Potential Costs	15
6. Proposed Progression	16
7. Implementation	18
8. Recommendations	19
Appendix 1: Glossary	20

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 SECMP0064.

This document has two attachments:

- **Attachment A** contains the updated SECMP0064 Modification Proposal Form; and
- **Attachment B** contains the updated draft legal text changes to support this modification.

The Panel will consider this IMR at its meeting on 9 November 2018 and determine how this modification should be progressed through the Modification Process.

1. Summary

What is the issue?

As part of delivering Alt HAN (Alternative Home Area Network) Activities, the Alt HAN Co's Operational Service Provider will need to undertake building surveys to enable assessment of suitability for different Alt HAN Solutions.

In order to access the buildings for the purposes of surveying for Alt HAN Activities, consent is required from the energy consumer or the relevant building manager/ landlord/ sponsor. It is not expected that energy consumers will be familiar with the Alt HAN Co brand, and this may hinder Alt HAN Co's ability to deliver the required building surveys efficiently. It is more likely that the energy consumer will not consent to providing access to the Building Surveyor and this will have a significant impact on cost and timeframes for Alt HAN delivery. Enabling Alt HAN Co to act as a representative of the energy suppliers will ensure cost avoidance to energy suppliers in delivery of Alt HAN Activities.

What is the Proposed Solution?

The Alt HAN Forum have formally agreed to allow Alt HAN Co (and its contractors) to request access to a consumer premise on behalf of all Relevant Supplier Parties. In order to enact the Forum's decision, and for Alt HAN Co to ensure efficient delivery of Alt HAN Activities, it is proposed that the SEC is modified to specify that Alt HAN Co can act as a representative of the energy suppliers when seeking permission from the consumer to access the premises.

The SEC drafting requires the building surveyor to act in line with the Good Industry Practice, specified consumer protections measures, applicable laws and other instructions whilst on site.

Potential impacts

Party

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

System and Testing impacts

There are no impacts on DCC Central Systems or Party interfacing systems and there is no testing required as part of the implementation of this modification.



Potential implementation costs

The estimated cost to implement SECMP0064 is approximately £1,200 and is limited to SEC time and effort to deliver the necessary document changes.

Proposed progression

This is an updated version of the IMR, following the Panel's comments provided at the October Panel meeting. The Proposer believes that this modification should be progressed as a Path 2 'Authority Determined' Modification Proposal. It is also recommended that this modification should proceed directly to the Report Phase.

2. What is the issue?

Background

Principle obligations within Standard Condition 55.2 of the Electricity Supply Licence and Standard Condition 49.2 of the Gas Supply Licence require that all Relevant Supplier Parties, in conjunction with each other, must ensure that Alt HAN Activities are carried out. Alt HAN Activities (as defined in Standard Licence Conditions (SLCs) 55.6 and 49.6) include, but are not limited to, those activities that are designed to determine which premises may benefit from the installation of Alt HAN Equipment.

In order to do this Alt HAN Co's Operational Service Provider will need to undertake building surveys to enable assessment of suitability for different Alt HAN Solutions.

There will be three levels of surveys that may be completed to identify or confirm that the premises are an Alt HAN Candidate Building. Level 1 and Level 2 building surveys are referred to as 'initial surveys' and are a non-intrusive high-level survey to understand the meter location, the basic characteristics of the building and to obtain initial Zigbee readings. Level 3 surveys are referred to as 'pre-installation surveys' and are completed by the Technology Services Provider prior to installation of Alt HAN Equipment. This SEC Modification is to facilitate access to the premises to the Building Surveyor only for the purposes of completing the initial surveys, completed as part of Alt HAN Activities.

What is the Issue?

In order to access the buildings for the purposes of surveying, consent is required from the energy consumer or the relevant building manager/ landlord/ sponsor. This permission to access the premises could be obtained either:

- through prior engagement with the relevant building sponsor/ manager/ landlord where permission is secured to access the premises and usually involve paying an access fee, or
- without a pre-arranged permission, where the Building Surveyor seeks a verbal consent directly from the energy consumer who is at the premise at the time of the scheduled survey.

The former approach will be taken for more detailed pre-installation surveys and for installing the Alt HAN Equipment, ensuring that the contractual chain in place is between Alt HAN Co and that building owner/ sponsor/ landlord.

For the initial building surveys, however, the latter has been agreed by the Alt HAN Forum as the most efficient and economically sound approach. This approach will require Alt HAN Co (or its sub-contractors) to engage with the energy consumer directly when seeking their consent to access the building.

SECMP0064
Initial Modification
Report

2 November 2018

Version 0.3

Page 7 of 20

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The Alt HAN Co is a vehicle set up under SEC Section Z in order to deliver the Alt HAN Arrangements commercially. It is not expected that energy consumers will be familiar with the Alt HAN Co brand, and this may hinder Alt HAN Co's ability to deliver the required building surveys efficiently. Therefore, it has been agreed by the Alt HAN Forum that the individuals who undertake such surveys may identify themselves as representatives of the relevant energy supplier/ all energy suppliers. This, together with appropriate contractual controls and consumer protection measures, will provide more legitimacy to the Building Surveyors when engaging the energy consumer and, in turn, provide more assurance to the energy consumers.

In order for Alt HAN Co (and its sub-contractors) to act as a representative of the energy supplier/s, the relevant energy suppliers need to give the rights for the Alt HAN Co to do so legally. It will be then further implemented in the Alt HAN Co contracts with the Operational Services Service Provider. Currently, there is no contractual arrangement in place between Alt HAN Co and energy suppliers to facilitate this other than the SEC.

Alt HAN Forum decision

It has been agreed in principle by the Alt HAN Forum (a Forum established pursuant to SEC Section Z and consisting of all Relevant Supplier Parties), that the individuals who undertake such surveys may identify themselves as representatives of the energy suppliers; provided that they only enter buildings with a customer's verbal consent, comply with the statutory/licence duties applying to energy supplier representatives when attending premises, and are liable for any damage caused while attending the premises.

This agreement has been documented in the Alt HAN Forum meeting (ALTHF_23_180517) minutes in the form of a Forum decision to issue the Operational Services Invitation to Tender (ITT) to the market. This constitutes an explicit acknowledgement that Alt HAN Co would be acting on behalf of energy suppliers, supporting the assumption based in the Operational Services ITT that the access required by the Building Surveyor would replicate that of a meter reader.

However, the Alt HAN Forum's decision to allow Alt HAN Co (and its contractors) access to the consumer premises on behalf of energy suppliers, is binding on Alt HAN Co but not on all energy suppliers. Therefore, a SEC Modification is required to enact this Alt HAN Forum decision in practice.



Economic delivery of Alt HAN Activities

The main reason for enabling Alt HAN Co to act as a representative of the energy suppliers is to ensure cost avoidance to energy suppliers in delivery of Alt HAN Activities.

Where the Building Surveyor is not able to act as a representative of the energy supplier/s when seeking the permission from the energy customer to access the premises, it will need do so as a representative of Alt HAN Co.

The Alt HAN Co is a vehicle set up under SEC Section Z in order to deliver the Alt HAN Arrangements commercially. It is not expected that energy consumers will be familiar with the Alt HAN Co brand, and this may hinder Alt HAN Co's ability to deliver the required building surveys efficiently. It is more likely that the energy consumer will not consent to providing access to the Building Surveyor and this will increase the number of aborted Building Surveyor visits.

The aborted visits will result in further requirement for the energy consumer/ building manager/landlord/ sponsor liaison and repeated visits. Both activities will have a significant cost impact on the overall delivery of Alt HAN Activities. It will also delay the delivery of Alt HAN Services and therefore energy suppliers' ability to meet their licence obligations.

A reduced ability for Alt HAN Co to complete the surveying activities may also impact energy supplier costs due to inaccurate or incomplete information available in regard to the Alt HAN Candidate Buildings.

To avoid aborted surveying visits, the Alt HAN Co could seek a prior permission from the building sponsor/ owner/ landlord in order to access the consumer premises to complete the initial surveys. Securing such permission will require additional effort in terms of significant costs and timescales. This would significantly increase the current cost assumptions for the building liaison activity which currently only covers visits for pre-installation surveys and installation of Alt HAN Equipment. It would therefore negatively impact the Alt HAN Forum's objective for economic and efficient delivery of Alt HAN Arrangements.

All energy suppliers are required to ensure that Alt HAN Activities are delivered. The economic and efficient delivery of Alt HAN Activities is one of the objectives of the Alt HAN Forum as set out in Section Z of SEC. The proposed solution seeks to deliver against this Forum objective.

Why does this issue need to be addressed via the SEC?

At the Alt HAN Forum meeting (ALTHF_25_180719) on 19 July 2018 the decision was made to address this issue via a SEC Modification. This is seen as the most efficient approach, and therefore consistent with licence obligations.

SECMPO064
Initial Modification
Report

2 November 2018

Version 0.3

Page 9 of 20

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An alternative option considered was utilising the Alt HAN/ Supplier Contract (which will act as a mechanism for suppliers to procure Alt HAN Equipment) to establish the contractual chain for allowing Alt HAN Co to seek permission to access the premises on supplier's behalf. However, the Alt HAN/ Supplier Contract is a voluntary contract. If this obligation was implemented via the Alt HAN/Supplier Contract, the Building Surveyor would be limited to only survey those premises that are supplied by the energy suppliers who have signed the contract. Therefore, this approach is not practical. Also, the delivery of Alt HAN Activities is an obligation on all Relevant Supplier Parties, therefore a universal obligation on all energy suppliers is required for Alt HAN Co to deliver the Alt HAN Activities. This is particularly relevant to buildings that are serviced by multiple energy suppliers.

The SEC is the only mechanism available to capture this obligation as it constitutes the contract between the Alt HAN Co and all Relevant Supplier Parties. Currently there are no provisions in the SEC that enable Alt HAN Co to seek access to consumer premises on energy suppliers' behalf to undertake these surveys.

3. Solution

Proposed solution

EDF Energy raised [SECMP0064 'Alt HAN Co permission to seek access for Alt HAN Activities as a representative of energy suppliers'](#) on 4 October 2018.

In order to enact the Forum's decision, and for Alt HAN Co to ensure efficient delivery of Alt HAN Activities, it is proposed that the SEC is modified to specify that Alt HAN Co can act as a representative of the energy suppliers when seeking permission from the consumer to access the premises. It is understood that such permission is on a voluntary basis, and not based on the energy suppliers' statutory rights of access.

This access is to be provided on the basis that the personnel of Alt HAN Co (and its contractors) may only undertake a visual inspection of the premises and may not undertake any intrusive work.

With regards to the messaging that the building surveyor will use while on site and any instructions and processes they need to follow, this will be developed in further detail once they have been appointed, with all Relevant Supplier Parties having an opportunity to feed into, review and agree the requirements via the Forum.

The SEC drafting requires the building surveyor to act in line with the Good Industry Practice, specified consumer protections measures, applicable laws and other instructions whilst on site. The energy suppliers are given third party rights to claim against the Operational Service Provider if the Operational Service Provider breaches these obligations (subject to the limits on liability in the Operational Service Provider contract). In due course, the energy suppliers who sign the Energy Supplier Agreement with Alt HAN Co will agree in that agreement not to use those third-party rights and instead to bring any claim via Alt HAN Co.

It is also recognised that Alt HAN Activities cover a wider scope of activities than building surveys, hence the proposed drafting does not limit the scope to building surveys but refers to the 'Alt HAN Activities' instead.

Consumer Protection and Operational Controls

To facilitate Level 1 and Level 2 surveys, the Building Surveyor is expected to require access to the meter rooms and communal areas of Multi-Dwelling Units (MDUs) so that they can accurately assess whether the building requires Alt HAN devices. In doing so, the intention is that this process will help facilitate the installation of smart meters in consumer premises that would otherwise be unable to gain the benefits of smart metering.

SECMP0064
Initial Modification
Report

2 November 2018

Version 0.3

Page 11 of 20

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During the proposed surveys, individual consumer premises will not be accessed and consumers can still refuse access to the Building Surveyor. It is important to note that the implementation of this modification and the subsequent controls that will be proposed within the Alt HAN Operational Services contract, of which the Building Surveyor is a sub-contractor, will not grant any statutory powers or rights of access. The intent of the modification is to ensure the Building Surveyor can carry out their work with the support of energy suppliers and provide this assurance to any consumer that may question the Building Surveyors presence or activity while carrying out surveys.

Similar regulatory, performance and contractual controls that are currently used across the Industry for Meter Installer and Meter Reader contracts will be embedded within the Alt HAN Operational Services contract. These controls will be established and agreed with the Building Surveyor prior to any on-site activity taking place. Clear guidelines and performance criteria to monitor the behaviour of the Building Surveyor while they are on-site will align with current Industry standards such as Smart Meter Installation Code of Practice (SMICoP) to ensure the appropriate engagement activity is demonstrated.

From a communication perspective, on-site messaging/ scripts will also be developed, and processes established to ensure the customer understands what the Building Surveyor will be doing and how they can obtain further information on Alt HAN and the wider Smart Meter Implementation Programme. Additional external communications and associated material will be developed to increase the awareness of Alt HAN, such as engagement with Smart Energy GB and Citizen's Advice, focusing on one of Alt HAN Co's core objectives, to extend and enhance the availability and benefits of the Smart Meter Implementation Programme. This will be developed and agreed with the relevant stakeholders before the building surveys commence.

Legal text changes

The proposed legal text changes to SEC Section Z is provided in Attachment B. This drafting has undergone both Alt HAN Co and SEC legal review.

Views against the General SEC Objectives

The Proposer believes that this Modification Proposal better facilitates General SEC Objective (h)¹.

- **Objective (h):** This modification aims to enable energy Suppliers to meet their licence obligations with respect to delivering Alt HAN Activities

¹ Facilitate the establishment and operation of the Alt-HAN Arrangements.



effectively and efficiently. The permission to seek access to the buildings will enable Alt HAN Co to determine which premises will benefit from the installation of Alt HAN Equipment.

The economic and efficient delivery of Alt HAN Activities is one of the objectives of the Alt HAN Forum as set out in SEC Section Z. The proposed solution seeks to deliver against this Forum objective.

Further, the SEC is the only viable mechanism available to capture this obligation as it constitutes the contract between the Alt HAN Co and all Relevant Supplier Parties.

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

4. Potential Impacts

The following section sets out the initial assessment of likely impacts and costs should SECMP0064 be approved and implemented.

SEC Party impacts

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

It is expected that this modification will impact all Large and Small Supplier Parties as Alt HAN Co will be seeking permission from consumers on behalf of all Relevant Supplier Parties.

System and Testing Impacts

There are no impacts on DCC Central Systems or Party interfacing systems and there is no testing required as part of the implementation of this modification.

SEC and Subsidiary Document impacts

SEC [Section Z 'Alt HAN Arrangements'](#) will require changes as part of the implementation of this modification.

Impacts on other industry codes

There are no impacts on other industry codes.

Greenhouse Gas Emission impacts

There are no impacts on Greenhouse Gas Emissions.

5. Potential Costs

Potential implementation costs

The potential costs to implement SECMP0064 will be limited to the Code 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.

SECAS implementation costs		
Implementation activities	Effort	Cost
Application of approved changes to the SEC. Publication of new version of the SEC on the SEC Website and issuing this to SEC Parties. Review and updated any impacted SEC guidance materials.	Two Man Days maximum	£1,200 ²

² Based on a blended rate of £600 per day.

6. Proposed Progression

Modification Path

Initially, the Proposer believed that this modification should be progressed as a Path 3 'Self Governance' Modification Proposal. This was because of the view that the Modification does not meet the criteria set out in SEC Section D2.6, in terms of any significant or material impact on energy consumers, competition in energy supply, environment, data privacy, security of supply or security of systems, or SEC Sections C or D, and is not likely to discriminate one Party or class of Parties.

However, the feedback at SEC Panel meeting on 12 October 2018, indicated that the SEC Modification is seen as having an impact on energy consumers, sufficient to require progression as a Path 2 Modification.

As a result, the path for this Modification has now been proposed to progress as a Path 2 'Authority Determined' modification.

Initial discussions by the Panel

Further feedback from the SEC Panel on 12 October included the following points:

- More detail required around how consumer engagement/ protection will be managed and the controls and procedures for this function
- It was suggested that the legal text be amended to say "on behalf of all Suppliers" instead of "that Relevant Supplier Party (or Relevant Supplier Parties collectively)"

The Proposer has provided more detail to their plan with regards to managing consumer communications, behaviours on site and the required contractual and operational controls. The associated amends have also been made to the drafting.

We note that this matter had already been discussed at the Alt HAN Forum and the Alt HAN Supplier Contract Governance and Regulatory sub-group, and, as such, all Relevant Supplier Parties have been given an opportunity to consider the proposed solution.

Proposed progression

We believe this modification should be progressed directly to the Modification Report Consultation (MRC). This modification had already been reviewed by the Alt HAN Forum and the Forum's sub-groups who are made up of Relevant Supplier Parties. This modification has been raised to enact the Forum's decision. We therefore recommend the following progression timetable for Panel consideration.

SECMP0064
Initial Modification
Report

2 November 2018

Version 0.3

Page 16 of 20

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Activity	Date
Modification Proposal raised	04 Oct 18
Updated IMR presented to SEC Panel	09 Nov 18
Modification Report Consultation	12 Nov 18 – 03 Dec 18
Change Board vote	19 Dec 18
Authority determination	Jan 19



7. Implementation

Recommended implementation date

We recommend an implementation date of:

- **28 February 2019** (February 2019 SEC Release), if a decision to approve is made by 14 February 2018; or
- **10 Working Days following decision**, if a decision to approve is received after 14 February 2018.



8. Recommendations

The Panel is invited to:

- **AGREE** that this modification should be submitted to Modification Report Consultation;
- **AGREE** the progression timetable set out in Section 6; and
- **AGREE** that SECMP0064 should be progressed as a Path 2 Modification Proposal.

Appendix 1: Glossary

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

Acronym	Defined Term
Alt HAN	Alternative Home Area Network
DCC	Data Communications Company
IMR	Initial Modification Report
ITT	Invitation to Tender
MDU	Multi-Dwelling Unit
MRC	Modification Report Consultation
SEC	Smart Energy Code
SMICOP	Smart Meter Installation Code of Practice