

DCG Subgroup 3 Meeting 8 Minutes

Minutes of the eighth meeting of DCG Subgroup 3.

From DCG_SG3_RC
Date and time of Meeting 21 December 2010 12:15pm
Location Conference Room 1

21 December 2010

1. Present

Name	Company
Alan Knight-Scott	EDF Energy
Mark Knight	SSE
Elizabeth Lawlor	ElectraLink
Alex Travell	E.ON UK
David Jones	Elexon
Alan Knight-Scott	Edf Energy
David Thorne	GemServ
Dora Ianora	Ofgem
Chris Hill (via dial-in)	first-utility
James Nixon (via dial-in)	Scottish Power
Lorraine Kerr	Scottish Power
Jason Stevens	ERA
Jenny Boothe	Ofgem
Joel Stark	Stark/ESTA
John Stewart	Npower
Martin Hewitt	UK Power Networks
Sajna Talukdar	Ofgem

2. Introduction

2.1. A request was made by the Ofgem colleague working on Privacy and Security (not part of STEG) to be invited to attend future DCG subgroup meetings to ensure that the subgroup is keeping security at the forefront of the meetings.

3. Review of Minutes from Meeting 7 (07 December)

3.1. There were no comments given at Meeting 8 as the final version had already been finalised and distributed.

3.2. One additional change – to note Martin Hewitt works for UK Power Networks.

4. Meter Installation / Maintenance

- 4.1. The group considered what elements relating to meter installation and maintenance that may be included in the Smart Energy Code (SEC).
- 4.2. Ofgem explained that the work of the DCG (and sub groups) is not to make decisions, but to advise and comment on the potential solution options, this is particularly important as the Government is still considering consultation responses. The context is to evaluate and assess the proposals as laid out in the prospectus as published in July. The teleconference of 9th December sought to consider the prospectus proposals and noted views on what questions need to be answered.
- 4.3. The group considered that the SEC could include the main high level components and obligations with the detail set out in subsidiary documents.
- 4.4. However it was noted that in gas, there are several industry standards with respect to gas meter installation, e.g. MAMCoP, Gas installation and Use regulations, and all of them may need to be changed in some way. The subgroup suggested adding another line to the Governance Map to capture the other elements in gas.
- 4.5. The subgroup suggested that there may not need to be a need for too much detail in the code about supplier responsibilities as some of these may be set out in the supply licence.
- 4.6. It was noted that there may be circumstances where, irrespective of who holds certain obligations, the failure to meet an obligation may have consequences for other parties who will incur costs and effort to resolve any issues arising from failure to meet that obligation
- 4.7. The group felt that there may be a need for interoperability rules. The group suggested that these rules should be prescriptive enough to show compliance but not be too prescriptive to inhibit flexibility. The subgroup proposed that a CoP may be useful to set out the obligations relating to technical interoperability.

5. : SEC Service Lines

- 5.1. The STEG has been looking at security and it was agreed that this subgroup should not second guess what they are coming up with. The output from the STEG will assist in developing this section of the code.
- 5.2. It was noted that data recovery is going to be a critical factor for Business Continuity for DCC and the industry.
- 5.3. Details on Performance Management will depend on the DCC Scope and Definition, which is currently unknown.
- 5.4. Ofgem pointed out that the SEC is going to be wider than the scope of the DCC and its users so Performance Management may cover more than just that relationship.
- 5.5. A question was asked regarding how to ensure there are appropriate corrective and preventative measures in the SEC to deal with parties failing to meet their obligations. The subgroup suggested that to deal with poor service, or as a consequence of any breach, Liquidated Damages (LDs) could be used. A fixed payment term could also be used for poor performance. A point was made that, if LDs were to be applied, they would need to be carefully designed as they can be very expensive and complicated to administer and apply. It is possible that LDs should only be used in extreme cases.

- 5.6. There was a lengthy discussion around the scope of the SEC and whether parties who were not using DCC services may be affected by the SEC if it contained general obligations relating to metering... Ofgem clarified that if a supplier is not using the DCC service, then they are not party to the SEC and so are therefore not governed by the SEC.
- 5.7. Where a smaller non-domestic supplier chooses to obtain their communication services via the DCC they will be obliged to comply with the terms of the SEC. If they use another communications service provider SEC rules do not apply.
- 5.8. A key question was raised as to the level of assurance the programmes wants versus the cost of that assurance. The group felt that the assurance regime should be proportionate for the market.
- 5.9. Ofgem clarified that under the current arrangements, the work of the subgroup will help inform the consultation document Ofgem is proposing to issue immediately after/at same time as the government prospectus. That consultation document considers the regulatory framework of the DCC. The subgroup may get to see the consultation document as it is being developed.

6. SEC Development timeline

- 6.1. The subgroup presented a SEC Development timeline to use as a basis for discussion of the generic framework guideline of activities to complete.
- 6.2. A question was asked what the difference is between the non-policy/policy contingent elements and the meaning of supplier commercial elements. It was explained that the commercial critical elements would come after the technical specifications published were published. The point was made that ESCOs need to be included; therefore the timeline should reference 'party' not 'supplier'.
- 6.3. The subgroup asked if the assumption that consultation results (from the consultation referred to in paragraph 5.9) will be out in May 2011 is correct. Ofgem clarified that it could carry out a 6-week consultation or if DECC want to use good practice then consultations are usually 12 weeks in duration. The subgroup was advised to refer to the current dates published at the DCG meeting.
- 6.4. The subgroup proposed that the programme needs to ensure that what the users want is written down in plain English before lawyers are independently appointed to start drafting the SEC. A suggestion was made that the Programme appoints a lawyer. The subgroup stressed the need for the SEC to be written in plain English.
- 6.5. It was proposed that whoever is involved in the plain English version of the Code will need to be involved in the version that lawyers write.
- 6.6. A question was asked how the licence change process will fit into the timeline and whether this impacted the process for modifying affected codes. Ofgem clarified that everything that needs to be changed will go to the Secretary of State (SoS) to make a decision on, and hence will not go through a modification process as the SoS can direct codes to be amended and for Ofgem to amend licences.
- 6.7. A subgroup member stated that Ofgem need to consider moderating the number of changes to existing codes until they know what changes would be coming forward. It was suggested that this would be difficult to do until we know what changes were coming forward and the impact of these changes on other parts of the existing codes.

- 6.8. A member of the group indicated that the Ofgem corporate plan stated that a significant code review relating to the impact of smart metering on other industry processes would be undertaken. Settlement process was given as an example.
- 6.9. Ofgem mentioned that the settlement process is independent from the development of the SEC. Once the SEC is produced, should there be any business processes that need to be taken account of these will be done through the appropriate change processes.
- 6.10. A question was raised around who will fund the activity to draft the SEC and the creation of the secretariat. Ofgem clarified that the development of the SEC will be a Phase 2 activity and the programme will determine the arrangements for this activity.
- 6.11. The group asked if Ofgem could write to the existing Code panel chairs seeking confirmation that they would support the provision of resources to help the discussions and development of the SEC and identify the impacts on existing codes.
- 6.12. ACTION: Ofgem agreed to take the issue of the SEC development to the programme team and report back as soon as possible.**

7. 16.30: Any other business

7.1. No other issues were discussed.

7.2. ACTION: A Further 2 meetings are to be added to the Timeline for January, to cover drafting, draft consultation

7.3. The subgroup expressed their concern regarding what the output from the subgroup meeting on 25 January will be. It was explained that the group needed to consider the catalogue of changes to the existing regulatory regime as a consequence of the SEC taking effect as stated in the ToR of the group.

8. Date of next meeting

8.1. Tuesday 11th January 2011.