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## **Chapter 2 – The scope of DCC**

**Question 1:** Do you agree that access control to secure centrally-coordinated communications, translation services and scheduled data retrieval are essential as part of the initial scope of DCC?

Agreed - We believe these functions are necessary to deliver the initial and indeed main benefits of moving to smart metering.

We note that section 2.44 of the consultation documents makes specific reference to Suppliers requiring ad-hoc readings, in addition to scheduled reads. This facility should also be available to other authorised parties such as Network Operators.

**Question 2:** Do you agree that meter registration should be included within DCC's scope and, if so, when?

The meter registration service is not “core business” for network operators so we have no fundamental objection to extending the scope of the DCC to include it.

However, at this time, we do not have sufficient information on which to base a decision as to whether or not registration should be included within DCC's scope. No detailed proposals have been tabled as to how any new registration and change of supplier processes will work if they are placed within DCC.

Once detailed proposals are produced then a formal review can be undertaken to establish a resilient cost/benefit analysis. As a matter of principle, the registration service should only be included within the scope of the DCC activities if and when a robust cost/benefit analysis proves the case.

If a beneficial case is made then, regarding the timing, we agree that it would not be prudent for DCC to take responsibility for this at system start-up. The additional industry changes required, which are likely to be significant, may delay the DCC implementation.

Irrespective of where the registration system is placed, the generation of the MPAN and ownership of the address should remain with the network operator. These functions are key to fundamental distribution systems and processes such as New Connections, Asset Management, Fault Reporting, the Customer Enquiry Service and Network System Mapping. Any changes in this area are likely to have significant impacts on the Network Operator and would require further in depth analysis.

Additional comments:

The prospectus is not clear as to what problem will actually be solved by including registration within the DCC. One potential benefit referred to is the ability to speed up the Change of Supplier (CoS) process. However, at least in the electricity sector, the current registration system will already permit a “next day” CoS. Currently, we believe this facility is not used for a number of reasons including:

- The “cooling off” period. Suppliers do not want to take on a customer who subsequently changes their mind.
- The need to appoint data collectors, meter operators and data aggregators, and receive confirmation that those appointments have been accepted.
- Transfer of meter technical details between old and new meter operators and onward transmission of this information to data collectors.
- Transfer of meter reading history between old and new data collectors.
- Collection of the CoS reading.

The transfer of the registration process to DCC will not resolve issues related to the cooling off period or the appointment of agents.

Issues relating to the transfer of meter technical data and arranging the CoS reading will probably be solved by the proposed initial scope of the DCC and will not require registration services to be included in the scope.

Suppliers may see merit in a single registration service for dual fuel customers, meaning a single CoS flow will be able to replace two existing flows. However the benefits of this may be marginal given that other related information flows (customer details/special needs) will still need to be sent to separate distribution businesses. In addition, if updates to registration data are not sent to distributor systems by the supplier then new flows from the DCC to the distributor will be needed as, in some cases, the distributor uses information contained in the registration flow to recalculate the Line Loss Factor.

It should also be noted that DCC may only be responsible for domestic, and some smaller non-domestic, connection points. Although these do represent the majority of connection points, distribution businesses will need to maintain a registration service for larger non-domestic, half hourly and unmetered supplies.

Additional complications will include new processes to manage transfer of registrations between DCC and distributor when, for example, a small non-domestic supply is upgraded to a larger non half hourly profile class or to a Half Hourly supply.

As a result of the above, unless DCC takes responsibility for ALL registrations, the total number of registration service providers will actually increase not decrease.

Any party who believes the registration processes should be centralised is able to raise a change proposal which can be considered under the new Smart Code and/or the existing Code agreements such as the BSC & MRA. This will allow for a detailed analysis of the impacts and a resilient cost/benefit analysis to be undertaken and we suggest that this is how this matter is progressed.

Irrespective of what happens regarding registration the DCC will need to know who is registered to each metering point. We believe this can be provided by the existing registration services relatively easily.

**Question 3:** Should data processing, aggregation and storage be included in DCC's scope and, if so, when?

As per question 2, at this point we are unable to form an opinion on this as the costs and benefits have not been sufficiently analysed. Regarding the timing of any change, we agree it should not be done in time for DCC start up.

As a matter of principle extension of the DCC scope from the initial essential activities should be subject to a robust cost/benefit analysis and a decision made based on that analysis.

The existing industry codes contain tried and tested change procedures and should be used so that an open and balanced assessment of proposed changes can be made.

The change process should ensure that, as a minimum, network operators' existing requirements in respect to receipt of settlement data will continue to be met and that service levels are maintained.

**Question 4:** Do any measures need to be put in place to facilitate rollout in the period before DCC service availability and the transition to provision of services by DCC, for example requiring DCC to take on communications contracts meeting by certain pre-defined criteria?

Yes. It is vital that such an approach is taken to ensure that a coordinated implementation is maintained. It will also give first hand experience of some of the work elements being undertaken and will provide opportunities to check the validity of the future communications model. It will certainly highlight potential areas where the model will break down in terms of data transmission in real time information handling.

The question of a communications contract is more difficult. If DCC takes on a communications contract it will be a de facto communications medium irrespective of what medium is used. Current thinking suggests in all of the documents that the medium will be some kind of radio system. This argument is flawed as there are alternatives readily available and if DCC takes this option then ALL communications media must be included.

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### **Chapter 3 – The structure and realisation of DCC**

**Question 5:** Do you agree that the licensable activity for DCC should cover procurement and management of contracts for the provision of central services for the communication and management of smart metering data?

We agree that this is a prudent approach for the initial DCC arrangements. However these arrangements should not preclude taking activities in house if it is cost effective to do so.

We are aware that Elexon have recently made savings by taking on activities previously carried out by 3<sup>rd</sup> party service providers and would not want the DCC to be prevented from doing the same.

**Question 6:** Do you consider that DCC should be an independent company from energy suppliers and/or users of its services and, if so, how should this be defined?

Yes. If it is not independent the focus for the whole exercise will be for use by the suppliers. In terms of smart grid they will not be the most critical users.

Generators, NGT and DNOs will be equally important users of the system and will need a different type of access. Their views would tend to be lost if DCC is owned by suppliers.

**Question 7:** Do you have any comments on the steps DCC would need to take to be in a position to provide its services and the likely timescales involved?

There are a number of steps

- Setting up the company
- Specifying the services that will be supplied
- Agreeing development programmes with various suppliers
- Setting up a communications system

and they will all take a comparatively long time to implement. Given the intricacies of the work involved and the degree of testing, especially on data security issues, it is unlikely that there will be a delivery of DCC facilities before Quarter 2 of 2012.

**Question 8:** Do you have any comments on the proposed approach to cost recovery and incentivisation for DCC?

Currently suppliers are obliged to provide metering data needed by network operators for the calculation of Use of System Charges and the operation, design and planning of the distribution system. This is provided without charge to the network operator.

Provision of data from Smart Metering Systems should be provided on the same, free of charge, basis.

Where the network operator requires additional information from the Smart Metering System, over and above what they already receive from “dumb” or AMR meters, it is likely that this will also be for one of the purposes above. There is therefore a clear argument for suppliers paying DCC for the provision of this additional data.

However, should network operators incur a charge for accessing data via DCC, the costs incurred would need to be passed through to suppliers as part of Use of System charges. These charges would therefore need to be taken account when network operator allowed revenue is calculated.

We are not in favour of cost incentivisation for DCC. The risks associated with this model are unsustainable given the nature of the work being done. The security and protection of the distribution network is related to national security. The risks of imprudent cost cutting are too great.