

Modification proposal:	Smart Energy Code (SEC) Modification Proposal (MP) 0025 – Electricity Network Party Access to Load Switching Information		
Decision:	The Authority ¹ determines that this modification ² should be made ³		
Target audience:	Data and Communications Company (DCC), SEC Panel, Parties to the SEC and other interested parties		
Date of publication:	05 April 2019	Implementation date:	7 November 2019

Background to the modification proposal

Electricity Network Providers (ENP) have substantial knowledge of customer load switching patterns and the associated impacts on the distribution networks. The Proposer explains that this knowledge is essential, particularly in designated Load Managed Areas and in areas with significant off-peak or Economy 7 load switching meters. The understanding of load switching patterns derived from legacy meters has allowed these companies to develop their distribution systems in an economic way by investing in network reinforcement or using alternative solutions to manage load on their networks. The Proposer notes that as technology develops, new load management challenges on networks will increase.

Smart Metering Systems can be installed at locations where load is controlled directly through the metering system. Currently, suppliers are able to change load switching regimes on smart metering systems through Auxiliary Load Control Switches (ALCS) or Hand Connected Auxiliary Load Control Switches (HCALCS) without informing ENPs.

The Proposer recognises that whilst this may be appropriate in most situations, there are locations where additional controls could be required. Amendments to Schedule 8 'Demand Control' of the Distribution Connection and Use of System Agreement⁴ (DCUSA) have updated the rules associated with demand control and the avoidance of coincidence of load. The Proposer argues that ENPs need to have visibility of customer load switching to ensure a prudent and informed management of electricity networks. They need to gain access to the live information relating to load switching regimes sent through service requests and alerts.

Under the current arrangements, ENPs are not advised when changes to smart meter-controlled load switching regimes are made by suppliers. Current SEC provisions do not permit ENPs to:

- Receive SR 6.13 "Read Event or Security Log"; or
- Access SR 7.7 "Read Auxiliary Load Switch Data".

The Proposer feels that access to the information relating to the operation of ALCS and HCALCS and their associated switching regimes will enable ENPs to maintain the benefits

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² 'Change' and 'modification' are used interchangeably in this document.

³ This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989 and by section 38A of the Gas Act 1986.

⁴ <https://www.dcusa.co.uk/SitePages/Documents/DCUSA-Document.aspx>

of established network management arrangements and develop new innovative solutions to assist with the planning operation and management of their distribution networks.

The modification proposal

SECMP0025 was raised by SSEN on 18 November 2016. The Proposer (SSEN) argues that ENPs should be given access to Auxiliary Load Control Switch (ALCS) and HAN-Connected Auxiliary Load Control Switches (HCALCS) information from the Smart Metering System. This information would enable ENPs to become more responsive as electricity networks become more complex. Additionally, ENPs have requested to be informed when changes are made to existing load switching regimes.

This modification proposes three changes to the SEC, including:

- ENPs would gain access to Service Request (SR) 6.13 "Read Event or Security Log" (more specifically ALCS/HCALCS event logs);
- ENPs would gain access to SR7.7 "Read Auxiliary Load Switch Data"; and
- ENPs would receive new Alert(s) (either DCC generated or device generated).

The Solution Design Specification is included within Annex A, and the changes to the SEC required to deliver the proposed solution can be found in Annex B, of the Final Modification Report (FMR).

SEC Change Board⁵ recommendation

On 28 February 2019 we received the Final Modification Report for SECMP0025. On 13 March 2019 we decided to send back⁶ this modification as we were unable to form an opinion on SECMP0025 based on the FMR as submitted to us. In particular, we directed a revised FMR should include:

1. Clear and complete cost information regarding the post-PIT costs for SECMP0025. This should include detail of how/if these costs are affected by shifts in the SMETS1 Enrolment and Adoption timelines. Full information on how these costs will be accounted for by the DCC should also be fully explained and detailed.
2. Clear and complete information regarding the cost effects of alternate implementation dates for this modification for the CB to fully consider.

The DCC subsequently provided a more comprehensive and robust explanation and this was included within the latest FMR which was considered again by the Change Board. At the second SEC Change Board vote which ended on 19 March 2019, the vote was split, with two party categories voting to accept – Small Suppliers and Network Parties - and two – Large Suppliers and Other SEC Parties - voting to reject the modification. Therefore, the outcome of the vote was to recommend that SECMP0025 be rejected by the Authority.

Change Board members who voted to approve this change believed that SECMP0025 will better facilitate the fifth SEC Objective (e) and that it is neutral against the other SEC Objectives.

⁵ The SEC Panel and Change Board are established and constituted pursuant to and in accordance with DCC Licence 22.25(a).

⁶ <https://www.ofgem.gov.uk/publications-and-updates/authoritys-decision-send-back-smart-energy-code-sec-modification-proposal-mp-0025-electricity-network-party-access-load-switching-information>

The fifth (e) General SEC Objective is to facilitate such innovation in the design and operation of Energy Networks (as defined in the DCC Licence) as will best contribute to the delivery of a secure and sustainable Supply of Energy

The rationale provided by these Change Board members was that the modification would provide network operators with information that would allow them to better understand the use of their networks and avoid costly reinforcement where that action was not necessary.

However, some Large Supplier and Other SEC Party members which voted against the modification, noted that in their view there was still uncertainty over the costs and the feasibility of the November 2019 Release which makes it difficult for them to approve the modification at this stage despite the benefits relayed by Network Parties. The ultimate cost of implementing SECMP0025 would be borne by all Suppliers and a number of Large Supplier members confirmed they would be unable to approve SECMP0025 at the time of the vote.

Additionally, the Other SEC Party members felt that the full impact on manufacturers had not fully been considered by the Working Group.

Our decision

We have considered the issues raised by the proposal and the FMR sent to us on 20 March 2019. We have taken into account the votes of the SEC Change Board on the proposal which is attached to the Change Report. We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the fifth General SEC Objective;⁷ and
- directing that the change is approved and is consistent with the Authority's principal objective and statutory duties.⁸

Reasons for our decision

We consider this modification proposal will better facilitate the fifth SEC Objective and have a neutral impact on all the other objectives.

The fifth (e) General SEC Objective is to facilitate such innovation in the design and operation of Energy Networks (as defined in the DCC Licence) as will best contribute to the delivery of a secure and sustainable Supply of Energy

We note the concerns raised by some CB members regarding the uncertainty of costs associated with the implementation of SECMP0025, and more generally how the post-PIT costs would be affected if any of the timelines associated with the SMETS1 Enrolment and Adoption (E&A) project shifts. The DCC provided a comprehensive and robust explanation regarding these costs and this was included within the latest FMR which was considered by the Change Board.

We are satisfied with DCC's written explanation and confirmation that the costs up to the end of PIT as quoted in the DCC Impact Assessment remain the total amount that will be charged for SECMP0025 when it is implemented within the November 2019 SEC Release.

⁷ The Objectives in accordance with DCC Licence 22.10-22.17

⁸ The Authority's statutory duties are wider than matters that the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 as amended and the Gas Act 1986 as amended.

The post-PIT costs will benefit from the efficiencies associated with the SMETS1 E&A project.

It was also noted by some CB members that in their view the solution was not fully developed in regard to the impacts on Other SEC Parties. However, during the CB meeting, it was agreed by all CB members that the modification should not be sent back to the Working Group for further work as nothing within the solution would materially change. Despite the comments by some members that impacts on Other SEC Parties have not been fully considered, we also note all CB members agreed the modification should proceed to vote.

We are satisfied that the implementation of SECMP0025 will help to facilitate innovation in the design and operation of energy networks, as the solution will contribute to the delivery of a secure and sustainable supply of energy by allowing network operators access to load switching information. The information which SECMP0025 will allow network parties to access, will mean that these companies will be better informed, and decisions regarding network management and reinforcement will consequently be more robust. In our view this should contribute to the delivery of a secure and sustainable supply of energy in the future.

It is for these reasons that we believe SECMP0025 will better facilitate the fifth General SEC Objective.

Other issues

We have also examined the costs associated with SECMP0025 as identified within the FMR. Estimated DCC implementation costs of this modification are £386,009. As previously explained, the DCC have confirmed that there will be no additional costs for post-PIT and this total is a correct reflection for implementing SECMP0025. In addition to this, the administrative costs of publication of a new version of the SEC on the SEC Website and issuing this to SEC Parties and reviewing and updating any impacted SEC guidance materials, are estimated to be £1,200. We accept the FMR's conclusion that the benefits of this modification outweigh the costs of implementation.

Decision notice

In accordance with standard licence condition 23 of the Smart Meter Communication licence, the Authority hereby determines that modification proposal SECMP0025 'Electricity Network Party Access to Load Switching Information' should be made.

Jacqui Russell

Head of Metering & Market Operations

Signed on behalf of the Authority and authorised for that purpose