

Data and Communications Expert Group

Minutes of Meeting 1 of the DCG	From	Ofgem	1 September 2010
	Date and time of Meeting	1 September 2010, 10am	
	Location	Ofgem	

1. Present

Dora Guzeleva (Chair)	Ofgem
Alex Travell	E.ON
Rob Thornes	DECC
Ash Pocock	EDF Energy
Jason Brogden	ERA
Rob McNamara	INTELLECT
Andrew Beasley	UTILITA
Alan Claxton	ENA
Liz Kenny	Npower
Jill Ashby	Gemserv
Chris Hill	First Utility
Chris Rowell	Elexon
Nick Salter	Xoserve
Gary Cottrell	SBGI
David Speake	AiGT
Martin Pollock	ESTA
Eric Fowler	AMO
Paul Clark	SSE
Neil Beckwith	Electralink
Richard Street	ICOSS
Richard Moore	Ofcom
Jamie Dunnett	Scottish Power
Rosie McGlynn	British Gas
Jenny Boothe	Ofgem
Colin Sawyer	Ofgem

2. Apologies

Zoe Mcleod – Consumer Focus

3. Agenda Item 1: Overview of Prospectus

3.1. DG gave a presentation on the areas from the Prospectus that will be considered by the DCG and its subgroups. The role of the DCG and its subgroups was to assist in the development of a flexible business model and robust regulatory framework for the DCC that is able to facilitate the evolution of the DCC services provision. However, DCC's design needed to be based on robust and positive cost benefit analysis.

3.2. It was noted that this flexibility could facilitate the development of smart grids and streamline industry processes. In addition, as set out in the Prospectus, it was noted that the DCC must remain independent to maintain competitive pressure within the service provision market. Further, whether or when DCC may provide 'added value' services will require careful evaluation.

- 3.3. It was noted that data privacy and security would need to be borne in mind for all aspects of the work undertaken by the group.
- 3.4. A query was raised about the relationship between the Expert Groups. It was clarified that the chairs of each group would be present at all the expert group meeting to ensure the appropriate transfer of information and to allow for co-ordination of issues where necessary.
- 3.5. There was some concern that the Community of Technical Experts (CoTEs) may be making decisions that may affect licensees' businesses. It was clarified that the CoTEs is a set of service providers that will respond to information requests that may be issued by the group.
- 3.6. Inclusion of Intellect in the Interim Interoperability sub group was raised. The preferred outcome is that the suppliers would come up with a commercial arrangement. During the development of this area of work if the work warranted Intellect's involvement then they will be invited. A view was expressed that it was important for suppliers to crystallise their requirements baseline and agree these, then decide if necessary when to include Intellect.
- 3.7. DG reiterated the rules of engagement for the group. The group has no decision making powers and decisions will be made by the smart metering programme team and DECC. However the deliverables of the group will form part of the contribution, along with analysis of the responses to the Prospectus, to the Government's response which is expected in January.
- 3.8. The group discussed the most appropriate means to engage small suppliers in the subgroups. The small supplier representatives agreed to convey information and papers from the expert group to the rest of the smaller suppliers through the independent suppliers' forum.

4. DCG Terms of Reference

- 4.1. DG reiterated that the emphasis of the DCG's work is on evaluation and analysis of proposals set out in the Prospectus. Further clarity was sought on the relationship between the DCG and Ofgem/ DECC's decision making process. The group discussed a number of amendments to the DCG Terms of Reference and the following were proposed and accepted.
- 4.1.1. The purpose of the group should include *developing and analysing a number of coherent and robust design options for the DCC*.
 - 4.1.2. After section 19 add *"Reviewing and assessment of papers produced by the subgroups"*.
 - 4.1.3. Refine section 20 by inserting *"in a timely manner"* at the end of sentence.
 - 4.1.4. Add *"the details of the DCG group members to be published on the Ofgem website."*
- 4.2. The DCG work plan was presented and welcomed by the group members.

5. Subgroup 1: DCC Scope and Services ToR

5.1. A presentation was given on the scope of work for this subgroup. With respect to the DCC scope the main task is to answer the specific questions asked in the Prospectus. Work relating to the WAN was focussed around determining what the major drivers of costs are.

5.2. It was noted that that the DCC scope work of this subgroup will build on the Options that were discussed in May and that considerations on the WAN functionality will be based on three issues: performance, traffic volumes and commercial issues.

5.3. The group will develop and evaluate a number of scenarios which are then included in a request for information that will be issued to the Community of Technical Experts to obtain more detailed information on the impacts, timeframes, commercial issues, and the costs and benefits of these scenarios.

5.4. Some members of the group indicated that it may be difficult to obtain robust cost information from parties that are in competition with each other. CS confirmed that data would be treated in confidence and anonymised. Also, that there is a balance to be struck between maintaining the confidence of parties providing information to Ofgem with providing sufficiently detailed analysis to the smart metering programme.

5.5. The group was informed that the onus was on parties to indicate that their response must be treated in confidence.

5.6. One member added that the DCC's communication services will be driving the costs and that for each technology there will be different cost drivers. Therefore, the DCC having the ability to contract with multiple providers utilising different technologies will help to maintain competitive pressure in the market and maximise the benefits of the various technologies available.

5.7. The group discussed the ToR for this subgroup and suggested that it should be made clearer that the Chairs of the subgroups would be responsible for escalating issues to the Expert Group. There was a unanimous view that Ofgem should chair all subgroups.

5.8. Other amendments to the ToR related to the subgroup's membership. The following amendments were proposed:

5.8.1. ICSS should be included in this subgroup

5.8.2. DNO representation will be changed to ENA representation

5.8.3. iGT representation should be changed to AiGT

5.8.4. Ofcom should be included in the subgroup on the Communications work stream only

5.8.5. The AMO should be included

5.8.6. The ERA would act as an information conduit for the small suppliers

5.8.7. Utilita and First Utility should be the small supplier representatives on this subgroup.

5.8.8. Concerns were raised that the Central bodies should not participate in this subgroup due to potential conflicts of interest. Ofgem is to consider this issue further.

5.9. Intellect expressed their desire to participate in this subgroup. Other members of the group raised a concern that having the representative organisation of potential service providers may give member companies a competitive advantage and may subject the DCC services procurement phase to challenges. It was agreed that Intellect would not participate in this subgroup.

5.10. A similar debate was had with respect to the central bodies and their representation on this subgroup. However, it was noted that the central bodies hold the detail on costs of the impact on the central bodies systems and that this information needed to be captured.

5.11. Ofgem agreed to consider how best to involve the central bodies within this work area.

5.12. It was also agreed that Ofgem should chair all the subgroups.

6. Subgroup 2: Interim Interoperability ToR

6.1. This subgroup will be assessing what arrangements need to be in place to facilitate interoperability for the period between roll out of smart meters following the confirmation of the technical specification and DCC Go-Live.

6.2. These arrangements will have to be developed from the consumer perspective allowing consumers to churn without losing the benefits of smart metering.

6.3. It was noted that there were a number of options however the preferred option was for all suppliers to comply with a commercial solution.

6.4. This subgroup will also be considering the commercial arrangements to allow the transition of communication contracts to the DCC.

6.5. The group proposed that the terms of reference should be amended to indicate that the purpose of the subgroup was to allow the consumer to take advantage of the competitive market without losing the benefits of smart metering.

6.6. The focus of commercial interoperability would be to develop criteria around the preservation of smart functionality, enhancing the consumer experience and reducing the risk of removing smart meters. It was agreed that the ToRs would be amended to reflect this.

6.7. It was agreed that:

6.7.1. ICSS should be included in the membership; and

6.7.2. Utilita and First Utility would represent the small suppliers.

7. Subgroup 3: Regulatory and Commercial Framework ToR

7.1. The overall workplan for the subgroup was presented indicating that it had three work areas considering:

7.1.1. Roles and responsibilities for equipment at the consumer premises;

7.1.2. Smart Energy Code and governance; and

7.1.3. Key aspects of the DCC commercial model.

7.2. JB indicated that work within this subgroup will begin later than the others as the deliverables would be dependent on the work undertaken by the other subgroups.

7.3. The group proposed that ICOSS and the AMO should be members of this subgroup.

8. Actions

8.1. Ofgem will update all the ToRs and circulate to the DCG for review and comments.

8.2. Ofgem will produce the minutes and circulate to the DCG for review and comments.