

## DCG Subgroup 3 Meeting 9 Minutes

Minutes of the ninth meeting of DCG Subgroup 3.

From DCG\_SG3\_RC  
 Date and time of Meeting Tuesday 11 January 10am  
 Location Ofgem, Room 7

11 January 2011

### 1. Present

Name	Company
Alan Knight-Scott	EDF Energy
Alex Travell	E.ON UK
Chris Warner	National Grid
Claire Hemmens	SSE
David Jones	Elexon
David Thorne	GemServ
Dora Ianora	Ofgem
Elizabeth Lawlor	ElectraLink
James Nixon	Scottish Power
Jason Stevens	ERA
Jenny Booth	Ofgem
John Stewart	Npower
Mark Knight	SSE
Martin Hewitt	UK Power Networks
Rosie McGlynn	Centrica
Sajna Talukdar	Ofgem

### 2. Minutes from Meeting 8 – 21<sup>st</sup> December

2.1. Comments due back by Friday 14th January.

### 3. Slide Discussion of Table of contents of the SEC

#### Interoperability

3.1. Given the nature of the issues discussed it was felt that time would be better spent by considering the three issues together.

3.2. It was noted that it was difficult to discuss in detail the potential commercial interoperability content of the SEC as this is dependent on the output from DCG SG2 and SMDG SG1.

3.3. At the last DCG SG2 the ERA took the task to host a meeting with its representatives' regulatory managers to consider the issues around commercial interoperability and feedback to that group. SMDG SG1 is defining the products for the technical specifications of the Smart Metering System. A technical assessment of smart metering

(or other relevant) standards and specifications has been submitted to the Programme in consideration of the Functional Requirements Catalogue.

3.4. The group felt that it would be difficult to progress this aspect of the code without taking account of the outputs from these subgroups.

### **Service Descriptions**

3.5. It was noted by the group that the DCC will have to hold certain data to enable it to undertake its functions and in particular allow the activation of the smart metering system. It was noted that the DCG SG 1 meeting on Thursday (13/01) will aim to provide clarity around the data to be held by the DCC.

3.6. It was noted by the group that generally it will be difficult to progress development on certain topics under this workstream as it is apparent that future development is dependent on activities elsewhere. The group felt it would be useful if there was a paper that identified the topic area and the dependencies on the outputs from other work workstreams.

**3.7. ACTION: Ofgem to produce a one-page document that sets out the dependencies and the topic areas and the likely date of the outputs from these groups and circulate prior to the next subgroup meeting.**

3.8. Ofgem asked the subgroup to think about the following two access-control related questions:

- (i) Will third parties authorised to access a customer's data do this via the meter or the DCC?
- (ii) As DCC doesn't have a direct relationship with the consumer, how will the DCC know that the third party is authorised to access the data?

3.9. In response, the group noted that there may be different levels of access control depending on the services that are being taken from the DCC. It was also noted that the SEC will have to set out the appropriate procedures that will underpin the consumers' ability to authorise 3<sup>rd</sup> parties to access their data via the DCC. A member of the group stated that this is a known issue and will be considered in detail (at a later date) by the DCG Subgroup 1.

3.10. The programme needs to understand the E2E security framework before they can understand how to look at the users requirements against the security.

3.11. The group felt that any third parties acting as an ESCO must be defined as an ESCO. A member of the group noted that the definition of an ESCO was set out in the Energy end-use efficiency and energy services and repealing Council Directive 93/76/EEC and offered to circulate that to the group. The group considered that given the numerous types of non-licensed organisations that may use the DCC services that a 'catch all' category of "non-licensed DCC user" should be used. Non-licensed DCC parties accessing the data will need to meet the access control requirements.

3.12. It was noted that the last bullet point on slide 5 related to other authorities that may wish to access data, for example the police. A view was expressed that the largest issue facing the programme related to the security and privacy and how these are factored into the end to end smart metering solution.

3.13. It was noted that the key event items list for data transfer related to specific supplier related events (and was not an exhaustive list) and that it was necessary to

include data transfer activities that relate to non-licensed parties. The group agreed to add another bullet point to the list on slide 7 to identify these activities.

### **DCC Management**

- 3.14. The group discussed the nature of the credit arrangements that should be set out in the code. The group felt that work already done in this area could be applied and Ofgem's code credit guidelines for network operators could be used as a basis for the credit arrangements.
- 3.15. The group agreed that the requirements should not be restrictive and be proportionate to the business that is using the DCC services. Special consideration will need to be given to non licence users of the DCC and the impact they may have on the business should they go into administration.
- 3.16. It was noted that a number of these sections could interlink with other code sections for example governance and default processes.
- 3.17. The group discussed whether the reporting regime was about enabling the "panel" to effectively manage the DCC and its service providers. The group were reminded that the DCC will have to undertake general reporting activity as a minimum e.g. performance reporting, payment and billing reporting. It was considered that the Panel should have access to these reports as a matter of course but it would not be as a means to manage the DCC as that would not be the Panel's remit.
- 3.18. The group also discussed whether an escalation procedure should be included, which would be triggered when reports identified areas of poor performance.

### **4. Future Development of SEC**

- 4.1. The group felt that it would be useful to have a list of prioritised activities in terms of developing the SEC.
- 4.2. A group member asked when Ofgem will need the complete process from the subgroup by in order for them to go through their own internal review and approvals process. Ofgem reiterated that it is dependent on the SMDG SG1 and STEG groups. Ofgem is still pushing to get a Paper published but as DECC is taking over the next phase, Ofgem is unsure whether this activity will remain with Ofgem to complete.

### **5. Any Other Business**

- 5.1. The group discussed that the information gathered to date from the group will form part of a paper that will also include a summary of responses to the Prospectus.
- 5.2. Members of the group were concerned that there was no clarity on how much effort would be required for the ongoing work in developing the SEC and identifying the impacts on other industry codes and affected documents. This made it difficult for businesses to plan resource to support the work.
- 5.3. A member queried if a letter would be sent to the industry Codes panels, confirming that support would be welcomed from code administrator bodies particularly in relation to the impacts on existing Codes. The group were advised that 'industry' has been invited to participate in the respective subgroups, including from code administrators in their own right, and that should any group member/participant not be able to do so they would need to advise the programme as soon as possible. However, it was acknowledged that the uncertainty of how the next phase was to be delivered made it difficult for parties to make any commitment going forward. Critically, it was noted that there is a cost associated to providing resource, whether that comes direct from

commercial bodies or bodies providing code administration services. All this would need to be budgeted for.

5.4. Ofgem explained to the subgroup that a number of things are taking place that relate to the programme and that may have a knock on effect on the development of governance and the SEC. The subgroup was informed that the "Foundation Stage" is regarded as the stage from now to the DCC Go-Live. Ofgem is proposing to undertake a number of consumer protection measures that will form part of a spring package. These measures may impact on the nature of any governance that may need to be established during this stage. Included in the Foundation Stage will be the interoperability arrangements that are being developed in SG2. A group member asked if a pre-SEC should be produced or if the SEC should be pulled forward as this would mean prioritising the interim interoperability to bed them down before looking at other areas of the Code. Ofgem indicated that these are Phase 2 issues which will be led by DECC.

**5.5. ACTION: Ofgem to provide the SG3 Terms of References recently agreed at DCG.**

**5.6. ACTION: Jenny to email SG3 the list of voluntary arrangements for them to add to, for the meeting, scheduled for 25<sup>th</sup> January 2011.**

### **Structure of the SEC**

5.7. Below is a summary of the information around the structure of the SEC which the subgroup noted on flipchart paper during the meeting:

Principles:

- The SEC could be divided in separate Parts.
- Not all Parties will be obliged to comply with all Parts of the SEC

Proposed Structure:

- Part 1 – 'General'
  - Applicable to all Parties
  - To include introduction to the SEC, accession process, conditions precedent, Panel powers and duties, change process, funding, credit, disputes, etc
- Part 2 – 'Operational Schedules'
  - Applicability will be determined by Party category (e.g. 'mandatory for Suppliers')
  - Service Descriptions
- Part 3 – 'Products' (subsidiary documents)
  - Business Processes
  - 'Golden Threads'

Comments:

- Need to ensure structure recognises scope of SEC as end-to-end smart metering system.

### **Framework Agreement**

5.8. A member highlighted that we need to start thinking about the structure of the Framework Agreement, if in fact we need one.

5.9. The group spent some time considering the structure of the code and the need or otherwise of a framework agreement and/or an accession agreement. The group discussed whether a framework agreement would be a 1-to-many agreement or a many-to-many agreement given that the scope of the SEC would be wider than the relationship between the DCC and its users. The group also discussed whether an

accession agreement or accession procedure should be separate or contained within a SEC.

**5.10. ACTION: ElectraLink offered to circulate their legal advice on the difference between the types of agreements and their respective roles, to the subgroup**

5.11. A member indicated that from their perspective the Framework Agreement provides a route for redress between parties whereas without a Framework Agreement the route for redress of a breach of the code is only through licence.

5.12. Ofgem asked whether the Framework Agreement manages a many to many relationship or a one to many relationship. The subgroup considered that the agreement would be a many to many relationship given the potential scope of the code.

5.13. The group indicated that there may be a number of options with regards to:

Options:

- Framework Agreement
- Licence Obligations
- Accession Agreement

Questions:

- What does each entail and what powers does each have?
- What is required for SEC?
- Can a single Agreement cover off framework and accession?
- What is the relationship between parties (multiparty, 1-to-1, 1-to-many)?
- What gives legal effect to a Code? What makes a contract binding?
- Are there any activities under the SEC which could cause one party to take action against another e.g. legal action?

5.14. The group considered that further clarity is needed to understand whether these agreements are needed and the purposes that they serve. It was agreed that the relevant Ofgem legal department should be asked what purpose is served by having a framework agreement

**5.15. ACTION: Ofgem to obtain internal legal advice on the purpose of a Framework agreement.**

5.16. In preparation of the next meeting it was agreed that the group would begin to consider the catalogue of potential changes to existing regulatory agreements. As a starter for ten it was agreed that Ofgem would send through a list of all the documents it is aware of and the industry should consider any omissions. From there as far as is reasonable the subgroup should begin to consider what elements of these documents that may need to be changed.

**5.17. ACTION: Ofgem to send to the subgroup a list of all the codes, for the industry to consider any omissions.**

## **6. Date of next meeting**

6.1. Tuesday 25<sup>th</sup> January 2011.