



2nd Floor, Ibox House
42 - 47 Minories
London
EC3N 1DY

23 May 2016

Dear DCC team,

Updated proposal to amend DCC's Implementation Milestones

Thanks for the opportunity to respond to your consultation. Our response to the questions are provided below and we would additionally like to raise the following overarching comments.

We note that the Implementation Milestone (IM) review has been undertaken with the following principles in mind:

- Maintaining the simplicity of the current Implementation Performance Regime;
- Aligning DCC incentives with key milestones in the JIP;
- Maintaining the risk profile agreed during the licence application process; and
- Aligning DCC incentives with the provision of value to the consumer.

Whilst we understand and support the need to review these milestones in light of further DCC-driven changes, we do not believe that in all aspects that these principles have been followed. For example, simplicity. Splitting IMs by region can only introduce further complexity and ultimately allow for the provision for differing go-live dates for different regions.

The consultation considers that IM9 and IM10 to be split by Region. We did not support this approach during the May 2015 consultation and see no further reason to accept this approach as there is still no justification being given for this recommendation. The potential for DCC to be able to go-live at different times, in different regions for both 1.2 and 1.3 releases cannot be justifiable, introducing as it would the potential for the DCC to retain half of its financial incentive for each release whilst distorting the market and disadvantaging those DCC Users who's portfolio is not geographically spread across the country.

Any failure to deliver these IMs for a particular region would result in delays for those suppliers impacted and potentially render them in breach of their Licences and distort the market. These would include their ability to achieve the de-minimis number of SMETS2 installations within the proposed time-scales and to fulfil their enforceable Deployment Profiles (potentially resulting in increased volumes of SMETS1 meters). These issues are further impacted by the fact that they will have to work with non-compliant solutions that have been developed by the DCC that do not currently allow the use of multiple identifiers which is the way that some suppliers' systems and processes are structured.

It is not clear from the consultation whether or not the DCC has taken these elements into account when assessing their proposals or if they have considered how the resulting additional complexities and potentially disproportionate impacts would be managed.

This response is not confidential.

Yours sincerely,

Elizabeth Kenny
Smart Industry & Compliance Manager

npower
2 Princes Way
Solihull
West Midlands
B91 3ES

T +44(0)121 336 5100
I www.npower.com

Registered office:
Npower Limited
Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire
SN5 6PB

Registered in England and
Wales no. 3653277

Consultation question 1: Do you agree with our proposal to update IM9? Please provide rationale for your response.

We do not currently support a number of the proposed changes and require further information and clarification. The reasons are provided in our detailed response below.

In general we do not support the regional splitting of this milestone for the reasons already provided in our opening remarks.

First criterion – Exit from Interface Testing:

We cannot support the amendment to this criterion to focus on DCC activities instead of the third parties based on the information currently provided and request that further clarification is provided. As drafted the amendment could result in the DCC receiving a proportion of the BMIT for completing its activities whilst not having fully exited interface testing due to a shortfall in its service provider activities. We do not see how this approach incentivises the DCC to adequately manage the contracts that it has solely and independently developed and awarded to its Service Providers. The reliance on the agreement of the SEC Panel does not have sufficient rigour in this regard as the burden of proof will rest on the completion of DCC activities rather than full and complete exit from Interface Testing to everyone's satisfaction.

We understand the need to review criteria that may result in the DCC being accountable for IM delays driven by events that are beyond its control, for example the need to incorporate large-scale system and process changes as a result of updates to key documentation. However, Service Provider activities impacting the DCC's ability to meet a milestone should be catered for and managed by the contracts that have been put in place. Further, we do not then expect that DCC Users to become financially accountable.

Second criterion – Communications Hubs (CHs):

We are in full support of the second criterion with regard to the successful delivery of ordered CHs should the date of DCC R1.2 move from 20 July to 17 August. However, we would like further clarity as to what the amended CH delivery profiles would look like under the proposed scenarios so that whatever decision is made we are in a position to optimally manage those assets and our deployment requirements at the earliest opportunity.

Third criterion – DCC Live Services:

As the DCC acknowledges, DECC are currently working with stakeholders to develop a plan for, amongst other things, DCC Live Services. We therefore believe that it is not appropriate for the DCC to be consulting on this subject separately and would therefore ask for a single, consistent and co-ordinated approach to obtaining views.

Proposed taper profile:

We understand that further delays have meant that the originally specified tapered approach has had to be revisited since the last review. We agree that in some areas these appear to be more stringent if applied as suggested, however, we do not agree that there is a need to make provision for, or to continue to financially incentivise, the DCC where it has failed to be ready for release go-live dates by some margin. For example, by October 2016 for Release 1.2 as missing this date would have greater, far-reaching and severe impacts to the wider industry and Programme and that these must be considered over and above the need for the DCC to be able to maintain the ability to receive a relatively small and decreasing proportion of a financial incentive.

Consultation question 2: Do you agree with our proposal to update IM10? Please provide rationale for your response?

We support the proposed alignment of IM10 with the JIP. Once again, we do not support any regional splitting of this Implementation Milestone, for the reasons that have already been provided in our opening remarks and response to question 1 above.

Exit from Interface Testing:

As our response to question 1 above.

Additional SMKI and Repository Testing:

We agree with and support the proposed additional second criterion as this aligns with the SEC Section T5 as per the DECC April 2016 consultation decision.

Communication Hubs:

We support the removal of the CH delivery criterion as we agree that this is primarily for DCC Live R1.2 and as such has been catered for in IM9.

DCC Live Services Criteria:

As our response to question 1 above.

Proposed taper profile:

As with our response with regard to changes to the IM9 taper profile we understand that there is a need to review and amend the original tapered approach due to DCC delays. As the profiles are similar the same comments that we provided on question 1 equally apply here for IM10. Again we do not agree that there is a need to provide the DCC with the ability to claim a relatively small and decreasing proportion of a financial incentive where the DCC has failed to be ready for Release 1.3 by December 2016, some three months late, given the importance and impact that failure to deliver this IM will have.

Consultation question 3: Do you have a preference between the two options for updating the recovery mechanism proposal? Please provide rationale for your response?

We do not support either proposed recovery mechanism.

Both proposed recovery mechanisms are opaque at best and for full consideration to be given to these would require further information and clarity to be provided. As a general concept, we do not support any mechanism that makes provision for the recovery of any previously missed implementation milestones as any such approach effectively undermines any incentive scheme that could be put in place. Any such approach does not consider the potential impact to any other party. IM5 – the submission of the DSP Interface specification should have been managed via the contracts that the DCC have put in place with their service providers, it is not for the DCC User community to compensate the DCC for this type of implementation shortfall. There is more than sufficient incentive on the DCC to meet both DCC R1.2 and R1.3 milestones as it will be charging for the services that become live at these dates. The regulatory requirements that are contained both within the SEC and the DCC's licence conditions also oblige the DCC in this regard.