

Smart DCC Ltd.  
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London  
EC3N 1D

6 June 2015

Dear Sir/Madam

### DCC Proposed changes to DCC's Implementation Milestones Consultation

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, combined heat and power plants, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

We remain committed to the DCC and the benefits that it will bring by providing a common, secure interface between Suppliers and enrolled smart meters. This will ensure that customers can benefit from a seamless smart service from all Suppliers, whilst having confidence that the DCC is providing security for their data and their smart meter. However, we must stand on the side of the customer and ensure that the DCC is delivered economically and efficiently to minimise the impact on the customer bill.

EDF Energy appreciates the opportunity to comment on the proposed changes to DCC's Implementation Milestones.

It should be noted that as a DCC User our relationship is with the DCC. As such our focus is on whether the DCC has delivered its milestones and the impact that this has on Suppliers rather than the commercial relationship between the DCC, its service providers and the delivery of their milestones.

EDF Energy does have concerns that the proposal to split the CSP milestones may impact on the costs of the DCC and the two CSPs. For example, if there may be resource and cost implications if the DSP has to manage two CSP at different stages of development and readiness.

EDF Energy would therefore support the splitting of Interim Milestones, provided that this does not increase the DCC's overall costs. We do not agree with the proposed 50%/50% split between the two CSPs and instead believe a fairer split would be an even split across the three CSP Regions.

We do not support the proposal to allow the DCC to linking recovery of lost baseline margin from one Implementation Milestone to the next. We would note that a sequence of milestones has been laid out in the DCC Licence and within the Joint Industry plan to recognise that DCC Users are reliant on delivery of these individual milestones. Missing a

milestone will therefore not only impact on the DCC but also other DCC Users plans. Although the DCC may be able to recover this time, DCC Users may not be able to, and so it would appear inconsistent to allow the DCC to recover all of the associated monies, if nobody was able to use the DCC as they had missed an interim milestone.

EDF Energy also believes the weightings between each individual milestone are divided equally by region rather than by a 50%/50% split.

EDF Energy supports incentivising the start of Interface Testing. However, we do not agree with removing the Implementation Milestone for completing SIT, as the DCC must remain focused on providing a robust fully complete solution.

Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the issues raised in our response or have any queries, please contact my colleague Tony Neville on 01342 413877, or myself.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "A. Pocock".

Ashley Pocock  
Head of Industry Regulation and External Affairs

Attachment

DCC Proposed changes to DCC's implementation Milestones Consultation

EDF Energy's response to your questions

Q1. What are your views on the proposed recovery mechanism and the alternative approach set out above?

EDF Energy believes there are advantages and disadvantages with both the current and proposed models. A number of the consultation questions could be more tightly managed by the alternative approach. However, others would be more tightly managed by the current model where payment is for completion of the milestone by both CSPs.

We would support the splitting of Interim Milestones provided there are no cost implications on Users. However, we do not agree with the proposed 50%/50% split between the two CSPs and instead believe a fairer split would be an even split across the three CSP Regions.

We do have concerns on the commercial arrangement the proposed approach may trigger between the DCC and the two CSPs. For example, if one CSP is held back by the second CSP not achieving an Interim Milestone or if the DSP has to manage two CSP both at different stages which may require two sets of activities by the DSP. This could result in increased resources and cost.

With regard to the alternative approach, EDF Energy is concerned with linking recovery of lost baseline margins from one Implementation Milestone to the next. This is particularly relevant where there is no correlation between them. If the second milestone is easier to achieve than the first, there is a risk of the first milestone being unnecessarily delayed in the knowledge that monies could be recovered from an easier second milestone.

EDF Energy would be extremely concerned if the DCC were able to recover monies from one Implementation Milestone to the next, particularly if the delay resulted in additional costs to Users.

Q2. Do you agree with the proposal for the recovery of IM4, IM5, IM6 and IM7, where the Time Factor was greater than 0, to be proportionate to the tapering of the proposed IM10? *(IM10 - licensee is ready for commencement of live Enrolment and Communication services in either the North region or central or South regions).*

EDF Energy is supportive in principle to the proposed recovery mechanism for IM4, IM5, IM6 and IM7, where the Time Factor was greater than 0, to be proportionate to the 'tapering' of the proposed IM10 (Go-live). However, we would not be in agreement if the delay in achieving a particular milestone resulted in additional costs to Users.

Although we support the splitting of the various implementation Milestones between the two CSPs so that they become IM4a (Arqiva) and IM4b (Telefonica) we do not support the 50/50% split between them and believe a fairer split would be an even split across the three CSP Regions.

Q3. Do you agree with the proposal for incentivising readiness for the start of Systems Integration Testing?

The commencement of Systems Integration Testing (SIT) is a major milestone to be achieved and EDF Energy is supportive of the proposal for incentivising readiness for the start of SIT.

EDF Energy is in agreement with the proposal to re-title the current IM8 and IM9 to IM8a and IM8b to link them to Arqiva as CSP in the North Region and Telefonica in the Central & South Regions.

We are also in agreement to align the two CSP milestones with the JIP milestone which shows 'commencement of SIT to be on 1st September 2015. However the weightings should be reduced to 5% for each CSP region. i.e. a total of 15%.

Q4. Do you agree with the proposal for incentivising the readiness for the start of Interface Testing?

EDF Energy supports incentivising the start of Interface Testing. However, we do not agree with removing the Implementation Milestone for completing SIT. We believe SIT should be completed beforehand against a clear set of criteria. Both start and end SIT milestones should be included on the Joint Industry Plan (JIP). We believe, this will assist in resolving SIT issues and reduce the need for parallel SIT and Interface Testing and also reduce the risk of Users having to carry out unnecessary regression testing.

Q5. Do you agree with the proposal for incentivising the readiness for live Enrolment and Communication Services

EDF Energy supports the proposal for incentivising the readiness for Live Enrolment and Communication Services which includes the re-titling of the current IM12 to the proposed IM10a and IM10b which covers Arqiva in the North Region and Telefonica in Central & South Regions.

As previously mentioned the percentage weighting for IM10a and IM10b should be split by region.

Q6. Do you agree with the proposal for incentivising implementation beyond live Enrolment and Communication Services?

EDF Energy agrees with the DCC's proposal for incentivising implementation beyond live Enrolment and Communication Services. EDF Energy is reliant on the DCC to deliver the full suite of its services on an unconstrained basis in order to start the mass rollout of smart meters. We recognise in very exceptional agreed circumstances the potential need to apply constraints to the provision of some of the less important services; however, would note that this would impact on DCC Users and their ability to meet the 2020 end date. We therefore support the proposal for a delay for these services up to a maximum period of between 3 to 6 months in order to stabilise systems and processes, and believe that any baseline margin should be reduced to reflect any delay to the delivery of a full, unconstrained DCC service.

EDF Energy supports the proposed percentage weighting for IM11 (go-live) to be 5%.

Q7. What are your views on the proposal for the proposed IM11 (go-live) to be subdivided by two region categories and the alternative approach set out above?

EDF Energy would prefer the proposed IM11 (Go-live) to be set at a national level rather than split by the two region categories so as to incentivise the removal of constraints for the three regions at the same time. If Regions went live at different timescales Users would find they had some meters in DCC for one Region but not others and this would lead to confusion in the market.

Q8. Do you agree with the proposal to remove the current IM14? Please provide rationale for your response.

EDF Energy agrees with the proposal that the current IM14 relating to the Completion of Interface Testing no longer applies to the programme and should be removed.

Q9. Do you agree with the proposal to introduce the recognition of external dependencies, and the concept of matters beyond DCC's reasonable control, in the Implementation Performance Regime (Schedule 3 of the Licence)? Do you have any views or suggested changes/additions to the provisional list of dependencies provided above?

EDF Energy does not agree with the proposal to introduce the recognition of external dependencies, and the concept of matters beyond DCC's reasonable control, in the Implementation Performance Regime.

The terms of the DCC Licence were agreed by Capita at the time it was awarded and fully aware of the commercial and financial risks associated with agreeing to be the DCC. As such we do not believe that there have been any material changes that would warrant inclusion of this within the DCC Licence.

We are also concerned that introduction of these terms would further reduce the incentive on the DCC to engage with DCC Users to make them aware of any risks to the delivery of implementation milestones. Instead we believe that the DCC should be encouraged to raise risks and issues in an open and transparent manner as soon as they are aware of these to enable Suppliers to develop their plans in response to these risks. Introduction of these terms would remove the incentive to engage with DCC Users and

could perpetuate historic behaviour of only engaging with Suppliers once a risk has materialised and agreement with DECC has been reached.

Q10. Do you with the overall proposal to amend the Implementation Milestones? Please provide rationale for your response.

EDF Energy agrees with the overall proposal to amend the various Implementation Milestones subject to our responses to the individual questions above.

In particular we do not support:

- The proposal to split the CSP Interim Milestones if there is any additional cost to Users.
- The proposed 50/50 split between the two CSPs and instead believe a fairer split would be an even split across the three CSP Regions.
- The proposal to allow the DCC to link recovery of lost baseline margin from one Implementation Milestone to the next.
- The removal of the Implementation Milestone for completing SIT testing
- The proposal to introduce the recognition of external dependencies

EDF Energy

May 2015