



## SMETS1 Consultation - Exclusion where Dormant but not due to Change of Supplier

A SMETS1 consultation on proposals by DCC on how to treat Dormant SMETS1 Installations (arising from termination of the contract between Energy Supplier and their SMETS1 SMSO)

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**Classification: DCC Public**

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# 1. Introduction and Context

A number of energy suppliers have installed first generation smart devices (known as SMETS1 devices) in consumers' premises across Great Britain. The Data Communications Company (DCC) has designed a solution for the enrolment of SMETS1 devices into its network. Part of DCC's plan to deliver SMETS1 services involves a detailed approach for migrating SMETS1 Installations into DCC's systems. The migration of SMETS1 Installations into the DCC System is progressing across the range of cohorts and all eligible meter families.

The detailed technical and procedural requirements of the migration approach are set out in the SMETS1 Transition and Migration Approach Document (TMAD). The TMAD is Appendix AL of the Smart Energy Code<sup>1</sup> (SEC). The latest version of the SEC was published on 24 March 2022 as v59.0.

This consultation covers a change to the TMAD.

In February 2021, following consultation, BEIS introduced<sup>2</sup> Clauses 1.4 to 1.9 in the TMAD and these elements were subsequently modified by BEIS following the Various 1 consultation<sup>3</sup> / conclusion<sup>4</sup>. Prior to these changes, the regulatory framework provided DCC with an obligation to take all reasonable steps to progress migrations as quickly as possible but did not cater for certain scenarios. For example, where all reasonable attempts at retry have been exhausted but they remain blocked, or where data quality issues are preventing migrations being attempted. These elements of the TMAD provide a framework for:

- i) the unblocking of SMETS1 Installations presently eligible for migration (by virtue of having corresponding EPCL entries) but that cannot currently be successfully migrated; and
- ii) the exclusion of certain SMETS1 Installations that are currently in scope for enrolment (and which may or may not have a corresponding EPCL entry) on the basis that a solution to enable migration is not practicable or proportionate, whether on technical, operational or economic grounds.

Each Excluded Category is captured as a specific TMAD element in Clause 18 that details the characteristic of each exclusion. DCC retains obligations to advise impacted SEC Parties on how the decisions impact them, where DCC reasonably knows this information (which includes provision of device level details via the SharePoint regime used to support SMETS1 Migration information transfer).

DCC is assessing the SMETS1 Installations presently blocked for migration and in some cases, DCC (supported by energy suppliers / SMETS1 SMSOs where appropriate) has been able to take economically efficient steps to unblock these migrations without the need for a regulatory / solution change. For example, by correcting data errors between registration data in the SMETS1 SMSO and DCC (with support from the Energy Supplier where required). DCC is continuing with such unblocking activities where possible. DCC's investigation into blocked SMETS1 Installations is on-going. Further consultations are envisaged in the coming months to address the remaining SMETS1 Installations across a number of cohorts (including any new blocking issues that may arise), as DCC and Energy Suppliers progress towards the completion of Migration for all eligible SMETS1 Installations across all cohorts and then the closure of each Requesting Party.

<sup>1</sup> The current version of the SEC is available from <https://smartenergycodecompany.co.uk/the-smart-energy-code-2/>

<sup>2</sup> The BEIS consultation is available via <https://smartenergycodecompany.co.uk/latest-news/secretary-of-state-direction-on-the-smets1-tmad-and-further-smets1-tmad-consultation/>

<sup>3</sup> <https://www.smartdcc.co.uk/customer-engagement/smets1-consultation-various-1/>

<sup>4</sup> <https://www.smartdcc.co.uk/consultations/smets1-conclusion-various-1-part-1/> - Various 1 Part 1 Conclusion responded to most elements of the consultation.

This consultation proposes amendments to Clause 18 of the TMAD to include a category for exclusion which will have the effect of excluding certain SMETS1 Installations where there are Dormant Meters arising due to an Energy Supplier terminating their contract with the SMETS1 SMSO ahead of the agreed Requesting Party closure date for those Meters and there is no likely prospect of them being successfully Migrated as Dormant Meters. Under existing TMAD rules these new Dormant meters would require DCC to take all reasonable steps to prepare them for and to attempt migration as soon as possible.

This consultation document proposes a new Excluded Category applicable to all cohorts titled 'Dormant not due to Change of Supplier' to be included via amendments to Clause 18 of the TMAD. In the circumstances set out in section 2 below, DCC considers that a migration solution is not possible and thus an exclusion is consistent with the rationale set out in Clause 1.5 of the TMAD i.e. there are technical or operational barriers that make it impossible for Migration to be completed successfully or it is economically inefficient to take the necessary steps to facilitate Migration.

## 2. 'Dormant but not due to Change of Supplier' Problem Statement

The TMAD classifies a SMETS1 Meter as either an Active Meter or a Dormant Meter. An Active Meter covers where the Energy Supplier has a contract with the SMETS1 SMSO for smart services for that Meter. A Dormant Meter covers where the SMETS1 SMSO can remotely communicate with the Meter but there is no contract for the provision of smart services between the Energy Supplier and the SMETS1 SMSO. The basis of the SMETS1 programme (as described in the TMAD) is that DCC is required to take all reasonable steps to arrange Migration of SMETS1 Installations containing Dormant Meters (which includes preparatory firmware upgrade and configuration where required). For SMETS1 Installations containing Active Meters, the Energy Supplier is responsible for arranging any necessary firmware upgrade and configuration with the SMETS1 SMSO and then provides a Migration Authorisation to DCC to commence the Migration for SMETS1 Installations containing such Active Meters. There are supply licence obligations aligned to such activities for Active Meters.

DCC understands that the Active to Dormant transition takes place for two primary reasons:

1. a change of supplier event, where the gaining Energy Supplier has no commercial relationship with the SMETS1 SMSO; or
2. the commercial relationship between the Energy Supplier and the SMETS1 SMSO is terminated.

Presently, where a Meter becomes a Dormant Meter, DCC is required to meet all of its TMAD obligations relating to Dormant Meters including progressing firmware upgrades / configurations with the relevant SMETS1 SMSO prior to attempting Migration and then an instruction to commence Migration. If there are failures related to these activities, then DCC will make an assessment related to whether these Dormant Meters are within any Excluded Category (described in Clause 18 of the TMAD) which may include further Migration attempts. The end to end process can take ten to twelve weeks or longer depending on the quantity of meters. Under the current arrangements, DCC is obliged to re-attempt migration activities that may have proved unsuccessful for the Energy Supplier whilst the Meter was an Active Meter and could delay the planned closure of the Requesting Party for that SMETS1 SMSO.

DCC assumes that each SMETS1 Installation containing one or more such Dormant Meter has persistently failed to successfully Migrate whilst the Meter was an Active Meter. This is a realistic assumption given the material economic and regulatory incentives on Energy Suppliers to Migrate. DCC therefore considers that there is a reasonable expectation that each of these Meters is

broadly aligned to one of the Excluded Categories already in the TMAD applying to Dormant Meters, although the evidence to confirm this may not be readily available to DCC.

Considering that whilst the SMETS1 Installation contained Active Meters it is likely that it was not possible to successfully migrate the SMETS1 Installation and that there is no change to the situation other than the termination of a contract (between an Energy Supplier and a SMETS1 SMSO), DCC is of the view that there would therefore be no material change in the likelihood of a successful migration taking place. DCC considers that where these Migrations have persistently failed, it would be economically inefficient and ultimately not in consumers best interest to incur the costs necessary to then re-attempt the Migrations on the basis of the existing obligations relating to Dormant Meter as the most likely end result would be for them to eventually fall into an Excluded Category.

It is important to note that consideration of the position with respect to Active Meters also covers any mixed SMETS1 Installations. For mixed SMETS1 Installations, where one meter is an Active Meter and the other is a Dormant Meter, DCC is only able to commence migration of these SMETS1 Installations following an authorisation from the Energy Supplier for the Active Meter within the SMETS1 Installations. DCC has arrangements in hand with the SMETS1 SMSOs to progress any mixed SMETS1 Installation as soon as a Migration Authorisation is provided for the Active Meters. Therefore, the lack of migration of the Active Meter also means that the Dormant Meters within the mixed SMETS1 Installations have not been migrated.

The Requesting Party closure is presently progressing for the MOC (MDS)<sup>5</sup> cohort, and the proposed Excluded Category set out in the consultation is expected to be re-designated before the envisaged Secretary of State decision on closure of the Requesting Party for MOC (MDS). Should the status of Active Meters for the MOC (MDS) cohort change before the envisaged Secretary of State decision on closure of the Requesting Party for MOC (MDS), then DCC and the Secretary of State would need to consider any consequential impact for the planned date for closure of the Requesting Party. However, more generally, this issue could arise equally across all cohorts. Thus, DCC considers it is important to apply any solution equitably across all cohorts consistent with DCC's licence obligation to not unduly discriminate between Energy Suppliers.

### **3. Options Analysis**

DCC has identified four distinct options that DCC could adopt where the 'Dormant not due to Change of Supplier' issue arises i.e. where a Meter becomes a Dormant Meter because an Energy Supplier terminates their relevant commercial relationship with the SMETS1 SMSO. Each of these is discussed in a separate section below and a recommendation for the preferred option is made in section 4.

#### **3.1. No Excluded Category**

This is the 'no change' option i.e. no amendments to the TMAD are proposed.

For this option, where a Meter becomes a Dormant Meter because an Energy Supplier terminates their commercial relationship with the SMETS1 SMSO, DCC would follow the existing process for new Dormant Meters ensuring all reasonable steps to Migrate are taken consistent with the existing TMAD provisions.

This approach would take at least three months to completely process each Dormant Meter. This is because:

<sup>5</sup> See the SMETS1 Consultation - Initial Closure Matters that closes on 3 May 2022 - <https://www.smartdcc.co.uk/consultations/smets1-consultation-initial-closure-matters/>

- the timescales for DCC to instruct the SMETS1 SMSO to proceed with firmware upgrade and apply new configuration typically takes around a month to complete, though DCC acknowledges that some of the SMETS1 Installations might not require this step as they may already be at the correct firmware and configuration. Where the firmware upgrade and configuration persistently fails it is expected that an Excluded Category will apply.
- Where the Migration itself fails, DCC would reattempt migration up to five times (consistent with the 'Five Retries Attempting Migration' Excluded Category set out in Clause 18.8 of the TMAD). These five retries take a minimum of 10 weeks to progress given the notification process applicable to Dormant Meters i.e. notify the Energy Supplier in Week 1, attempt Migration in Week 2, notify the Energy Supplier in Week 3, attempt Migration in Week 4 etc.

Given these activities, this option is likely to restrict DCC's ability to close each Requesting Party by at least 3 months and could be longer depending on the quantity of Dormant Meters arising.

On the assumption that the responsible Energy Supplier would have already attempted Migration, DCC considers that there can be no further / different technical or operational steps that DCC could take to provide for successful migration of such SMETS1 Installations and any such repeat activity would accordingly be economically inefficient.

In terms of benefits, this option may lead to a very limited number of incremental successful Migrations that arise where Migration failures are due to intermittent faults but given the extent of retries DCC does not consider this to be a significant extra benefit from this option. This option also protects from a case whereby an Energy Supplier terminates their contract with the SMETS1 SMSO but has not exhausted Migration attempts for their remaining SMETS1 Installations containing solely Active Meters and their remaining mixed SMETS1 Installations containing one Active Meter.

### **3.2. Dormant not due to Change of Supplier Excluded Category - Detailed Evidence**

This option proposes a new Excluded Category that allows DCC to exclude Dormant Meters (where the change in status from Active to Dormant is due to the Energy Supplier terminating their contract for smart services with the SMETS1 SMSO) where the Energy Supplier is able to provide detailed evidence to DCC to demonstrate that the SMETS1 Installation has suffered from one (or more) of the failure categories that current applies to Dormant Meters in Clause 18 of the TMAD.

Under this option each Energy Supplier would be required to provide DCC with detailed evidence to document the basis for persistent failure to have firmware upgraded, be configured, and/or Migrate whilst they were Active Meters. This demonstrable evidence would show persistent failure aligned to the existing Excluded Categories in Clause 18 of the TMAD. There would be a TMAD obligation requiring the Energy Supplier to comply with DCC's reasonable requests for detailed evidence related to recently Dormant Meters. Where such evidence could be provided, there would then be grounds for exclusion, and where evidence is not provided DCC would be required to attempt Migration for any such recently Dormant Meters as this is considered in the best interests of end customers.

This approach avoids the need for DCC to process each recently Dormant Meter afresh. On the assumption that the Energy Supplier would have already attempted migration, DCC considers that there can be no further / different technical or operational steps that DCC can take to provide for successful migration of such SMETS1 Installations and any such repeat activity would accordingly be economically inefficient. This approach also protects from a case whereby an Energy Supplier has not exhausted Migration attempts for their remaining Active and Mixed Installations but has terminated their SMETS1 SMSO contract.

However, DCC expects this option to be a resource intensive exercise for both DCC and the impacted Energy Suppliers as each Energy Supplier that had terminated its SMETS1 SMSO contract in advance of Requesting Party closure would need to prepare / submit detailed evidence to DCC which would then require review and validation by DCC. Accordingly, it would result in additional resources / costs as well as delay in each Requesting Party shutdown. DCC does not consider this to be an economically efficient approach.

### **3.3. Dormant not due to Change of Supplier Excluded Category - Statement Provided**

This option proposes a new Excluded Category that allows DCC to exclude recently Dormant Meters (where the change in status from Active to Dormant is due to the Energy Supplier terminating their contract for smart services with the SMETS1 SMSO) where the Energy Supplier has provided a statement to DCC that attests to the likely inability to successfully migrate such Installations. There would be a TMAD obligation that would apply, where an Energy Supplier has terminated its SMSO contract, which would require the Energy Supplier to comply with DCC's request for a statement in respect of the newly Dormant Meters. This statement would confirm whether or not the Energy Supplier reasonably believes that such newly Dormant Meters are not capable of successful Migration.

This approach avoids the need for DCC to process each recently Dormant Meter afresh. On the assumption that the Energy Supplier would have already attempted migration, DCC considers that there can be no further / different technical or operational steps that DCC can take to provide for successful migration of such SMETS1 Installations and any such repeat activity would accordingly be economically inefficient. This approach also protects from a case whereby an Energy Supplier has not exhausted Migration attempts for their remaining Active and Mixed Installations but has terminated their SMETS1 SMSO contract. In the circumstance that the Energy Supplier's statement cannot confirm they reasonably believe that such newly Dormant Meters are not capable of successful Migration, DCC would be required to attempt Migration for any such Dormant Meters.

Whilst this option will require some additional resources which may slightly delay closing down each Requesting Party, DCC considers that this option significantly reduces the administrative burden on DCC and impacted Energy Suppliers compared to the option set out in section 3.2 and only requires DCC to attempt migrations where there may be a reasonable prospect of success.

### **3.4. Dormant not due to Change of Supplier Excluded Category - No Evidence**

This option proposes an Excluded Category that allows DCC to exclude recently Dormant Meters where the change in status from Active to Dormant is due to the Energy Supplier terminating their contract for smart services with the SMETS1 SMSO without any obligation for DCC to take into account prior activity by the Energy Supplier.

This option is based solely on an assumption no further attempts to Migrate would be successful. This approach avoids the need for DCC to process each recently Dormant Meter afresh and avoids the need to obtain statements or evidence from the Energy Supplier. On the assumption that the Energy Supplier would have already attempted migration, DCC considers that there can be no further / different technical or operational steps that DCC can take to provide for successful migration of such SMETS1 Installations and any such repeat activity would accordingly be economically inefficient.

However, this approach does not protect the interests of end customers from a case whereby an Energy Supplier has not exhausted Migration attempts for their remaining Active and Mixed Installations before they terminated their SMETS1 SMSO contract.

## 4. Recommendation – ‘Excluded Category Dormant not due to Change of Supplier’

On balance, DCC considers that an Excluded Category based on a statement from the Energy Supplier as set out in section 3.3 is the preferable approach as it minimises the additional burden on both DCC and the Energy Supplier whilst avoiding potentially nugatory migration attempts on the part of DCC and protecting the interests of consumers.

The proposed new Excluded Category is included within Clause 18.9 of the TMAD. There is a TMAD obligation included in Clause 18.2A to require an Energy Supplier to provide a statement which would result in the Smart Metering System being excluded from Enrolment in the circumstances set out in Clause 18.9, or otherwise confirm that the Excluded Category does not apply in which case DCC would be required to attempt Migration.

### Active to Dormant Q1

Do you agree with DCC's proposal to exclude Dormant Meters where it is due to the Energy Supplier terminating their contract with the SMETS1 SMSO and the Energy Supplier has provided a statement as captured by Clauses 18.2A and 18.9 of the TMAD? Do you have any detailed comments on the relevant changes to the legal drafting? Please provide a rationale for your views.

## 5. Next Steps

Following the closure of this consultation, DCC will take into account respondents' views, and, subject to the consultation responses received, submit to the Department for Business, Energy and Industrial Strategy (BEIS) a conclusions report for the Secretary of State consistent with the requirements for amending the TMAD. DCC is aiming to provide a conclusions report to BEIS no later than 26 May 2022.

Where the Secretary of State accepts the finding in DCC's conclusions report related to proposed exclusions and thus re-designates the TMAD, the relevant SMETS1 Installations will be excluded from the scope of migration and/or SMETS1 SMSs not eligible for enrolment / SMETS1 Services.

DCC has discussed the re-designation of the TMAD with BEIS and it is proposed that, subject to timely receipt of DCC's report, copies of relevant stakeholder responses to this consultation, and the outcome of the consultation exercise, BEIS will re-designate the TMAD on 6 June 2022 or as soon as reasonably practicable within one month.

In order to expedite the re-designation of the TMAD, DCC is also seeking views on behalf of BEIS on the proposed date for re-designation of the TMAD as well as the draft direction which is presented in Attachment 1 of this consultation document for stakeholder consideration.

Please note that the TMAD changes arising from the Various 2 consultation<sup>6</sup> and envisaged conclusion are expected to be re-designated on 11 May 2022. On this basis, the TMAD changes proposed in this consultation will need to be transposed into an updated version of the TMAD.

### Active to Dormant Q2

Do you agree with the proposed re-designation date of 6 June 2022 for updates to the TMAD within the scope of this consultation?

<sup>6</sup> <https://www.smartdcc.co.uk/consultations/smets1-consultation-various-2/>

## 6. How to Respond

Please provide responses in the attached template by noon on 19 May 2022 to DCC at [consultations@smartdcc.co.uk](mailto:consultations@smartdcc.co.uk). This template may be submitted in PDF or similar format rather than Microsoft Word format if preferred.

Consultation responses may be published on our website [www.smartdcc.co.uk](http://www.smartdcc.co.uk). Please state clearly in writing whether you want all or any part, of your consultation to be treated as confidential. It would be helpful if you could explain to us why you regard the information you have provided as confidential. Please note that responses in their entirety (including any text marked confidential) may be made available to the Department for Business, Energy and Industrial Strategy (BEIS) and the Gas and Electricity Markets Authority (the Authority). Information provided to BEIS or the Authority, including personal information, may be subject to publication or disclosure in accordance with the access to information legislation (primarily the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004). If BEIS or the Authority receive a request for disclosure of the information we/they will take full account of your explanation (to the extent provided to them), but we/they cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded by us as a confidentiality request.

If you have any questions about the consultation, please contact DCC via [consultations@smartdcc.co.uk](mailto:consultations@smartdcc.co.uk).

## 7. Attachments

Attachment / Title
1. Draft Notification Text for TMAD
2. Response Template
3. TMAD v20.a2d Draft Redlined

Table 1 – Attachments

## Attachment 1

This attachment contains the text that BEIS plans to use for direction of changes to the TMAD.

### **TMAD Draft Direction Text**

*This direction is made for the purposes of the smart meter communications licences granted under the Electricity Act 1989 and the Gas Act 1986 (such licences being the “DCC Licence”) and the Smart Energy Code designated by the Secretary of State pursuant to the DCC Licence (such code being the “SEC”).*

*Words and expressions used in this direction shall be interpreted in accordance with Section A (Definitions and Interpretation) of the SEC.*

*Pursuant to Condition 22 of the DCC licence and Section X5 (Incorporation of Certain Documents into this Code) of the SEC, the Secretary of State directs that, with effect from [DD MM YYYY], the SMETS1 Transition and Migration Approach Document (TMAD) previously designated and incorporated into the SEC as Appendix AL is hereby re-designated and incorporated in the form set out in Annex [XX] to this direction.*

*For the avoidance of doubt such re-designation of the TMAD shall be without prejudice to anything done under the DCC Licence or the SEC on or after this document first being designated, or the continuing effectiveness of anything done in this document prior to its re-designation (which shall have effect as if done under the re-designated document).*

*This direction is also being notified to the SEC Administrator.*