

James Cosgrove
Deputy Director & Head of Delivery
Department for Energy Security and Net Zero

By email only

18 October 2024

Dear Jim,

RE: DCC's Recommendations following the September 2024 SMETS1 consultation

DCC recently consulted on the below topics related to SMETS1 enrolment¹:

1. Decommission the FOC (BG) cohort enrolment capability;
2. Disapply the migration requirements for the unenrolled L&G meters that were not included in FOC (BG) or FOC (NP) cohorts;
3. Extending validity of the SMETS1 TMAD to 31 December 2025 to support enrolment in the MOC (Secure) cohort; and
4. Closing MDUST service for the FOC (BG) cohort and changes to the DMCT service application.

On 18th Oct 2024, DCC published its conclusion.² This letter sets out our recommendations on the first two above stated proposals:

- **Decommission the FOC (BG) cohort migration capability on 10th Nov 2024** - DCC consulted on a Decommissioning Date of 3rd Nov 2024. DCC received support for its proposals from all the consultation respondents and accommodated a request from one respondent to extend the timetable by one-week. We are now proposing a revised Decommissioning Timetable with the Decommissioning Date of 10th Nov 2024 - see Appendix A.
- **Disapply the migration requirements and not provide an enrolment solution for the unenrolled L&G meters not included in FOC (BG) or FOC (NP)** - DCC received support from the majority of the consultation respondents. On that basis, DCC has made recommendations to the Secretary of State - see Appendix B.

DCC will provide separate recommendations on the two remaining proposals, which are not associated the recommendations we make within this letter.

¹ SMETS1 Consultation: FOC (BG); Unenrolled L&G meters not included in FOC (BG) or FOC (NP) cohorts; SMETS1 TMAD; DMCT and MDUST - 10th Sept 2024: <https://www.smartdcc.co.uk/consultations/snets1-consultation-foc-bg-unenrolled-lg-meters-not-included-in-foc-bg-or-foc-np-cohorts-smets1-tmad-dmct-and-mdust/>

² SMETS1 Conclusions: FOC (BG); Unenrolled L&G meters not included in FOC (BG) or FOC (NP) cohorts; SMETS1 TMAD; DMCT and MDUST - 18th Oct 2024: <https://www.smartdcc.co.uk/consultations/conclusion-to-smets1-consultation-foc-bg-unenrolled-lg-meters-not-included-in-foc-bg-or-foc-np-cohorts-smets1-tmad-dmct-and-mdust/>

Next steps

We are submitting our proposed draft Decommissioning Timetable to DESNZ today. This will include the revised date (see Annexes A, B and C to this letter). At the same time, DCC is seeking the Secretary of State's approval of the revised draft Decommissioning Timetable.

On the second proposal, it is DCC's view – and that of the consultation respondents - that delivering an enrolment solution for the unenrolled L&G meters is neither cost-effective nor technically viable. DCC therefore recommends to the Secretary of State that these requirements be disapplied and that an enrolment solution for the meters not be provided.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Adhir Ramdarshan', with a long horizontal stroke extending to the right.

Adhir Ramdarshan
Director of Regulation, DCC

Appendix A

REQUEST FOR SECRETARY OF STATE TO APPROVE THE DRAFT DECOMMISSIONING TIMETABLE FOR THE REQUESTING PARTY (RP) IN RESPECT OF THE FOC (BG) COHORT

Enrolment in FOC (BG) is expected to complete in October 2024. In line with the SMETS1 Transition and Migration Approach Document (TMAD)¹ Clause 7, DCC proposed its draft Decommissioning Timetable for the RP services in respect of FOC (BG). Following the consultation and conclusion publication, DCC now presents it for consideration to the Secretary of State and recommends that the timetable be approved.

This recommendation is supported by evidence, which is set out in the following attachments and described in more detail below:

- **Annex A** - Draft RP Decommissioning Timetable FOC (BG) A document produced pursuant to SMETS1 TMAD Clause 7.
- **Annex B** – Dormant Meter Status for the FOC (BG) Cohort (**Commercially Sensitive; for the Department for Energy Security and Net Zero & OFGEM only**).
- **Annex C** - Ongoing DCC Costs to retain the RP service for the FOC (BG) Cohort (**Commercially Sensitive; for Department for Energy Security and Net Zero & OFGEM only**).

I am writing to seek approval from the Secretary of State for the attached (Annex A) draft Decommissioning Timetable for the Requesting Party service in respect of the FOC (BG) cohort. This includes the proposed date of Sunday 10 November for decommissioning the Requesting Party service.

As per SMETS1 TMAD Clause 7.4A, should the draft RP Decommissioning Timetable be approved, DCC will no longer take any further steps relating to SMETS1 Installations in the FOC (BG) cohort, where Migration could not be commenced by the Requesting Party after expiry of the proposed decommissioning date of 10 November 2024.

This submission also includes the attached Annexes A, B, and C. These provide the updated evidence on the FOC (BG) cohort's status for the Secretary of State's consideration. These are confidential to the Department for Energy Security and Net Zero (the Department) and Ofgem as they contain cost information related to the relevant SMETS1 service provider as well as market information related to the FOC (BG) cohort.

The draft RP Decommissioning Timetable proposes an RP Decommissioning Date of Sunday 10 November 2024.

The following sets out the remaining steps in the regulatory process:

- Monday 21 October 2024 to 17:00 on Friday 25 October 2024 - A five-day standstill period for any stakeholders to raise any further concerns to the Department.
- Monday 28 October 2024 – Envisaged date for the Secretary of State's decision on whether to approve the draft RP Decommissioning Timetable.
- Thursday 31 October 2024 - Final submission date for Migration Authorisations.
- W/c Monday 4 November 2024 - Final Migration Week.

¹ SEC Appendix AL - SMETS1 Transition and Migration Approach Document v29.0 (smartenergycodecompany.co.uk)

- Sunday 10 November 2024 – For the FOC (BG) cohort, RP Decommissioned and Device Model Combination Testing (DMCT)¹ Process closed.
- No later than Wednesday 10 December 2024 – DCC to provide each impacted RP with the relevant MPxN for any SMETS1 Smart Metering Systems comprising part of an excluded SMETS1 Installation.

This Appendix A provides statements below on key criteria, which the Department has indicated will inform its considerations on whether to approve the draft RP Decommissioning Timetable.

Closure Statement 1 (Prior Consultation)

DCC formally confirms that - between 10th Sep and 8th Oct 2024 - it consulted stakeholders on closing the RP in respect of FOC (BG). This consultation proposed a draft Decommissioning Timetable with the Decommissioning Date on 3rd Nov 2024.

Following the consultation, DCC's conclusion, which was submitted separately to the Department on 18th Oct 2024, provides an explanation of how we have consulted stakeholders. This includes confirmation that DCC's proposals relating to the draft Decommissioning Timetable and FOC (BG) cohort closure were supported all the all respondents to the consultation.

One respondent requested to extend the Decommissioning Timetable by one week to 10th Nov 2024 to ensure inflight migrations can complete. This would help to ensure that enrolment is maximised to benefit industry and consumers. DCC has revised its draft Decommissioning Timetable to accommodate this request, which DCC can do without technical, operational and/or commercial impact on its ability to take all the required steps to complete the cohort's decommissioning activity by 31st Dec 2024.

DCC has engaged with the responsible energy supplier in question to ensure its understanding of, and cooperation with, DCC's actions required for closing the cohort up to and including the revised Decommissioning Date of 10th Nov 2024. Considering the consultation respondents' broad support for decommissioning FOC (BG) and the benefits of extending DCC's initially proposed draft Decommissioning Timetable, DCC considers that the revised RP Decommissioning Timetable is in the best interests of consumers.

Closure Statement 2 (Migration Status)

It is DCC's view that, at the time of the proposed closure of the RP in respect of the FOC (BG) cohort, there will be no further Installations on the SMETS1 SMSO containing solely Dormant Meters that will be in scope for Migration. As of 17 October 2024, there are 617 SMETS1 Installations containing Dormant Meters where all Migration attempts have not yet been exhausted, but these will be completed where all Migration attempts will have been exhausted and where such installations will have been appropriately excluded or successfully Migrated) before the proposed RP Decommissioning Date. For more details, Annex B contains further market information related to FOC (BG).

¹ DCC must offer DMCT to energy suppliers before enrolment to ensure that the device model combinations (DMCs) that are part of SMETS1 installations, which are in-scope for enrolment, can be enrolled after their entry onto the SMETS1 Eligible Product Combinations List (EPCL). In line with SEC Appendix AK – SEC Variation and Testing Approach Document for SEMTS1 Services (SMETS1 SVTAD) Clause 20, which covers, DMCT service must close relating to a meter cohort where enrolment had completed.

Closure Statement 3 (Technical Readiness)

DCC can confirm that it - alongside the FOC (BG) cohort's SMETS1 SMSO BG - are ready to initiate the technical closure of the RP service. This includes undertaking the steps prescribed in SMETS1 TMAD Clause 7 to promptly follow the RP Decommissioning Date. DCC is also ready to undertake the required post-closure audit activities prescribed in SMETS1 TMAD Clause 7, which requires the audit to be provided by an external service provider.

Closure Statement 4 (Economic Efficiency)

DCC confirms that it can provide justification that this approach is economic and efficient. Annex C provides the ongoing costs that DCC will incur to keep the RP service in respect of the FOC (BG) cohort open. DCC believes it is not economic or efficient to continue to incur such costs beyond the proposed RP Decommissioning Date given the overall status of the FOC (BG) cohort with only 617 SMETS1 Installations remaining on the SMETS1 SMSO in scope for migration. It is also important to note that these are expected to be either migrated or excluded from the migration path in line with the requirements set out in SMETS1 TMAD Clause 18 by the proposed RP Decommissioning Date.

Given the above, DCC considers that it is in the best interest of consumers that the FOC (BG) cohort's RP service is closed after expiry of the proposed RP Decommissioning Date of Sunday 10th Nov 2024. DCC therefore recommends that the Secretary of State approves the FOC (BG) cohort's draft RP Decommissioning Timetable.

The following annexes are attached to this letter (each provided as a separate document):

Annex	Details
Annex A	RP Decommissioning Timetable for IOC – Version 2 Draft (DCC Public)
Annex B	Dormant Meter Status for the IOC Cohort (DCC Confidential - Commercially Sensitive, Department for Energy Security and Net Zero & OFGEM ONLY)
Annex C	Ongoing Costs to retain the Requesting Party service for the IOC Cohort. (DCC Confidential - Commercially Sensitive, Department for Energy Security and Net Zero & OFGEM ONLY)

Appendix B

RECOMMENDATION TO SECRETARY OF STATE RELATED TO DISAPPLYING ENROLMENT REQUIREMENTS TO UNENROLLED L&G METERS NOT INCLUDED IN FOC (BG) OR FOC (NP) COHORTS

The details here are expanded on in our September 2024 SMETS1 consultation and October conclusion document. Landis & Gyr (L&G) meters not included in the FOC (BG) or FOC (NP) cohorts are a small subgroup of FOC meters where it has not been possible for DCC to develop an efficient or effective migration solution. In our September 2024 consultation, we proposed disapplying the migration requirements to these meters. After considering the responses to this consultation, we continue to recommend that enrolment requirements are disappplied to these meters.

Background

In 2019, DCC developed its FOC migration solution for enrolling over 4mn L&G meters with the vast majority of these assigned to the FOC (BG) and FOC (NP) cohorts. 32,000 L&G meters remained and were not included in either of these cohorts as DCC was of the view that these meters required an alternative migration solution that needed its own design and development. In August 2020, by amending the Joint Industry Plan, it was formally agreed for DCC to develop an enrolment solution for the remaining L&G meters after the FOC capability began operating. DCC focused on enrolling the meters in FOC (BG) and FOC (NP) between Aug 2020 and Sep 2022.

DCC Investigation of Potential Options

Between September 2022 and March 2024, in an attempt to find cost-effective and technically viable migration solution for the remaining L&G meters, DCC investigated a range of options. These included innovative variations to the standard approach to migration to develop such a solution. By that time, all the meters were being operated as dormant without smart functionality, and the number available for enrolment had significantly fallen to 15,000 as Parties replaced the meters.

DCC's investigation found that, compared to existing SMETS1 migration practices, implementing any of the options was likely to lead to: significant technical challenges and uncertainty associated with high costs and risks on the security aspects of enrolment; liabilities that would need to be accepted and accommodated in the regulatory framework; and prolonged delivery time. The technical challenges and uncertainty further complicated the options with the added risk that their potential realisation costs may materially change. This rendered progressing an enrolment migration solution for the L&G meters technically unviable and uneconomic.

DCC therefore does not consider it in the consumers' best interests to provide such a migration solution for these meters. As such, the meters no longer have a path to enrolment and the migration requirements relating to them should be disappplied.

September 2024 Consultation

Between 10th Sep 2024 and 8th Oct 2024, DCC sought stakeholders' views on disapplying the SMETS1 enrolment requirements in relation to these meters. We received eight responses.

Seven responses supported DCC's proposal to disapply enrolment requirement to these meters, with six of the seven responses also noting the negative economic case for enrolling the remaining L&G meters. One respondent responded neutrally, noting that a migration solution was likely to be uneconomic.

DCC confirms that - to date - it has been taking, and continues to take, all reasonable action to support enrolment and, where possible, avoid and/or mitigate any associated adverse impacts. As part of this, before and during the consultation, DCC engaged all relevant Parties, including those that operate the remaining L&G meters.

From this, DCC understands that, although the Parties initially indicated a preference for the meters to be enrolled, they had also become aware of the technical challenges, risks and costs that are associated with developing an enrolment solution for the meters, and that the meters therefore had no path to enrolment and need to be replaced.

Recommendation

As stated above, there are technical challenges, risks, uncertainty and the potential high costs associated with realising any of the options to deliver an enrolment solution for the remaining unenrolled L&G meters. As such, this renders delivering the options uneconomic and technically unviable.

Given the consultation respondents' understanding of this, and their broad support for DCC's proposal for the enrolment requirements in relation to the remaining L&G meters to be disapplied, DCC recommends to the Secretary of State that these requirements be disapplied and that an enrolment solution for these meters not be provided.

To provide certainty to Parties, DCC recommend that this decision is made by Secretary of State as soon as possible.