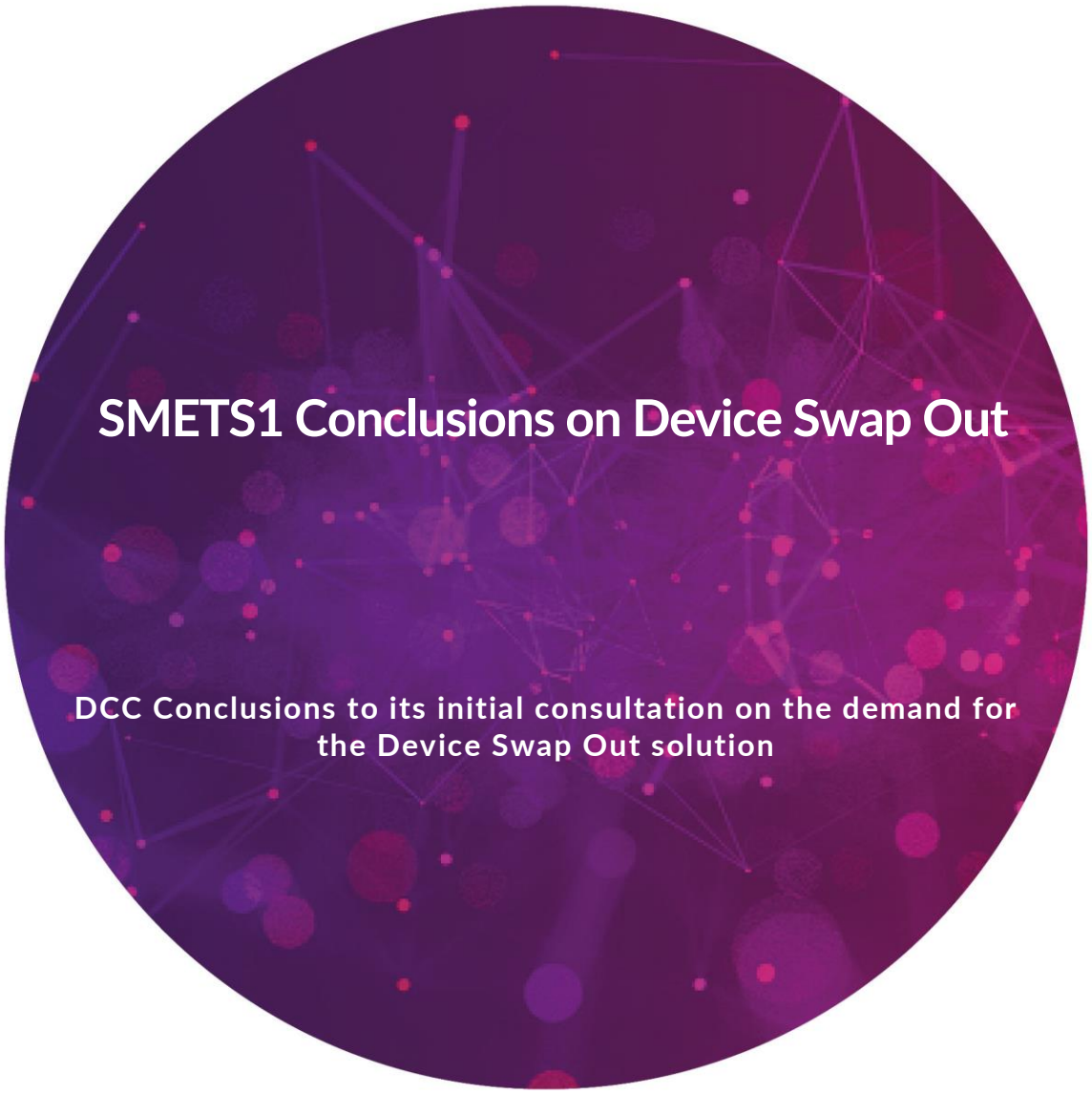
Data Communications Company



SMETS1 Conclusions on Device Swap Out

DCC Conclusions to its initial consultation on the demand for the Device Swap Out solution

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Table of Contents

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. SMETS1 Devices installed by one energy supplier, however, are not always interoperable with and supported by the systems used by another supplier. The Data Communications Company (DCC) has developed a plan and designed a solution for the incorporation of such devices into its national network. It provides important shared benefits for industry and consumers and the ability for SMETS1 consumers to maintain their smart services following a decision to switch suppliers.

Currently the Smart Energy Code (SEC) requires DCC to support the maintenance of enrolled SMETS1 Smart Metering Systems by allowing individual SMETS1 Devices to be decommissioned and replaced by supporting the commissioning of another SMETS1 Device. The basis for this obligation is set out in Section H5.7 of the SEC, as well as in SEC Appendix AC – Inventory, Enrolment and Decommissioning Procedures, and SEC Appendix AD - DCC User Interface Specification. The benefit of such "Device Swap Out" is that where a Device in a SMETS1 Smart Metering System stops functioning, the individual Device could be replaced without replacing the entire Smart Metering System with a SMETS2 one.

DCC's solution currently does not support Device Swap Out for SMETS1 other than for PPMIDs. DCC can develop a solution that will allow Device Swap Out, but it will take a considerable amount of time and money to develop and implement a solution. On 31 May 2022, DCC published a consultation[1] to ascertain whether stakeholders are interested in a service to swap out SMETS1 devices. The consultation period closed on 1 July 2022.

2. Consultation Questions & Responses

2.1. Questions

The consultation presented the consultation questions as set out in Table 1.

DSO Q1	Do you have an interest in a service to swap out SMETS1 devices? If you are interested in the service, please provide DCC with the applicable Device Models and identify the Installing Supplier. Please provide a rationale for your views.
DSO Q2	Do you consider that the charging arrangements should be further considered? Please provide a rationale for your views.

Table 1: Consultation Questions

2.2. Responses

DCC received a written response from ten respondents (five were Energy Suppliers, four were Meter Asset Providers (MAPs), and a trade association) to the consultation on Device Swap Out.

DCC provided all written responses to the Secretary of State.

One of the respondents provided a general response which did not address each question individually, however, the general response did provide an answer to each of the questions.

[1] https://www.smartdcc.co.uk/consultations/dcc-consultation-on-device-swap-out/

3. Analysis of Responses

DCC has analysed the feedback provided and views of stakeholders. Subject matter experts within DCC have reviewed the responses.

DCC has structured the analysis of responses by question. Thus, this section presents DCC's analysis by question in several separate subsections; with each structured as:

- an overview of the responses on the topic;
- where appropriate a DCC response; and
- areas where DCC disagrees with the view presented by respondents, as the regulation requirements require DCC to report on this.

3.1. Device Swap Out Question 1

DCC was seeking views on whether there is any interest in a Device Swap Out service for SMETS1 Devices, asking the question "***Do you have an interest in a service to swap out SMETS1 devices? If you are interested in the service, please provide DCC with the applicable Device Models and identify the Installing Supplier. Please provide a rationale for your views.***".

- **Respondent View**

DCC received nine responses to this question as well as the general responses that addressed this question.

Only one Energy Supplier indicated that they would like to make use of the service. The respondent provided details of the relevant devices and indicated they supported Device Swap Out as it saves on wastage by avoiding having assets stranded and would therefore be beneficial in terms of financial benefits and sustainability benefits. The respondent was also of the opinion that the ability to have Device Swap Out for SMETS1 would relieve some of the pressure on SMETS2 which is currently experiencing shortages due to external factors.

All of the MAPs indicated that they supported the principle of Device Swap Out for all cohorts and not be limited to the Installing Supplier. One of these respondents indicated that a specific Energy Supplier (the one that provided a positive response) would benefit from Device Swap Out and provided further details of the specific devices. One of the MAPs indicated that they supported the use of Device Swap Out for two Energy Suppliers, neither of the Energy Suppliers responded to the consultation. A MAP noted that Device Swap Out would prevent the premature removal of Devices and should be introduced as soon as possible to provide maximum benefit. A respondent noted that Meters have churned and Device Swap Out should be available to all Energy Suppliers.

The MAPs highlighted the following benefits related to Device Swap Out:

- reduction of premature removal charges for devices;
- that unnecessary replacement of meters does not meet environmental and government policies;
- due to component shortages for the manufacture of new devices it is imperative to maintain the capability to use current assets; and
- that it was undesirable that where a faulty meter is removed, that the remaining non-faulty meters are stranded and thus have to be written off.

One respondent noted that there had been refurbishment and replacement of the meters of cohorts previously and that this should continue. The trade association confirmed that triage and redeployment of SMETS1 meters had occurred in large numbers prior to enrolment in DCC.

Four respondents all of whom were Energy Suppliers indicated they had no interest in a Device Swap Out Service as they would not be able to make use of any such service. Two of these respondents indicated that they did not have stock to make use of Device Swap Out as well as raising concerns about the costs associated with Device Swap Out, with one of them indicating that they would monitor the development and associated costs.

- **DCC Response**

DCC notes that of the five Energy Suppliers that responded to the consultation, only one indicated a need for a Device Swap Out service. DCC notes the support of MAPs for the service. However, DCC would like to reiterate that use of a Device Swap Out Service will require input from Energy Suppliers and changes to their Systems. DCC contacted the two Energy Suppliers referred to by a MAP in their response to this consultation. Both Energy Suppliers confirmed that they would not currently make use of a Device Swap Out Service. Therefore, in the absence of direct support from Energy Suppliers, DCC is of the view that it is not economic or efficient to develop a Device Swap Out solution for cohorts where no Energy Suppliers have indicated this functionality will be used.

The right to use Device Swap Out would not be limited to the Installing Supplier of the cohort in question. Any Energy Supplier that is responsible for devices for which the swap-out functionality is supported in the DCC systems would be able to benefit from the Device Swap Out functionality. The right to use it will be available in respect of premises where a Smart Metering System at the premises was migrated into the DCC from a specific SMETS1 SMSO. However, Device Swap Out could be done by any Energy Supplier that is responsible for a Smart Metering System at those premises. The reason for this restricted right is to save costs for industry to avoid spending time and money on developing a Device Swap Out solution in respect of SMETS1 SMSO cohorts where no Energy Suppliers have expressed an intention to replace SMETS1 devices with other SMETS1 devices. Adding more SMETS1 SMSO cohorts would significantly increase costs as DCC would be required to develop an individual solution for each SMETS1 SMSO, and S1SP as well as an increase in testing would be required. This is not a simple solution that can be rolled out across all cohorts, but would require a bespoke solution for each S1SP / SMETS1 SMSO. The majority of the costs are related to the S1SP, so DCC is of the view there would be significant costs involved in a broad solution.

DCC notes the comments that Device Swap Out was previously available. DCC refers to the consultation and the reasons why Device Swap Out has yet to be developed. DCC would like to reiterate its licence conditions to be economic and efficient. DCC also notes that Device Swap Out will also require Energy Suppliers to make changes to their systems which interact with DCC systems to enable Device Swap Out.

DCC notes that the responses to the consultation are in line with the previous informal engagement with Industry (in June 2021) in that there is only one Energy Supplier for one SMETS1 SMSO cohort that is interested in a Device Swap Out Solution. DCC is accordingly going to progress the requested Device Swap Out solution, however, DCC notes that it anticipates a steer from BEIS on the question of the charging arrangement should BEIS consider a change to the charging regime is merited following consideration of the responses to question 2 below ahead of the build stage.

3.2. Device Swap Out Question 2

DCC sought views whether the charging arrangements for Device Swap Out should be considered further asking: "***Do you consider that the charging arrangements should be further considered? Please provide a rationale for your views.***".

- **Respondent View**

DCC received nine responses to this question as well as the general responses that addressed this question.

One Energy Supplier was of the view that DCC was correct in trying to remove the obligation to provide Device Swap Out for those cohorts that are not going to use it on the basis that it was economic and efficient. They were of the view that as this is a core service, it should be funded in accordance with licences and the SEC using the general charging arrangements. They saw no reason why this should be different for Device Swap Out. They pointed out that each User will have different levels of usage of a number of aspects of the DCC Systems and that charges are not tailored on this basis, accordingly there should be no differentiation of this approach for Device Swap Out. They were of the view that this should be seen as an opportunity to reduce costs rather than change established charging mechanisms. They were of the view that if the charging mechanism was changed for Device Swap Out, this would be a precedent to reconsider all charging arrangements and should be applied to all core services, future developments and SEC modifications.

One of the Energy Suppliers who responded were of the view that it should be paid for by the first User and that there should be a sliding scale of costs for any other parties who make use of a Device Swap Out service. Two respondents indicated they did not support the associated costs. Another respondent was of the view that the charging arrangements should be given further consideration. They were of the view that it should be an elective service that is only paid for by those Parties that use the service.

One of the MAPs queried why there were charges for a solution that they thought DCC should have already delivered.

One of the MAPs and the trade association had no view on the charging.

Two of the MAPs were of the view that the charges should be in line with current charging methodology.

- **DCC Response**

DCC notes the disparate view from Industry on the charging arrangements.

DCC also notes the comment that there should be no charges for the service. This service was not developed at the outset of SMETS1 enrolment for the reasons set out in the consultation. It is possible that there could have been some costs saved as a result of simultaneous testing of Device Swap Out functionality alongside the delivery of the migration and enrolment service for a SMETS1 for a cohort. However, it should also be noted that implementing a Device Swap Out service and paying for the development of a S1SP/SMSO solution for all cohorts would have incurred a significant cost. As most Energy Suppliers have indicated that they will not be making use of a Device Swap Out service, these costs would have been incurred for no real benefit.

Given that there are disparate views from Industry on the charging arrangements, it is DCC's view that BEIS should consider the different views expressed in the consultation responses.

4. Conclusions

DCC notes that one Energy Supplier in respect of one SMETS1 SMSO has expressed an interest in a Device Swap Out solution. DCC has engaged with this party and will continue to do so in order to develop a Device Swap Out solution. DCC further notes that the comments related to the charging arrangements and is of the view that BEIS should consider the views that have been expressed by industry.

5. Next Steps

DCC will publish this consultation response and send it to the Secretary of State for its consideration. DCC will continue to work with the Energy Supplier who has expressed an interest in a Device Swap Out solution. DCC intends to proceed to develop the solution by first finalising the High-Level Design during September and October 2022 (which will include some proof of concept development). DCC will expedite consultation on regulatory changes to remove the obligation to provide Device Swap Out for all other cohorts. DCC expects to be in a position to consult on regulatory changes to support Device Swap Out for the relevant cohort in February 2023.