

Communications Hubs & Networks Conclusions on SEC Changes for 4G Communications Hub Forecasting, Ordering & Delivery Service

DCC Conclusions on proposed changes to the Smart Energy Code (SEC) to support the 4G Communications Hub Forecasting, Ordering and Delivery service being introduced by the Communications Hub & Network Programme

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1. Introduction and context

1.1. DCC and the CH&N programme

1. The Smart Data Communications Company (DCC) is Britain's digital energy spine, supporting the transformation of the energy system. DCC is licenced by the Government and regulated by the energy regulator Ofgem to connect smart meters in homes and small businesses across Great Britain to a single secure, digital network. DCC supports the roll-out of second-generation (SMETS2) smart meters, as well as the migration of existing first-generation (SMETS1) meters onto our network.
2. The Communications Hubs and Networks Programme (CH&N) is a DCC initiative geared towards defining and delivering future-proof Communications Hubs & Networks in the Central and South regions with an efficient supply chain and a targeted longevity of at least 15 years. To ensure this longevity of smart functionality, DCC is developing a solution to allow for the introduction of new Communications Hubs (CHs) which use the 4G network. To achieve this, DCC established the CH&N Programme to assess development and implementation options for a 4G solution.
3. The delivery plan for the CH&N Programme¹ includes several DCC Licence Condition 13B milestones relating to the DCC's Communications Hub Order Management capability and Logistics arrangements to support the introduction of 4G CHs. These include customer engagement and delivery activities relating to the Ordering Management System (OMS) and Logistics.

1.2. Background

4. In September 2023, DCC consulted on proposed enduring and transitional regulatory changes to support the implementation of the 4G solution². It published its conclusion to this on 3 November 2024³. In its consultation and conclusion, DCC set out several items that were still under consideration by DCC which are required to support the roll out of 4G CHs. In parallel to this consultation, the Department for Energy Security and Net Zero (The Department) published a consultation on proposed changes to licences and the main body SEC for the 4G CH&N Programme.⁴
5. The items still under consideration included the OMS and Logistics arrangements which are the provisions to support the forecasting, ordering and delivery of 4G CHs to SEC Parties. DCC has been engaging with its customers (Energy Suppliers and Meter Asset Providers (MAPs)) through a series of workshops and engagement with SEC Sub-Committees and undertook further analysis of the potential regulatory changes required to SEC Subsidiary Documents (SSDs).
6. On 17 January 2024, DCC published a consultation on these proposed enduring regulatory changes⁵ (notifying SEC Parties and other interested stakeholders via email) with responses due on 16 February 2024.

1.3. Decision and next steps

7. DCC received four responses to the January 2024 consultation. This document summarises the consultation responses received and DCC's response.
8. Based on stakeholder feedback and a further review of the proposed legal drafting, DCC has made amendments to provide clarification and to add a new requirement for DCC to work with parties to ensure information is sufficiently secure. DCC considers that the proposed regulatory changes to

¹ [Conclusions on the revised delivery plan for the CH&N Programme | Smart DCC](#)

² [Communications Hubs & Networks Consultation on Transitional and Enduring Regulatory Changes | Smart DCC](#)

³ [CH&N Conclusions on its consultation on Transitional and Enduring Regulatory Changes | Smart DCC](#)

⁴ [Department for Energy Security and Net Zero: Smart Metering Implementation Programme Consultation on changes to the DCC Licence and the Smart Energy Code for the 4G Communications Hubs & Networks Programme](#)

⁵ [CH&N Consultation on SEC Changes for the 4G CH Forecasting, Ordering & Delivery Service | Smart DCC](#)

SEC Appendix H (Communications Hub Handover Support Materials (CHHSM)) are fit for purpose. DCC will submit its conclusions to the Secretary of State and consult on a designation notice date as set out in Sections 5 and 6 of this document.

2. Consultation Questions & Responses

2.1. Questions

9. The consultation asked the questions set out in Table 1.

Q1	Do you have any comments on the proposed 4G CH Ordering service? Please provide your rationale.
Q2	Do you agree with DCC's proposal to distinguish the 4G CH ordering service from the existing 2/3G OMS SEC requirements in the CHHSM? Please provide your rationale.
Q3	Do you have any detailed comments on the legal drafting in SEC Appendix H? Please provide your rationale.
Q4	Do you consider there to be any other changes that the DCC should consider that could have impact on the SEC as a result of the 4G CH ordering service? Please provide your rationale.
Q5	Do you agree with the proposed approach to re-designate the CHHSM prior to IPV, noting this will be consulted upon at a later date? Please provide your rationale.

Table 1 – Consultation questions

2.2. Responses

10. DCC received written responses from four parties including Energy Suppliers and a DCC Service Provider.

3. Analysis of Responses

11. DCC has analysed the feedback provided. This section sets out an overview of the responses on the topic and DCC's response.

3.1. Question 1

12. DCC sought views on the 4G service as set out in the consultation document asking: "Do you have any comments on the proposed 4G CH Ordering service? Please provide your rationale."

Respondent views

13. DCC received four responses to this question.

14. One respondent noted they are satisfied with the proposed 4G CH ordering service and are happy to start forecasting and ordering their 4G CHs this way.

15. Another respondent welcomed DCC's proposal to distinguish the 4G CH ordering service from the existing 2/3G OMS SEC requirements given that the 2/3G and 4G services will be provided by different contractors. Therefore, it is key to distinguish between the two solutions.

16. One respondent noted that the primary objective for Energy Suppliers is that they meet their regulatory targets and install smart meters according to roll-out plan. They highlighted that during the transition to 4G, Energy Suppliers must not be responsible for the lack of CHs and the DCC must

ensure that sufficient CHs are available to meet roll-out targets. The respondent noted this is especially important if, for any reason, there is an unforeseen late notice delay in 4G deliveries as no Energy Supplier will want to receive more 2/3G CHs than they must. This is because the cost associated with installing obsolete equipment that has not reached the end of its expected life is considerable and will not be welcome.

17. However, the respondent supported the proposal to make no changes to the 2/3G ordering processes during the transition to 4G. They agreed that the 4G ordering should be supported on Excel spreadsheets and followed up in bilateral conversations.
18. One respondent noted that as the proposed forecasting and ordering process utilises manual spreadsheets via e-mail, there is an increased probability for data inputting errors when processing the data. They highlighted that the subsequent manual validation and bilateral meetings will be key to ensure that forecasts have been processed correctly. They noted that due to the long forecasting horizon and tolerance rules, the impact of incorrect submissions and the risk to future CH supply is great.
19. The respondent also noted that forecasts and orders will not be visible on an online portal which users can access, and they will have to be requested via e-mail along with e-mail requests to cancel or amend orders. Therefore, the respondent questioned whether acknowledgment emails will be issued to confirm receipt and what the Service Level Agreements (SLA) are for a response to these e-mail requests.
20. The respondent additionally noted that, given the level of manual processing, DCC must ensure that appropriate controls are implemented to ensure non-repudiation of forecasting and ordering submissions. They highlighted that if DCC loses or mis-processes a forecast or order submitted by Energy Suppliers, then this could have significant operational and financial impacts to their 4G CH roll-out. A scenario where the DCC fails to implement appropriate processing and non-repudiation controls in this area would be viewed very negatively by the respondent.
21. Furthermore, the respondent noted that paragraph 21 in the consultation document stated that there are no further planned changes to the SEC for the 4G CH delivery service and therefore questioned whether Advance Shipment Notification (ASN) files will still be issued a minimum of two days ahead of delivery.

DCC response

22. DCC notes the comments that welcomed the 4G CH ordering service and distinguishing this from the existing 2/3G OMS SEC requirements.
23. DCC recognises the importance of ensuring that sufficient CHs are available to Energy Suppliers to meet their roll-out targets. It will continue to work collaboratively with industry to support CH forecasting and ordering for all regions during the transition from the 2/3G service. DCC notes that proposals for transitional forecasting and ordering requirements for 4G CHs have been considered at several DCC-led workshops and will be included in a future consultation to be published in April 2024. DCC confirms it will also continue to engage industry in the lead up to enduring 4G CH supply. If any delays are expected to the deliveries of 4G CHs, DCC will assess the impacts and any mitigations and consider these with industry through the appropriate forums and consultation.
24. DCC notes respondents' views on the increased risk of errors when using the spreadsheets to submit forecasts and orders. It agrees that the validation and bilateral meetings will be key to ensuring submissions are processed correctly. DCC has worked closely with SEC Parties through the DCC-led Supply Chain Working Group (SCWG) and bilateral discussion with existing CH ordering contacts to ensure that the validation process is fit for purpose. This includes regular communications and

meetings with nominated CH Ordering Contact Leads⁶ and any other contacts notified in accordance with Clause 10.1 in the amended CHHSM.

25. Regarding the respondent's questions in relation to cancellations and amendment requests for submitted orders and the associated SLAs, DCC can confirm that the 4G CH service does not include proposals to amend notifications and SLAs which already apply to the existing OMS for the 2/3G service. The changes are limited to distinguishing the format and means of communication for the 4G CH service, and therefore all SLAs set out in the CHHSM will apply. DCC has subsequently amended the CHHSM (Clauses 10.3 and 10.4) to clarify this. DCC also confirms that a confirmation of receipt email will be sent confirming the request will be actioned in accordance with the SEC requirements to be included in the CHHSM.
26. DCC notes the comments in relation to controls to ensure forecasts and orders are processed in accordance with SEC obligations. DCC has ensured that appropriate service designs have been developed to support the end-to-end process for the provision of 4G CHs, which include appropriate internal controls. DCC reiterates that it will continue to engage SEC Parties' CH ordering contacts and review internal processes wherever necessary.
27. Regarding one respondent's question on ASNs, DCC can confirm that files will still be issued a minimum of two Working Days prior to the date of delivery. Further, the changes are limited to the means of notifying SEC Parties that the ASN can be downloaded from the DCC SharePoint.

Areas of unresolved disagreement

28. None

3.2. Question 2

29. DCC sought views on its proposal to distinguish the 4G service from the existing 2/3G SEC requirements: "Do you agree with DCC's proposal to distinguish the 4G CH ordering service from the existing 2/3G OMS SEC requirements in the CHHSM? Please provide your rationale."

Respondent views

30. DCC received four responses to this question.
31. Three of the respondents agreed with the DCC's proposal to distinguish the 4G CH ordering service from the existing 2/3G OMS SEC requirements in the CHHSM.
32. One respondent noted their understanding is that parties are still able to order 2/3G CH when 4G is live (if necessary) and this will potentially allow parties to clearly distinguish between the CHs when completing forecasting and ordering. The respondent noted this could also avoid any mix-up or confusion.
33. Another respondent noted that whilst they agreed in principle, the proposed 4G CH service is a backwards step as it is not a technology-based forecasting and ordering system and instead will use Excel templates and emails. They reiterated that they had significant concerns around the level of manual processing, and the risks that parties' forecasts or orders are either lost or mis-processed by DCC.
34. One respondent noted that, once 4G is live and in mass roll-out, updates to the SEC should be considered to remove 2/3G CH forecasting, ordering and delivery requirements and the party would welcome a discussion with DCC regarding this.

⁶ As set out in the DCC's Nominated Contract List

DCC response

35. As noted in response to comments received to Question 1, DCC recognises the importance of a sufficient 4G CH service to meet customer needs and support their roll-out plans. DCC has therefore worked with industry to refine the process to support forecasting, ordering and delivery of 4G CH and have considered how to mitigate any risk associated with using spreadsheets, email notifications, and DCC SharePoint.
36. DCC notes the comments received in relation to distinguishing the 4G CH service from the 2/3G CH forecasting, ordering and delivery arrangements as the services run in parallel and agrees that the regulatory changes should reflect this.
37. Regarding SEC changes for existing 2/3G services, DCC notes that this is out of scope of this consultation and the CH&N Programme. DCC will consider any changes for 2/3G CHs with its Service Providers and will update industry accordingly.

Areas of unresolved disagreement

38. None

3.3. Question 3

39. DCC sought views on the proposed legal drafting asking “Do you have any detailed comments on the legal drafting in SEC Appendix H? Please provide your rationale.”.

Respondent views

40. DCC received three responses to this question.
41. Two of the respondents noted that the legal drafting is logical and appears to meet the intent described, adding that they had no further comments. One respondent noted that they had no comments on the legal drafting.

DCC response

42. DCC notes the responses to the question and has since further reviewed the legal drafting to ensure it is clear and consistent with existing SEC requirements. A summary of the changes made to the CHSM drafting is provided in Section 4 of this document.

Areas of unresolved disagreement

43. None

3.4. Question 4

44. DCC sought views on whether any further changes should be considered asking: “Do you consider there to be any other changes that the DCC should consider that could have impact on the SEC as a result of the 4G CH ordering service? Please provide your rationale.”.

Respondent views

45. DCC received four responses to this question.
46. One respondent requested that it be made clear that the 4G CHs forecasting timings and any percentage changes to monthly forecasting remain the same as the existing 2/3G CHs requirement, to avoid any confusion.

47. Another respondent questioned what additional security arrangements will be put in place due to the use of emailed Excel templates. The respondent noted that the scale and financial implications of orders submitted by parties is significant, meaning that robust security controls should be implemented by DCC. They further considered that email is an inherently insecure mechanism, meaning that additional protection should be implemented by DCC. The respondent suggested alternatives could include the upload of files to the DCC SharePoint, with folder structures restricted to individual organisations. They noted that such an approach would reduce the risk of order files being inadvertently sent to the wrong party, which could reveal confidential information on install volumes or targets.
48. One respondent noted that as there are separate 2/3G and 4G CH processes and given the potential risks of manual workarounds, the Service Provider has previously shared options with DCC for a short-term and long-term solution utilising the existing 2/3G OMS. The respondent considered that leveraging the existing platform would maximise economies of scale, deliver value for money and provide a consistent/enhanced end user experience.

DCC response

49. DCC can confirm that the 4G CH service does not include proposals to amend any submission timings, SLAs or tolerances which already apply to the existing 2/3G service. The changes are limited to distinguishing the format and means of communication for the 4G CH service. DCC notes it will consult separately upon SEC changes to the timings for transitional 4G forecasting and ordering in April 2025. As mentioned in response to comments to Question 1, DCC has amended the legal drafting to make this explicit in the CHHSM.
50. Regarding one respondent's comments on security arrangements, DCC recognises that there is an increased risk with the use of email notifications. DCC notes that its internal processes incorporate controls in sharing information with external stakeholders. DCC can also confirm that it will work with each ordering party to agree additional reasonable controls to ensure that information shared via email communications is sufficiently secure. This can include protecting the Excel spreadsheets with a password for any submission or requests associated with 4G CH forecasts and orders. DCC will discuss this with parties on an individual basis and has added an obligation to Clause 10 of the CHHSM to reflect this. DCC also notes that the SharePoint site will be used to share delivery documentation in line with its existing processes.
51. DCC can confirm that it considered options for a customer-facing solution for the 4G CH service. It originally intended to procure an interim OMS for the ordering of 4G CHs for the Initial Pallet Validation (IPV)⁷ and an enduring OMS to support enduring forecasting and ordering that it would introduce for CH&N. However, DCC has since decided to use the same solution for both purposes and therefore is proposing changes to the SEC to accommodate the enduring 4G CH forecasting, ordering and delivery. Similar arrangements for the forecasting and ordering of 4G CHs for IPV are already included in the Network Evolution Transition and Migration Approach Document (NETMAD). Any future considerations to changes to the 4G CH forecasting, ordering and delivery service will be undertaken with industry but are not within scope of the CH&N programme.

Areas of unresolved disagreement

52. None

⁷ the period where a limited number of 4G CHs are installed on the DCC System to allow Parties and DCC to gain confidence in the DCC System (referred to as Initial Pallet Validation (IPV) within the CH&N delivery plan

3.5. Question 5

53. DCC sought views on the re-designation asking: “Do you agree with the proposed approach to re-designate the CHHSM prior to IPV, noting this will be consulted upon at a later date? Please provide your rationale.”.

Respondent views

54. DCC received three responses to this question.

55. All three respondents agreed with the proposed designation approach with one respondent noting their assumption that parties will be given sufficient time to review and respond ahead of IPV go-live.

DCC response

56. DCC notes the agreement and confirms that the designation date will be consulted on alongside outstanding regulatory changes.

Areas of unresolved disagreement

57. None

4. Summary of drafting changes

58. As a result of the consultation responses and to clarify the content of the drafting, DCC has made several changes to the version of SEC Appendix H (CHHSM) that was consulted upon, as follows:

- Amended the existing OMS definition to clarify that this does not include 4G Central/South and the ‘CH Ordering System’ is as set out in Clause 10
- Updates to clarify Clause 10 only applies to Communications Hubs for 4G Central/South
- Amended Clause 10 to remove conflicting statements and clarify that DCC shall use the contact information associated with 2/3G OMS Accounts for 4G Central/South forecasting, ordering and delivery provisions unless a party notifies the DCC of any changes to the contact details
- Amended Clause 10 to clarify that the ‘CH Ordering System’ as defined in the CHHSM consists of communications via email and formats as described in the clause for 4G CHs
- Added an obligation to Clause 10 to require DCC to work with parties to ensure that communications and information are sufficiently secure
- Other housekeeping changes to resolve typographical errors and to ensure drafting is consistent with existing regulatory framework.

5. Conclusions

59. DCC is of the view that it has had appropriate engagement and consultation with industry on the changes that have been proposed to the CHHSM in this consultation. As the responses to the consultation and engagement in industry were supportive of the proposed changes, DCC will submit the proposed changes to the Department for designation into the SEC.

60. DCC has, where necessary, addressed the comments that have been received from industry. DCC does not believe that the views expressed result in fundamental amendments to the CHHSM drafting

and, as such, further consultation is neither necessary nor appropriate for the provision of forecasting, ordering and delivery of 4G CHs.

61. In summary, DCC considers that the revised CHHSM is fit for purpose.

6. Next Steps

62. DCC will submit its conclusions to its Communications Hubs & Networks Consultation on SEC Changes for 4G CH forecasting, ordering and delivery to the Secretary of State on 5 April 2024 along with the amended version of the CHHSM that it considers suitable for re-designation into the SEC by the Secretary of State.

63. As stated in the consultation, DCC considers the CHHSM will require designation in time to support the delivery of 4G Communications Hubs for IPV and therefore a designation notice for the CHHSM will be consulted upon at a later date.

7. Attachments

Attachment 1: SEC Appendix H CHHSM CH&N forecasting ordering delivery conclusion (Tracked Changes)

Attachment 2: SEC Appendix H CHHSM CH&N forecasting ordering delivery conclusion (Clean)