



DCUSA Change Report

DCP 127 - GAS FIRST SMART METER INSTALLATION

1 PURPOSE OF DOCUMENT

- 1.1 This document is issued in accordance with Clause 11.20 of the Distribution and Connection Use of System Agreement (DCUSA) and details *DCP 127 – Gas First Smart Meter Installation*, available in Attachment 1.
- 1.2 The voting process for the proposed variation and the timetable of the progression of the Change Proposal (CP) through the DCUSA Change Control Process is set out in this document.
- 1.3 You are invited to consider the proposed amendments to the DCUSA (Attachment 2) and submit your votes using the form in Attachment 10, to dcusa@electralink.co.uk no later than 3 May 2013.

2 EXECUTIVE SUMMARY

- 2.1 DCP 127 has been raised by British Gas. It seeks to amend the DCUSA to cater for the commercial impacts of the installation of an electricity-powered communications hub associated with a smart meter for a gas supply, in advance of the fitting of an electricity smart meter at a given premise. Current industry arrangements do not generally permit operatives other than the registered electricity meter operator to make the supply safe to enable such work.
- 2.2 The Department of Energy and Climate Change (DECC) has previously confirmed that it would not provide a derogation to gas suppliers to delay the installation of a gas smart meter until an electricity smart meter has been installed. It stated that "Nor does the Government propose, at this stage, to require changes to the detailed industry rules to enable the installation of a gas smart metering system before that of an electricity smart metering system. However the Government fully supports such changes, accompanied by appropriate protection to DNOs, and encourages the industry to work to deliver them, and will facilitate such changes where necessary."

Key Questions Raised by Parties in Consultation Responses and RFIs that have been addressed by the Working Group:

Need for DCP 127

- 2.3 There are a number of ways in which fitting a gas meter first could be facilitated. The DCP 127 Working Group (WG) explored those and the cost/benefit of each. The group concluded that a DCUSA change was the most efficient way to achieve the levels of permission required. In addition, consultation with meter manufacturers has demonstrated that Smart Metering Equipment Technical Specifications (SMETS) compliance cannot be achieved by using a battery powered communications hub, confirming the requirement for this CP.

Tri-partite Legal Model

- 2.4 Questions were raised in relation to whether a Tri-partite or Supplier agency legal model would better enable relevant legal permissions to be put in place with minimum impact on parties. The group considered the Tripartite model to be the most robust and economic of these, where legal

relationships are established between the gas supplier, electricity supplier and distributor.

- 2.5 The group also concluded that this approach provides the greatest benefit to consumers and is the easiest to implement. Alternatives of putting bilateral arrangements in place or arranging for the electricity supplier to send their meter operator to install the gas smart meter communications device were also considered and discounted.

Operational Procedures

- 2.6 A Gas First Recommended Practices document has been drafted by the WG to describe how the Gas First process will work to clarify questions in this area that arose from the WG's consultations. This document covers the technical requirements, installation process and general operating procedures.

Energy Consumed by Communications Hub

- 2.7 The group recognised confirmation from Ofgem that the question of whether energy consumed by hubs should be settled should not hold up the progression of DCP 127.

DCP 127 Unintended Consequences

- 2.8 Ofgem asked the WG to identify whether the DCP 127 changes would have any unintended consequences as a result of other industry codes or legislation. As a result Wragge and Co (DCUSA lawyers) carried out a legal review of gas and electricity legislation and code administrators have been asked whether the Gas First changes have any impact on their codes. The WG has concluded that although some amendments to other industry codes and legislation have been identified, there was nothing identified that would prevent DCP 127 from being implemented and indeed these amendments are being pursued separately.

Health and Safety

- 2.9 The HSE and DECC were engaged with by the WG and have confirmed that they are satisfied that existing Health and Safety legislation is sufficient to ensure "Gas First" installations are carried out safely, and that the legislation poses no barriers to the DCP 127 arrangements.

Legal Permission to Carry Out Gas First Installation

2.10 Ofgem raised the question of whether electricity suppliers are able to give permission to gas suppliers to work on assets not owned by the electricity supplier (e.g. the MAP). Consultation responses did not identify any terms in MAP contracts that would prevent third parties from working on MAP assets. In addition the proposed DCUSA legal drafting provides an indemnity from the gas supplier to the electricity supplier for any potential breach of contract between electricity suppliers and their MAPs.

Redundant Communications Hubs

2.11 The group has agreed that at the point in time when the "Gas First" communications hub becomes redundant (i.e. when the gas smart meter is removed or replaced and the new meter can communicate via the electricity smart meter communications hub), the incumbent gas supplier should be responsible for removing the gas communications hub.

Indemnities for Damage

2.12 Electricity suppliers raised the issue of what happens if the gas supplier's agent causes damage whilst carrying out work under the DCP 127 arrangements. The legal drafting provides for the gas supplier to indemnify the electricity supplier and the distributor for any damage for up to £1m.

Conclusion

2.13 A majority of respondents to the DCP 127 consultations confirmed that they supported the principle of DCP 127 and a majority of the WG agreed that the proposed changes better facilitated or were neutral for DCUSA Objective 1 and better facilitated DCUSA Objectives 3 and 5.

3 BACKGROUND

DCP 127

- 3.1 DCP 127 seeks to amend the DCUSA to cater for the commercial impacts of the installation of an electricity-powered communications hub associated with a smart meter for a gas supply, in advance of the fitting of an electricity smart meter at a given premise. Current industry arrangements do not generally permit operatives other than the registered electricity meter operator to make the supply safe to enable such work.
- 3.2 Without a gas first solution gas suppliers will not be able to install a gas smart meter until the electricity smart meter has been installed by the registered electricity supplier. This could potentially delay the deployment of smart meters to single fuel gas customers.
- 3.3 British Gas had developed a gas communications hub that the Working Group (WG) used in its consideration of the DCUSA CP; other such devices may be developed.

Extension to Scope of DCP 127

- 3.4 During the course of the development of DCP 127, the WG identified that the intent as originally stated, was unintentionally restrictive. The WG agreed that the change should cover not only the installation, but also the ongoing requirements to maintain, replace or remove that hub.
- 3.5 [DCP 155](#)¹ was raised in October 2012 to allow the Panel to adjust the stated intent of a CP. Subsequent legal advice was that the DCUSA already allowed for this at Clause 11.14.3, which allows a working group to evaluate, develop and refine a proposed variation and so DCP 155 was withdrawn. Therefore the DCP 127 WG agreed the logical and pragmatic scope of DCP 127 was installation of the hub and related works that may occur at any time in future: collectively referred to as "gas first". The DCUSA Panel in its meeting on 16 January 2013² supported such an extension to DCP 127.

Related Changes

¹ Amendment to the intent of a CP

² The minutes of the January 2013 Panel meeting are available here: <http://www.dcusa.co.uk/Extranet/Meeting.aspx?id=850>

- 3.6 Related modifications have been raised under the Supply Point Administration Agreement (SPAA) and the Meter Operator Code of Practice (MOCOPA®).
- 3.7 The MOCOPA® describes the responsibilities of electricity meter operators working on distribution systems including the requirement to be MOCOPA® accredited. The MOCOPA® also contains an obligation for MOCOPA® Parties to be Qualified Persons under the Balancing and Settlement Code (BSC).
- 3.8 At the time of writing, the MOCOPA® change proposal was progressing. The MOCOPA® working group is aiming to present the change to the review panel and then to parties. The change will allow a non-appointed but MOCOPA accredited meter operator to work on the incoming electricity supply for the purposes of installing, maintaining or removing the gas first communications hub.
- 3.9 SPAA CP 12 212³ was issued in the pack of SPAA CPs in June 2012. The intent is to amend the SPAA to place an obligation on gas suppliers who wish to install a smart meter for a gas supply in advance of the fitting of an electricity supply Smart Meter to accede to the DCUSA or ensure appropriate legal arrangements are put in place with DCUSA Parties.
- 3.10 The SPAA CP was discussed at the SPAA Change Board in July 2012 where it was referred to the August SPAA Expert Group⁴, pending the final version of the DCP 127 legal text. The DCP 127 WG considered that the SPAA CP could be progressed independently of DCP 127 and need not be delayed. At the time of writing, the SPAA CP had been issued for voting at the SPAA Change Board on 18 April.
- 3.11 Ofgem advised the DCP 127 WG that it would want to consider the different code changes together where possible. The SPAA changes will be presented to the March 2013 Expert Group for progression to voting.

³ Gas only smart meter installations

⁴ Details of the SPAA Expert Group can be found at www.spaa.co.uk

4 WORKING GROUP CONSIDERATIONS

- 4.1 The DCUSA Panel established a group consisting of representatives from Supplier Parties, Distribution Network Operators (DNO), Meter Operators (MOP), the MOCOPA® and Ofgem. Meetings were held in open session and the minutes and papers are available on the DCUSA website – www.dcusa.co.uk.
- 4.2 The WG initially reviewed legal text that supported two models proposed to provide a gas first solution, described here and as a diagram in Appendix A:
- **The Tripartite Model:** Where both the electricity distributor and supplier would have established relationships under the DCUSA with the gas supplier for the purposes of De-energisation and Re-energisation of the distribution system to fit smart gas metering equipment.
 - **The Agency Model:** Only the electricity supplier would have an established relationship under the DCUSA with the gas supplier for the purposes of De-energisation and Re-energisation of the distribution system to fit smart gas metering equipment.
- 4.3 The WG considered that both models would meet the intent of the CP as each facilitates the gas supplier fitting the gas communications hub in advance of the smart electricity meter. The group identified the following advantages and disadvantages of each approach:

Tripartite Model	
Advantages	<ul style="list-style-type: none"> • Both the electricity supplier and the distributor are able to place obligations on the gas supplier • Distributor is able to enforce obligations on gas supplier directly without having to involve electricity supplier
Disadvantages	<ul style="list-style-type: none"> • A new legal relationship for the gas supplier to manage • Arrangements do not place ESQCR Duty Holder obligations on the gas Meter Asset Manager (MAM) • A new legal relationship for the electricity supplier to manage • Burden on electricity suppliers from managing and monitoring obligations and relationships without compensation

Agency Model	
Advantages	<ul style="list-style-type: none"> • Just one new relationship for gas supplier (with electricity supplier) • Distributor continues to work with parties where there is an existing relationship
Disadvantages	<ul style="list-style-type: none"> • Any distributor requirements of the gas supplier would have to be through the electricity supplier • A new legal relationship for the electricity supplier to manage • Arrangements do not create the right relationships and right level of control. • Burden on electricity suppliers from managing and monitoring obligations and relationships without compensation

4.4 The WG considered that both models would meet the intent of the CP as each facilitates the gas supplier fitting the gas communications hub in advance of the smart electricity meter. As part of its consultation process (see section 5), the WG asked respondents which model was preferred. The majority of consultation responses and WG members considered the tripartite model was preferable, as it created direct relationships between interested parties, whereas the agency model placed undesired risk on the electricity supplier arising from the actions of the gas supplier. The WG focussed its work on the tripartite model and that is the basis of the legal text presented in this Change Report. The WG noted that if any DCUSA Party were to support the agency model, or another solution, it could raise an alternative CP.

5 DCP 127 – PROCESS

- 5.1 Two consultations, two Requests for Information (RFI) and a mini-consultation were issued during the assessment of the CP.
- 5.2 These were issued variously (as appropriate⁵) to DCUSA Parties and a wider set of industry participants that the WG identified may be interested in contributing to developing the solution. These included parties and change administrators to the SPAA, parties to the MOCOPA®, gas Meter Asset Managers (MAM), Meter Asset Providers (MAP), Consumer Focus, the Master Registration Agreement Company (MRASCo), the Balancing and Settlement Code Company (BSCCo), Ofgem and DECC (for the Smart Metering Implementation Programme). DECC and the Health and Safety Executive (HSE) were also provided with information on the proposed changes and invited to comment (for health and safety implications) (see sections 7.10 - 7.13).

Consultation One

- 5.3 The WG's first consultation sought views on the legal text for the two models, including specific questions on the impact of relevant gas and electricity parties, and considerations such as the indemnities required within the DCUSA.
- 5.4 The WG used the 17 responses to update the legal text and to draft a guidance note to deal with technical or process issues. The guidance note was designed as a means to capture points that parties may find useful in considering their own implementation of the gas first arrangements but which were deemed outside of the scope of DCUSA text. The WG concluded (and most consultation respondents agreed) that the guidance note should be published as part of the DCP 127 Change Report document set, but should *not* be maintained or published as formal DCUSA guidance. As it refers to technical information from other sources, it will only be current at the time of publication.
- 5.5 The WG also raised some related issues pertinent to the wider smart meter rollout, notably regarding the Electricity Safety, Quality and Continuity Regulations 2002 (ESQCR) and the energy settlement arrangements for the

⁵ The attachments containing the consultation/RFI responses list the recipients for each.

consumption of the hub, with the DECC's Smart Metering Implementation Programme (SMIP).

- 5.6 A summary of the collated consultation responses and the WG's comments on these responses is in Attachment 3.

Request for Information One

- 5.7 After the initial consultation, a RFI was issued on 27 July 2012 to gather views on the data items that should be exchanged between parties regarding gas first communications hubs, and comments on the guidance note.
- 5.8 The WG concluded from this that reporting between parties would only be required for safety, damage and interference.
- 5.9 A summary of the collated RFI responses and the WG's comments is Attachment 4.

Consultation Two

- 5.10 A second consultation was issued on 28 September 2012 to gather views on whether the comments submitted during the first consultation and the RFI had been adequately considered by the WG; whether the updated legal text and the guidance note clearly defined what is required for gas first installations and the permissions applicable; and any additional comments, in particular on a cost benefit analysis that the WG had developed.
- 5.11 A summary of the collated responses and the WG's comments is Attachment 5.

Request For Information Two

- 5.12 During discussions in the WG, one member expressed concerns that electricity suppliers were giving a permission to work on meters that they may be prohibited from giving by the MAP contracts.
- 5.13 The group proposed inserting a capped indemnity into the legal text in favour of electricity suppliers for any loss suffered as a result of giving such permission.

- 5.14 Another capped indemnity was also proposed in favour of the electricity supplier against any liability he may face as a result of damage to property owned by a third party.
- 5.15 The second RFI issued by the WG in February 2013 asked Suppliers whether the cap was appropriate and asked Distributors whether they required a similar capped indemnity with respect to third party damage.
- 5.16 Responses were received from three Suppliers and three Distributors. Collated responses and the WG's comments are provided in Attachment 6.
- 5.17 In summary the WG did not consider the responses either provided sufficient reason to amend the liability requirements, or provided an alternative value to that proposed (£1m). The WG therefore agreed to leave the figure in the legal text as £1m, recognising any DCUSA Party could raise a Change Proposal at any time to amend it. Respondents raised points relating to liabilities on change of gas supplier and indemnity provisions for Distributors equivalent to that of (electricity) Suppliers. The legal text was amended for these additional provisions.

Mini Consultation with Meter Asset Providers

- 5.18 As a result of the concerns expressed that electricity suppliers were giving a permission to work on meters that they may be prohibited from giving by the MAP contracts, the group undertook a mini consultation with electricity MAPs to seek their views on DCP 127 in February 2013. The list of MAPs consulted was taken from Market Domain Data and those who are members of the C-MAP⁶ group.
- 5.19 The WG supposed that the majority of NHH meters were still owned by DNOs. Under their License, DNOs had an obligation to provide each of Meter Operation and Meter Asset Provision services until 2007. In 2001 these two services had been defined by the industry, as part of the Review of Metering Arrangements, whereby MAP was defined as an over-the-counter service to provide meters by sale or hire and Meter Operation was the service that covered installation, maintenance, periodic meter exchange and removal.

⁶ Community of Meter Asset Providers

- 5.20 The WG also reviewed the Joint PES Workstream pro-forma Meter Operator contract which the DNOs had used in 1998 as the last publicly available metering contract. The WG concluded that there were no issues in those terms that would restrict the electricity suppliers' ability to grant consent to work on meters as envisaged by DCP 127. All supplier representatives bar one on the group expressed the view that they had no concerns arising from their current metering contracts.
- 5.21 As a consequence of the perception that most meters were owned by the DNOs, the consultation was also issued to DNO DCUSA contract managers.
- 5.22 One DNO group also undertook an analysis of Non-Half Hourly (NHH) Meter Point Administration Numbers (MPAN) in its regions. It determined that meters at 85% of MPANs were owned by itself, 3% appeared to be owned by other DCUSA Parties or their affiliates and 12% appeared to be owned by MOPs or their affiliates. They use the phrase "appeared to" as this is based on an interpretation of company information in Market Domain Data. Its analysis identified that 0.11% of MPANs had meters that were identified as owned by customers. It should be noted that NHH MPANs include Current Transformer (CT) meters, which are excluded from this proposal.
- 5.23 The WG agreed that the risk of a MAP's indemnity being triggered is low, as most meters are still owned by Distributors. Ownership is therefore mostly covered by Joint PES Working Group (JPW) contracts, which did not appear to cause any concerns for the DCP 127 solution. See Appendix B for a diagrammatic representation of equipment ownership.
- 5.24 One DNO pointed out that they rely on clause 18.3.5 of DCUSA to provide and charge for MAP services. The working group agreed to add text to this clause to clarify that the distributor gives permission for work on any meters it owns that it does not have an MAP express contract for, provided that that work is in accordance with the provisions of DCUSA.
- 5.25 In the six responses (two confidential, only one of which could be summarised) received from the mini-consultation, no MAP or DNO suggested that they had any concerns or issues with the DCP 127 proposals that indicated any fundamental issues. The responses and the WG's comments are provided in Attachment 7.

General Conclusions from the Consultations / RFIs

5.26 The WG concluded that the majority of consultation/RFI respondents understood the intent of DCP 127 and were supportive of its principles. This section describes the key points raised by respondents, and the WG's conclusions in light of them.

Legal Text Conclusions from the Consultations / RFIs

5.27 The key points the WG considered around the drafting of the DCUSA legal text were:

- Removal of redundant gas communications hubs – this would be the responsibility of the incumbent gas supplier.
- Communication of safety, damage or no-supply issues to relevant parties.
- Liabilities for any damage to electricity equipment owned by parties including the electricity supplier and DNO and third parties such as MAPs – after the WG's second RFI, the legal text was updated to provide capped indemnities for the electricity supplier and distributor in respect of damage to their equipment or for any liabilities they may have for damage to third party property arising directly from this service. It should be noted that these indemnities are in addition to the limitation of liability clauses for breach of DCUSA.
- The risk of damage caused for reasons outside of the work envisaged by DCUSA, for example by the non-maintenance of the hub at some future date, was determined out of scope of DCUSA. It was felt that while DCUSA could include indemnities for this, they would only impact gas suppliers who were party to DCUSA and so any gas supplier who had a responsibility for the ongoing maintenance of the hub but was outside of DCUSA would be treated differently if this were included. Distributors and suppliers could have rights in tort in such cases and it was felt that this should be the same for all gas suppliers.
- The text does not give the electricity supplier a right to use the gas hub. This would need to be permitted through industry arrangements outside of DCUSA or through a subsequent DCUSA change.

- Accession of new gas supplier to the DCUSA, after a change of supplier – the group concluded that this would need to happen if the new gas supplier needed to work on the power supply to the communications hub, unless the gas supplier made the appropriate bilateral arrangements for access.
- Status of gas suppliers as DCUSA Parties – the legal text proposes that Gas Supplier Parties are not separately represented on the Panel and bear no share of the Recoverable Costs for DCUSA, but may vote on changes that impact them. The sections relevant to gas suppliers would be identified.

6 WORK ARISING FROM CONSULTATION RESPONSES

Guidance Note

- 6.1 There were a number of points in the consultation responses that the WG decided would be best covered in a guidance note, as useful details for suppliers and agents, but which were not necessarily relevant to the legal text. The WG concluded the guidance note should be valid at the point of publication, but not maintained by the DCUSA Panel going forward. It would be published on the DCUSA Website with the DCP 127 Change Report. The guidance note is included with this Change Report as Attachment 8.
- 6.2 The points covered in the Guidance Note include:
- The recommended installation process and its impact on the customer, including communications with them - It should be noted that the interruption to supply is not expected to last longer than it might for any routine meter exchange, although by its nature gas first envisages two de-energisations rather than one. The intent is that the customer is left on supply unless something has gone wrong in which case it should be reported to the relevant party to resolve. Any loss of supply caused by the comms hub would be dealt with as per normal practice.
 - Compatibility with the SMETS – developers of gas communications hubs and other equipment related to smart metering should be compatible wherever necessary with the relevant technical standards.
 - Removal of redundant gas communications hubs – this would be the responsibility of the incumbent gas supplier.
 - Location of metering equipment – the group recognised that some premises may be unsuitable for a gas first communications hub installation due to (for instance) gas and electricity meters in different locations, insufficient space in the meter cupboard. The view of the group was that installations should be abandoned in such circumstances.
 - Exchange of information between parties – the WG agreed exchange of information about smart metering equipment was wider than gas first and should be considered by the SMIP, members recommended the key

data items parties should exchange to facilitate the installation and ongoing maintenance of gas communications hubs.

- Reporting – the WG concluded that reporting between parties would only be required for safety, damage and interference. If the gas operative finds hazards or potential tampering they should report it to the relevant party as per standard practice.

Settlement of Energy

6.3 A number of WG members and respondents to the consultations raised concerns about the treatment of energy consumed by communications hubs and losses associated with power to communications hubs. The WG acknowledged the issue but concluded it was far wider than DCP 127, and should be dealt with by Ofgem and or the Government's Smart Meter Implementation Programme. The group was advised by Ofgem that this issue should not hold up implementation of the gas first solution. The Ofgem representative confirmed DECC/Ofgem were holding discussions on accounting for communications hub consumption (e.g. as unmetered); Attachment 13 sets out Ofgem's response.

Customer Impact

6.4 The WG considered what impact the DCP 127 arrangements could have on customers. Group members concluded that there were very unlikely to be any impacts or any beyond those usually associated with installation of / work on metering equipment. It was considered that any interruption to supply or damage to the supply equipment would be managed by the usual industry practice, and no specific provisions were required for DCP 127 in the DCUSA beyond those described herein. The WG's considerations in respect of damage to premises, while also of low risk, is described in other sections of this document. See also sections 6.2, 6.5 and 7.6 and 7.7.

Smart Metering Implementation Programme

6.5 There were a number of other points that the WG decided were applicable to wider smart meter installations, not just gas first, and should be flagged to the SMIP:

- Exchange of information between parties – the WG agreed exchange of information about smart metering equipment was wider than gas first

and should be considered by the SMIP. Includes how suppliers will know what equipment is on site and how it will be communicated with.

- ESQCR - the group considered whether the definition of meter operators in the ESQCR would need to change to support gas first. Some meter operators expressed concern that they had responsibility under the ESQCR for metering equipment and so could be liable for the gas hub. DCUSA legal advice was that interpreting the ESQCR's definition of meter operator to include gas operatives wouldn't have been the intention of the legislation and amending the ESQCR along such lines wouldn't be preferable. Other respondents to the consultation believed that the gas hub was not metering equipment and so was not the responsibility of the meter operator and hence was an item that was not covered by the ESQCRs. This was felt to be a concern and DCUSA's legal advisors acknowledged it. The Group agreed to note its concerns to DECC/HSE. As will be seen in sections 7.10 to 7.13, DECC and the HSE were satisfied that other legislation gave sufficient protection to mitigate this concern.
- In addition Licence Condition 22 sets the scope of the DCUSA. The WG recognised gas first could be considered outside the narrowest interpretation of this scope. The Group agreed to note to the DECC that Licence Condition 22 could be amended to reference gas to allow for this sort of scenario, but that this was not an obstacle as the WG did not believe the scenario was currently prohibited by the Licence Condition.
- The WG agreed the gas first arrangements should relate only to Whole Current metering and the legal text should clarify that. Installations on sites found to be CT should be aborted. It was suggested a note be issued to the DCUSA Smart Working Issues Group (SWIG) highlighting that there doesn't seem to be a solution for fitting gas communications hubs (powered from electricity supply) where there is a CT meter.
- In response to a question from Ofgem, regarding whether having a gas first comms hub installed would make such customers less attractive to the competitive market, the WG noted that in the enduring smart world, all suppliers will have responsibility for ensuring there is a working comms hub. Therefore no customer could be seen as more of a burden

and hence the existence of the hub a barrier to competition, such a perceived barrier being due to the gas supplier having to interact with electricity parties to maintain the gas comms hub., Therefore the WG did not believe there was any competition risk.

- The WG noted the DCUSA SWIG is maintaining a watching brief on DCP 127.

Consideration of Previous DCUSA Change Proposals

6.6 The WG acknowledged that two previous DCPs that had proposed similar solutions had been rejected. These were DCP 019 and DCP 037.

DCP 019 (Moving Meters With Service Alterations) sought to allow distributors to move meters. It had tried to put in place permissions to do so from suppliers, who would be required to obtain permission from MOPs and MAPs and indemnify the distributor if these were not in place. An alternate, DCP 019A, was raised in which the distributor gave an indemnity to the supplier for poor work. Both versions were rejected because they did not better facilitate the DCUSA objectives, Ofgem noting that moving meters was a service that distributors could offer under commercial arrangements.

DCP 037 (Moving Meters) also sought to permit distributors to move meters and required suppliers to provide blanket permissions from their MOPS and MAPs to do so. However no indemnity was to be provided. Again this was rejected. Among the reasons given for that rejection were that the MOP and MAP could not object to this work in any given case, the supplier may not be able to obtain these permissions in every case and also had no right to object. The blanket nature of the proposal was its undoing.

6.7 In order to overcome the issues raised regarding permission, DCP 127 contains capped indemnities in favour of the electricity supplier against any costs incurred as a result of not having relevant permissions in place from MOPs and MAPs. No objections were made by MAPs to the proposed gas first legal drafting in response to the mini consultation issued to MAPs.

Battery Power

6.8 A number of respondents to the consultation suggested gas communications hubs could be battery powered, thereby avoiding the requirement for connection to the electricity supply. WG members noted there may be devices that could be battery powered, however, it was not considered feasible for the design available at the time. Manufacturer Landis & Gyr and the Energy and Utilities Alliance (EUA) provided statements on power options that supported the WG's assertion that battery power was not practical, given the frequency of the communications the device would be required to support. Those statements are included in this Change Report as Attachments 11 & 12.

Consideration of Responsibilities and Liabilities With or Without DCP127

6.9 The WG considered how responsibilities and liabilities differed in a scenario where DCP127 was in place as compared to it not being in place or was not used. They also considered whether these responsibilities and liabilities were different after change events like change of supplier.

The WG has produced the following tables to illustrate the differences.

	Without DCP127 or with DCP127 but Gas Supplier has not acceded to DCUSA	With DCP127 and Gas Supplier has acceded to DCUSA
<u>Responsibilities for Comms Hub</u>		
Installing Gas supplier		
Initial hub Installation work	Installing Gas supplier's MOP - identified by appropriate seals (permission to install put in place with bilateral with supplier and Distributor)	Installing Gas suppliers MOP - identified by appropriate seals
Ongoing hub maintenance/removal work required	Installing gas supplier would need to put arrangements in place with distributor and registered electricity supplier	DCUSA arrangements put permission to work in place
Ongoing Responsibility for Gas First hub device	Responsibility for quality, fitness for purpose etc. of device sits with gas MAP (note that contractually the MAP would have a rental contract with the registered gas supplier)	Responsibility for quality, fitness for purpose etc. of device sits with gas MAP (note that contractually the MAP would have a rental contract with the registered gas supplier)
After Change of Gas Supplier		

Ongoing hub maintenance/removal work	New Gas supplier is responsible and would need to put arrangements in place with registered electricity supplier and distributor to carry out works	New Gas supplier is responsible and DCUSA arrangements put permission to work in place
Ongoing Responsibility for Gas First hub device	Responsibility for quality, fitness for purpose etc. of device sits with gas MAP (note that contractually the MAP would need to enter into a rental contract with the newly registered gas supplier (which they would need to do for the meter anyway))	Responsibility for quality, fitness for purpose etc. of device sits with gas MAP (note that contractually the MAP would need to enter into a rental contract with the newly registered gas supplier (which they would need to do for the meter anyway))

	Without DCP127 or with DCP127 but Gas Supplier not acceded to DCUSA	With DCP127 and Gas Supplier acceded to DCUSA
<u>Responsibilities for Damage</u>		
During Initial installation		
Electricity meter	This would be dependent on any limitation for liability agreed between the electricity and gas supplier	Electricity supplier indemnified for up to £1m under DCUSA by installing gas supplier
Distribution equipment	This would be dependent on any limitation for liability agreed between the electricity distributor and gas supplier	Distributor indemnified for up to £1m under DCUSA by installing gas supplier
Consumer property	This would be dependent on any limitation for liability agreed between the electricity supplier, distributor and gas supplier	Electricity supplier and distributor indemnified for up to £1m under DCUSA by installing gas supplier
Consumer	No limit of liability for death or personal injury caused by negligence. Liability will fall on person responsible for the negligent act as determined by the courts – this is most likely to be the gas MAM if the negligence were with the installation or the gas MAP or manufacturer if the negligence arises from a problem inherent with the hub itself.	No limit of liability for death or personal injury caused by negligence. Liability will fall on person responsible for the negligent act as determined by the courts – this is most likely to be the gas MAM if the negligence were with the installation or the gas MAP or manufacturer if the negligence arises from a problem inherent with the hub itself.
After installation with no change of Gas Supplier		

Electricity meter, Distribution equipment or Consumer Property damage	If damage attributable to poor workmanship original installing gas MOP would be responsible identifiable by seals. If attributable to gas comms hub then MAP responsible who would have rental agreement with registered gas supplier for meter and comms hub	If damage attributable to poor workmanship original installing gas MOP would be responsible identifiable by seals. If attributable to gas comms hub then MAP responsible who would have rental agreement with registered gas supplier for meter and comms hub
Consumer	No limit of liability for death or personal injury caused by negligence. Liability will fall on person responsible for the negligent act as determined by the courts – this is most likely to be the gas MAM if the negligence were with the installation or the gas MAP or manufacturer if the negligence arises from a problem inherent with the hub itself.	No limit of liability for death or personal injury caused by negligence. Liability will fall on person responsible for the negligent act as determined by the courts – this is most likely to be the gas MAM if the negligence were with the installation or the gas MAP or manufacturer if the negligence arises from a problem inherent with the hub itself.
After Change of Gas Supplier		
Electricity meter, Distribution equipment or Consumer Property damage	If damage attributable to poor workmanship, original installing gas MOP would be responsible identifiable by seals. If damage attributable to a fault within the gas comms hub then MAP responsible who would have rental agreement with registered gas supplier for meter and comms hub	If damage attributable to poor workmanship, original installing gas MOP would be responsible identifiable by seals. If damage attributable to a fault within the gas comms hub then MAP responsible who would have rental agreement with registered gas supplier for meter and comms hub
Consumer damage	No limit of liability for death or personal injury caused by negligence. Liability will fall on person responsible for the negligent act as determined by the courts – this is most likely to be the gas MAM if the negligence were with the installation or the gas MAP or manufacturer if the negligence arises from a problem inherent with the hub itself.	No limit of liability for death or personal injury caused by negligence. Liability will fall on person responsible for the negligent act as determined by the courts – this is most likely to be the gas MAM if the negligence were with the installation or the gas MAP or manufacturer if the negligence arises from a problem inherent with the hub itself.

7 OTHER WORK CARRIED OUT BY THE WORKING GROUP

DCP 127 – Cost Benefit Analysis

- 7.1 The WG decided to undertake a cost benefit analysis in order to determine whether a DCUSA solution to the issue of fitting gas hubs was reasonable. The WG identified three options for ensuring that the right contractual framework is in place to enable gas first installations, each with costs and benefits. The Cost Benefit Analysis is attached to this Change Report as Attachment 9. In summary the options are:
1. Amend the DCUSA to provide consent to gas suppliers' agents to de-energise, connect/remove and maintain the gas smart meter communications hub and re-energise the incoming electricity supply, as per DCP 127.
 2. Put in place bilateral arrangements with each registered electricity supplier to provide consent for the gas supplier's metering agent to act as an agent of the appointed electricity meter operator.
 3. The gas supplier to arrange a co-incidental visit with the appointed electricity meter operator and request that the electricity meter operator carries out de-energisation, connection of gas smart meter communications hub and re-energisation of the incoming electricity supply.
- 7.2 The WG members also considered the option of powering the gas smart meter communications hub by means other than the incoming electricity supply.
- 7.3 WG members also considered a potential further option where the same meter operative is appointed by both gas and electricity suppliers. However, they were concerned that this assumed an unrealistic level of co-operation between competing parties so did not agree to include it.
- 7.4 Overall, the WG considered that option one (to amend the DCUSA) provided the greatest cost benefits, in summary because it:
- Allows a smart gas meter before a smart electricity meter is installed, in particular where the customer has separate gas/electricity suppliers.

- Avoids multiple bilateral contracts between many gas suppliers and many electricity suppliers, which would entail identifying the suppliers: not currently easily feasible. The WG identified complications to the bilateral route including potential change of supplier before the installation is complete.
- Avoids gas suppliers having to pay for a meter operator to attend on site to perform the de-energisation and re-energisation when smart gas meter being installed, which option 3 would require.
- Places minimal regulatory burden on gas suppliers by becoming signatories to the DCUSA⁷.

Legal Review

7.5 Following a query from Ofgem, the WG asked the DCUSA legal advisor to consider the impacts of wider legislation on DCP 127. The items identified for review were:

1. The Electricity Act 1989
2. The Gas Act 1996
3. The Standard Conditions of Electricity Supply Licences (the consolidated document available Ofgem's e-public register as consolidated to 1 November 2012)
4. The Standard Conditions of Gas Supply Licences (the consolidated document available on Ofgem's e-public register as consolidated to 1 November 2012)
5. The Electricity Safety, Quality and Continuity Regulations 2002 (as amended)

7.6 The DCUSA legal advisors identified that in the Gas License, condition 13 requires any operative visiting site to be able to inform the customer, on request, of a point of contact to discuss gas supply matters. There is also a similar condition in the electricity supply license regarding contacts about electricity supply. The WG was of the view that the gas MAM, acting under the MOCOPA® would be able to provide the distributor's contact details. The gas MAM would not be able to provide the electricity supplier's details

⁷ Acceding to the DCUSA requires a party to submit a number of forms/signed agreements to the DCUSA Secretary; the DCUSA Panel reviews the application and decides whether to admit the party. There are no fees or qualification tests.

as they may not know which company was the relevant electricity supplier.

- 7.7 DCUSA's legal advisors identified a number of concerns with the ESQCR but the WG decided that these were dependent on interpretation and did not apply to the DCP 127 scenario. The issue centered around the fact that the legal advice only identified matters of interest if the communications hub were considered part of the customer's installation. The group agreed that under electricity industry arrangements the customer's installation is beyond the meter, whereas the hub located before the electricity meter. The report from the DCUSA legal advisors is included within this Change Report as Attachment 14.

Industry Code Review

- 7.8 The WG requested Code Administrators from the following codes were approached to consider and advise whether or not there would be any impacts on the codes from DCP127 that are not already being considered through existing change proposals:

ELEXON (BSC), Gemserv (Master Registration Agreement (MRA)), Gemserv (MOCOPA®), Electralink (SPAA) and Joint Office (Uniform Network Code (UNC))

- 7.9 No issues were identified with these codes. The responses from the code administrators are included within this Change Report as Attachment 15.

Engagement with the Health & Safety Executive / DECC

- 7.10 A key potential legislation impact was considered to be on the Health & Safety law, including the ESQCR already mentioned. The health and safety aspects of the ESQCR are enforced by the HSE; DECC is responsible for other aspects.
- 7.11 The WG provided the HSE with a summary of the context of DCP 127 and the issues the group had identified. They were also sent papers that the group had prepared as they stood at that time, including the guidance note, the legal advice on the ESQCR, the legal advice on legislation including the various acts, licenses and ESQCR, the legal drafting and the consultation comments that identified issues with the ESQCR. The HSE attended a

meeting of the WG. An extract of the minutes from the meeting that the HSE representative attended is included within this Change Report as Attachment 16. The HSE representative confirmed that these reflected the discussion and did not see any need to prepare a stand-alone note for the group. The key points were:

- Nothing in the ESQCR prevents the installation of the gas comms hub between the cut-out and the meter by the MAM
- Whether the ESQCR applies to a MAM installing the gas comms hub will depend on whether the MAM is a duty holder under the ESQCR or an agent / contractor or sub-contractor of such a duty holder
- There was sufficient existing health and safety legislation to cover the safety of the gas comms hub itself (design, maintenance etc), the MAM who installs / maintains / decommissions the hub and other persons who may be affected by the work
- Although the Health and Safety at Work Regulations were applicable, there should be provisions for MAMs to inform electricity Suppliers or Distributors if there is a safety issue detected or created on installation

7.12 The WG engaged with DECC by sending it the draft legal text and Change Report as a summary of the context of DCP 127 and the issues the group had identified. DECC was asked to confirm any questions or concerns in relation to the ESQCR and DCP 127. DECC responded that it had been involved with the response provided by the HSE on this matter and had nothing further to add to that. DECC did provide some observations on the draft guidance note that the group had also sent it and the group updated its guidance note in light of these.

7.13 As a result the WG concluded that Health and Safety legislation is sufficient to support safe operation of the DCP 127 arrangements, and poses no barriers to the arrangements. The WG noted that operatives must work within the framework of that legislation anyway.

8 PROPOSED LEGAL TEXT

8.1 The draft legal text has been reviewed by DCUSA's legal advisors and is included as Attachment 2. It sets out the solution for the tripartite model only, and reflects option one of the Cost Benefit Analysis (see sections 7.1 to 7.4 above). In summary the legal text provides for:

- New and amended definitions, e.g. gas MAM, Gas Supplier and Smart Metering Communications Hub Device.
- The status and rights of Gas Suppliers as DCUSA Parties.
- New sections 2C – 'Distributor to Gas Supplier Relationships' and 2D – 'Electricity Supplier to Gas Supplier Relationships'. The sections set out the scope, party obligations, liabilities, de-energisation and re-energisation processes, provision of information and confidentiality of information as between the relevant parties.

8.2 The WG concluded that representatives of gas suppliers should not be included on the DCUSA Panel. The group also concluded that gas suppliers should not contribute to funding. These were because the gas suppliers' accession to the DCUSA was in order to facilitate their work on electrical equipment and they were not users of the distribution system. However the group felt that gas suppliers should be able to vote on DCUSA changes, especially as these could affect them directly, and the DCUSA provides for different party categories to be eligible to vote for specific changes, as determined by the Panel. The WG envisaged Gas suppliers being eligible to vote on matters concerning governance or general law (sections 1 and 3) and matters directly concerning them (new sections 2C and 2D and key schedules).

9 EVALUATION AGAINST THE DCUSA OBJECTIVES AND GREENHOUSE GAS EMISSIONS

9.1 A majority of WG members considered that the following DCUSA Objectives are better facilitated by DCP 127:

Objective 1	The development, maintenance and operation by each of the DNO Parties and IDNO Parties of an efficient, co-ordinated, and economical Distribution System
	Better Facilitated or Neutral. The DCP means only MOCOPA®-accredited operatives will be working on a network and safety and reporting requirements under MOCOPA® would allow distributors to better manage relevant network issues. The WG considered this objective was either better facilitated or neutrally impacted by DCP 127.
Objective 2	The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity
	No Impact.
Objective 3	The efficient discharge by each of the DNO Parties and IDNO Parties of the obligations imposed upon them by their Distribution Licences
	Better Facilitated. Standard License Condition 4 of the Distribution License states that <i>"the licensee must at all times manage and operate the Distribution Business in a way that is calculated to ensure that it does not restrict, prevent, or distort competition in the supply of electricity or gas, the shipping of gas, the generation of electricity, or participation in the operation of an Interconnector."</i> In order to facilitate competition in gas, suppliers must be able to install gas smart meters independently of the electricity supplier where different suppliers provide gas and electricity to a property.
Objective 4	The promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it
	No Impact.
Objective 5	Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators
	Better Facilitated. Two main EU directives are providing the drivers for smart metering in Europe, as referenced in the European Smart Metering Landscape Report: <i>"With the requirements of Art. 13 of the so-called Energy Services Directive (2006/32/ED, ESD) and the adoption of the Directive on the internal electricity market (2009/72/EC), it became clear that the modernisation of the European meter infrastructure and the introduction of intelligent metering systems will have to happen."</i>

9.2 In accordance with DCUSA clause 11.14.6, the WG assessed whether there would be a material impact on greenhouse gas emissions if DCP127 were

implemented. The WG did not identify any material impact on greenhouse gas emissions from the implementation of this Change Proposal.

10 IMPLEMENTATION

10.1 In order to bring the benefits of a smart meter to gas customers as soon as possible, DCP 127 will be implemented in the next available DCUSA Release after Authority Consent.

11 PANEL RECOMMENDATION

11.1 The DCUSA Panel approved the DCP 127 Change Report at its meeting on 17 April 2013.

11.2 The timetable for the progression of the CP is set out below:

Activity	Target Date
Change Report Agreed	17 April 2013
Change Report Issued for Voting	19 April 2013
Party Voting Ends	3 May 2013
Change Declaration Issued	8 May 2013
Authority Decision	13 June 2013
Implementation	First Release Following Authority Consent

12 APPENDICES AND ATTACHMENTS

Appendices within this document:

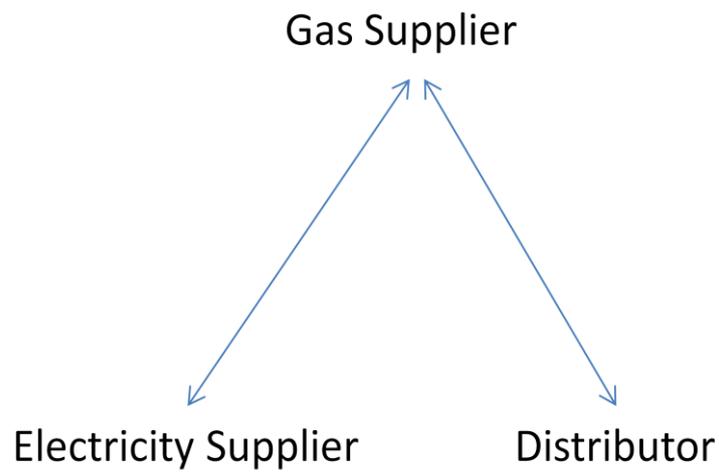
- Appendix A – Diagram of Tripartite and Agency Models
- Appendix B – Diagrammatic representation of Equipment Ownership

Attachments to this document:

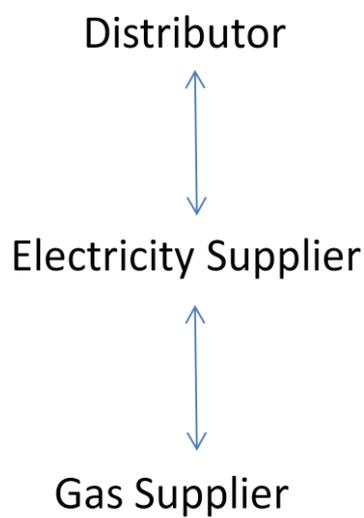
- Attachment 1 – DCP 127 Change Proposal
- Attachment 2 – DCP 127 Proposed Legal Drafting
- Attachment 3 – DCP 127 Consultation One Documents
- Attachment 4 - DCP 127 RFI One Documents
- Attachment 5 – DCP 127 Consultation Two Documents
- Attachment 6 – DCP 127 RFI Two Documents
- Attachment 7 – DCP 127 Mini Consultation (MAP) Documents
- Attachment 8 - DCP 127 Guidance Note
- Attachment 9 – DCP 127 Cost Benefit Analysis
- Attachment 10 - DCP 127 Voting Form
- Attachment 11 – Manufacturer Statement on Battery Power – Landis + Gyr
- Attachment 12 – Statement on Battery Power – Energy and Utilities Alliance (EUA)
- Attachment 13 – Extract from Ofgem email on communications hubs consumption
- Attachment 14 – Report from Legal Advisor on Legislation impacts
- Attachment 15 – Responses from Code Administrators on DCP 127 Impact
- Attachment 16 - Minutes of discussion with Health & Safety Executive & feedback from DECC on DCP 127 Impact

Appendix A – Diagram of Tripartite and Agency Models

Tripartite Model

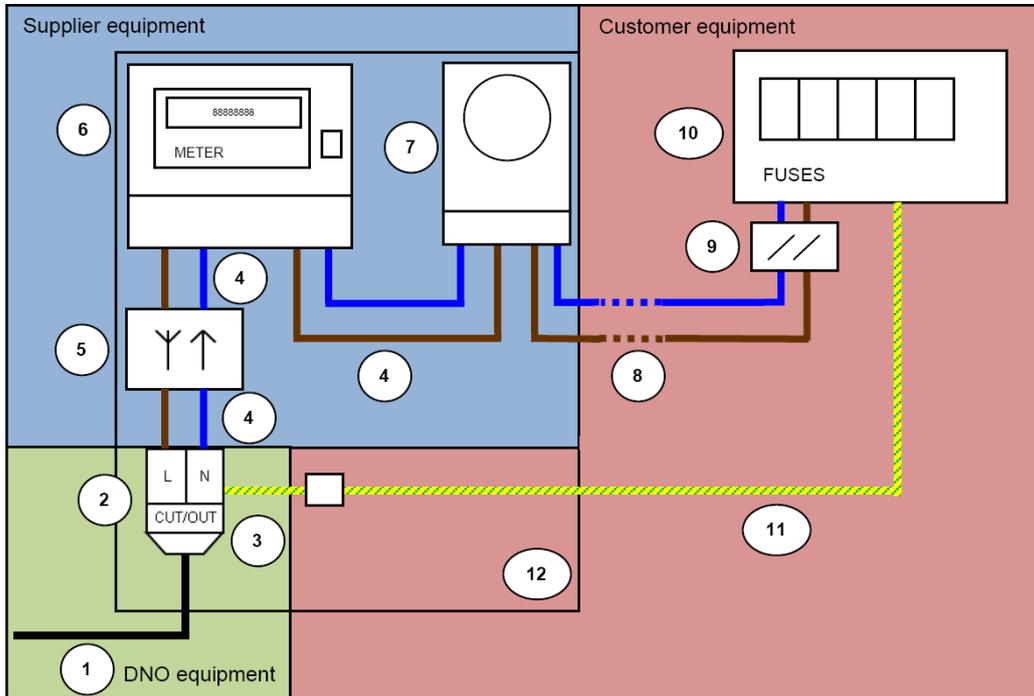


Agency model



Appendix B – Diagrammatic Representation of Equipment Ownership

The following diagram is reproduced with the kind permission of the ENA and shows a typical domestic installation. The aim is to clarify boundaries of responsibility.



DNO equipment	Supplier equipment	Customer equipment
1. Service cable	4. Meter tails (cut-out to meter and meter to timeswitch)	8. Meter tails (between the meter / timeswitch and the customer equipment)
2. Cut-out (or main fuse or DNO fuse)	5. Communications hub (may be within the meter)	9. Customer isolating switch (if appropriate)
3. DNO earth terminal	6. Meter	10. Customer fuse box
	7. Timeswitch (if appropriate)	11. Customer earth lead (and earth block if appropriate)
		12. Meter board (and meter box if appropriate)

NB In the above, 'supplier equipment' includes that provided by the electricity supplier and, in respect of a 'gas first' communications hub (and tails if appropriate), the gas supplier.