



Department for  
Business, Energy  
& Industrial Strategy

Department for Business,  
Energy & Industrial Strategy  
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[www.gov.uk/beis](http://www.gov.uk/beis)

The Authority (Ofgem), SEC Supplier  
Parties, the DCUSA Panel, DCUSA Parties  
and other interested parties

28 May 2021

Dear Colleague,

**Smart Metering Implementation Programme: consultation regarding DCUSA changes to facilitate the installation of Alternative HAN Point-to-Point Equipment**

This document constitutes a consultation on proposed changes to the Distribution Connection and Use of System Agreement (DCUSA) to facilitate the installation of Alternative HAN Point-to-Point Equipment (P2P Equipment) located near the smart electricity meter, such that it may be connected to and draw power from the distribution network in line with the practice for existing smart metering equipment. The changes would be implemented under s.88 and 89 of the Energy Act 2008 and have been discussed with Ofgem.

This consultation runs until 17:00 on 25 June 2021. Details of how to respond are provided in the Consultation Document at Annex A.

Yours faithfully,

**Duncan Stone**

Deputy Director and Head of Delivery,  
Smart Metering Implementation Programme

**ANNEXES**

**Annex A** Consultation Document

**Annex B** Proposed Legal Changes to the Distribution Connection and Use of System Agreement (DCUSA) (published separately, alongside this document)

# Annex A: Consultation Document

## 1. General Information

### Why we are consulting

This document seeks stakeholders' views on:

- i) A policy proposal to facilitate the installation of Alt HAN Point-to-Point Equipment hardwired in close proximity to the smart electricity meter such that it may be connected to and draw power from the distribution network; and
- ii) Associated legal changes to the Distribution Connection and Use of System Agreement (DCUSA).

### Timing

Responses to this consultation should be submitted **by 17:00 on 25 June 2021**.

### Responding to the consultation

Your response will be most useful if it is framed in direct response to the questions posed, by reference to our numbering, though further comments and evidence are also welcome.

Responses should be submitted to: [smartmetering@beis.gov.uk](mailto:smartmetering@beis.gov.uk)

When responding, please state whether you are responding as an individual or representing the views of an organisation.

### Confidentiality and data protection

Information you provide in response to this consultation, including personal information, may be disclosed in accordance with UK legislation (the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential please tell us but be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

We will process your personal data in accordance with all applicable data protection laws. See our [privacy policy](#).

We will summarise all responses and publish this summary on the SECAS website. The summary will include a list of names or organisations that responded, but not people's personal names, addresses or other contact details.

### Territorial extent

This consultation applies to the gas and electricity markets in Great Britain.

### Quality assurance

This consultation is being carried out in accordance with the government's consultation principles.

If you have any complaints about the way this consultation is being conducted, please email: [beis.bru@beis.gov.uk](mailto:beis.bru@beis.gov.uk)

## 2. Consultation Proposal

### Background

- 2.1 Some households in GB are currently unable to enjoy the full benefits of smart metering because in those premises the Gas Smart Metering Equipment (GSME) and/or In-Home Displays (IHD) are too far away from the Communications Hub (CH) / Electricity Smart Metering Equipment (ESME) to connect via a standard (2.4GHz or 868MHz) Home Area Network (HAN) solution.
- 2.2 In 2016 Government made Alternative HAN (Alt HAN) related changes to energy supply licence conditions to require energy suppliers to ensure (in conjunction and cooperation with other such suppliers) that equipment is made available that is capable of extending the HAN in premises where Communications Hubs provided by the DCC are unable to adequately do so.<sup>1</sup> In practice, this has led to the development of Alt HAN solutions capable of extending the range of the HAN and connecting the devices required for consumers to realise the different smart metering benefits.
- 2.3 The Alt HAN Forum has developed Alt HAN candidate solutions through procurement, detailed design and a testing programme over the last few years. The Alt HAN solution is scheduled to enter field trials shortly before commencing a period of safe launch later this year to allow for the full service to commence in 2022.
- 2.4 Part of the Alt HAN candidate solutions will require the use of Point-to-Point Equipment (P2P Equipment)<sup>2</sup> to extend the HAN. Some P2P Equipment will be ‘hardwired’<sup>3</sup> to the ESME, and has been designed, tested and trialled as such via connection to the ‘consumer tails’<sup>4</sup> of the device. Other elements of the Alt HAN P2P solution are pluggable<sup>5</sup> within the consumer premises.
- 2.5 The planned approach to P2P Equipment hardwiring to date has been in contrast to the approach already deployed for standard smart metering equipment, which is powered using energy drawn before the point at which electricity flowing into the relevant premises is metered. As such the energy consumption forms part of distribution losses. This is the case for both CHs and ESMEs as well as smart metering equipment which is hardwired to the ‘distribution tails’<sup>6</sup> of the ESME – this includes for instance CH Hot Shoes<sup>7</sup>. It should therefore be feasible for P2P Equipment (whether or not this requires evolution of the current product) located near the ESME to be hardwired into the

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<sup>1</sup> Please note that this is a paraphrase of the actual licence obligations on suppliers and is not intended to replace or amend the actual obligations which are set out in standard conditions 49 and 55 of gas and electricity supply licences respectively, and which set out a fuller description of the Alt HAN related activities, services and equipment.

<sup>2</sup> Means equipment which fulfils the function of Alt HAN Equipment in respect of only one Relevant Premises.

<sup>3</sup> More precisely, P2P Equipment wired into the consumer tails of the ESME.

<sup>4</sup> The consumer tails of the ESME are the cables that connect the ESME to the consumer unit.

<sup>5</sup> More precisely, P2P Equipment that is plugged into a standard mains socket which is connected to the consumer unit.

<sup>6</sup> The distribution tails of the ESME are the cables that connect the ESME to the cut-out/service head.

<sup>7</sup> Means equipment, other than a smart meter, to which a Communications Hub can be connected.

‘distribution tails’ of the ESME, in the same way as is currently being done by energy suppliers for powering CH Hot Shoes.

### Policy proposal

- 2.6 The Alt HAN Forum is aware of this inconsistency and is currently undertaking work to consider how to address it. In light of this, we are proposing to make regulatory changes to facilitate the installation of Alt HAN P2P Equipment hardwired in close proximity to the ESME such that it may be powered using energy drawn from before the point at which electricity flowing into the relevant premises is metered.
- 2.7 Our proposed facilitation is to make changes to the DCUSA to make it clear that energy suppliers are expressly permitted to install P2P Equipment hardwired in close proximity to the ESME in such a way that it draws power from the relevant DNO’s network.
- 2.8 Subject to responses to this consultation proposal, the changes would be laid in Parliament in accordance with s.89 of the Energy Act 2008. We estimate that the changes to the DCUSA would come in force on or around 10<sup>th</sup> October 2021.
- 2.9 The changes proposed will mean that, where hardwired P2P Equipment is installed such that it draws power from the distribution network, the energy consumed by this hardwired P2P Equipment will make up part of distribution losses. These additional distribution losses are expected to be smaller than those caused by the energy consumption of CHs and ESMEs and would only apply to the small proportion of premises that require an Alt HAN solution.
- 2.10 We recognise that distribution companies have incentives under their licences to manage losses on their networks. However, we have estimated that these additional losses would likely represent a fraction of a percent<sup>8</sup> of overall distribution losses. This is likely to be true even where a DNO has a relatively higher proportion of Alt HAN premises, for example multi-dwelling units, within its network area. As such, whilst it is ultimately a matter for Ofgem and distribution companies to determine, we do not expect that it will be necessary to adjust those incentive schemes as a consequence of this change.

### Consultation Questions

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| Q1. | Do you agree with the proposal to change DCUSA to facilitate the installation of Alt HAN P2P Equipment hardwired in close proximity to the ESME such that it may be connected to and draw power from the distribution network? |
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<sup>8</sup> According to DUKES

([https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/924591/DUKES\\_2020\\_MASTER.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/924591/DUKES_2020_MASTER.pdf)), the total distribution losses in 2019 were 17.8TWh. This proposal would it is estimated add approximately an extra 24GWh, which represents an increase in total distribution losses of 0.135% and an increase in distribution losses caused by smart metering equipment of 2.2%.

Q2. Do you agree that the proposed legal changes to the DCUSA (included in Annex B) deliver the intent of the policy proposal?

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## Annex B: Proposed Legal Drafting

### Proposed changes to the DCUSA

**Include new definitions in Clause 1.1 of the DCUSA as follows:**

<u>Point-to-Point Alt HAN Equipment</u>	<u>has the meaning given to that term in standard condition 55 of the Supply Licences.</u>
<u>Relevant Alt HAN Equipment</u>	<u>means Point-to-Point Alt HAN Equipment which is of a type that, in respect of any Premises, needs to be situated in close proximity to the electricity meter forming part of the Smart Metering System at that Premises.</u>

### **Changes to Clause 29 of the DCUSA**

**In Clause 29.1 - 29.1** Subject to Clauses 29.10 and 29.12, the User shall (at its own cost) install and maintain, or procure the installation and maintenance of, metering equipment at (or as close as is reasonably practicable to) each Exit Point and Entry Point relating to Metering Systems or Metering Points for which the User is Registered. The User shall ensure that such metering equipment shall:

- 29.1.1 be capable of providing the relevant metering data required by the Company for the calculation of Use of System Charges;
- 29.1.2 comply with the requirements detailed in the Relevant Charging Statement;
- 29.1.3 comply with the requirements specified in the BSC; and
- 29.1.4 comply with Schedule 7 of the Act.

**After Clause 29.11 insert the following**

#### Installation of Relevant Alt HAN Equipment

29.12 Where the User installs or arranges for the installation of Relevant Alt HAN Equipment in respect of any Premises, the Company agrees that the User may install the equipment such that it is connected to and draws power from the Company's Distribution System.