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SECMP0046 'Allow DNOs to control Electric Vehicle chargers connected to Smart Meter infrastructure'

Refinement Consultation response form

Responding to this consultation

We invite you to respond to this consultation and welcome your responses to the questions set out in this form. To help us better understand your views on this Modification Proposal, please provide rationale to support your responses.

To help us process your response efficiently, please email your completed response form to sec.change@gemserv.com with the subject line 'SECMP0046 Refinement Consultation response'.

If you have any questions or you wish to respond verbally, please contact Jordan Crase on 020 3574 8863 or email sec.change@gemserv.com.

Deadline for responses

This consultation will close at **17:00 on Friday 15 November 2019**.

The Proposer may not be able to consider late responses.

Respondent details

Respondent details	
Name	Joseph Cosier
Organisation	Energy UK
Phone number	020 7747 2962

Parties represented	
Party Category	N/A
Parties represented	Energy suppliers (large and small)

Confidential information	
Does your response contain any confidential information?	
Response	No
<p>If 'yes', please clearly mark all confidential information (e.g. in red font).</p> <p>Any confidential responses will be shared with the Change Board and the Authority under a Red classification in accordance with the SEC Panel Information Policy.</p>	

Consultation questions

Question 1	
<p>Do you agree with the solution put forward?</p> <p><i>Please provide your rationale.</i></p>	
Response	No
Rationale	<p>Energy UK welcomes the opportunity to feed into this work and recognises the significant effort from the proposer and the working group in considering and refining the technical solution to get it to this stage. However Energy UK does not support the solution as outlined as we are concerned about the ability for DNOs to be able to directly control EV chargers and believes that further discussion on wider regulatory and consumer protection aspects is needed on the topic before the SEC Mod is progressed any further. Energy UK believes it is important to outline these concerns from an early stage so that they can be appropriately considered as part of the technical solution refinement.</p> <p>The proposal is clearly a significant policy decision – due to the impact it would have on consumers and the smart charging market – and Energy UK is concerned that to date this has been progressed as part of a largely technical debate. The work undertaken as part of the SEC Mod has been important to inform the technical discussion. However, Energy UK believes that this issue requires a much higher level of scrutiny and discussion than has happened to date, involving a wider range of stakeholders. To help move this forward, Energy UK will be calling on Ofgem (in conjunction with BEIS due to the wider GB energy policy implications associated with the delivery of net zero greenhouse gas emissions by 2050) to undertake a full consultation on the policy, regulatory and consumer implications ahead of making an Authority Determination on this SEC Mod, regardless of whether the Change Board makes a decision to recommend approval or not. Furthermore, we believe it would be prudent for this SEC Mod to be put on hold (given that it is a technical solution) until the relevant discussions, including cross-code considerations, on the wider policy, regulatory, and consumer implications have occurred with Ofgem (and BEIS) and key stakeholders.</p> <p>There are a number of challenges with the proposals as currently drafted and while Energy UK recognises that a lot of progress has been made in addressing key technical issues, many concerns remain for Energy UK members. Energy UK is of the view that allowing DNOs to control EV chargers would be a breach of market rules – whereby DNOs are prohibited from owning or operating EV chargers. These provisions are in place for a reason and Energy UK is concerned that breaching them will:</p> <ul style="list-style-type: none"> • Undermine competition and confidence in the market, jeopardising the wider transition to a smarter, more flexible energy system. This would put at risk the EV transition and therefore the net zero target;

Question 1

Do you agree with the solution put forward?

Please provide your rationale.

- Damage the user experience, deterring would-be EV drivers; and,
- Erode the value of smart charging, preventing energy suppliers and other market participants bringing forward attractive consumer offerings.

We expand on these bullets above further down, as we believe these will have to be considered in conjunction with the technical element (this SEC Mod). Energy UK has two further concerns with the proposed solution which need to be addressed in much more detail:

- That this solution is being progressed without real evidence of need; and
- That a number of key issues (governance, consumer consent and engagement, etc) are out of scope or not yet fully defined.

Should DNOs be deemed able to request EV charging curtailment in order to protect the network (following consultation conducted by Ofgem and Government), the DNO should:

- a) Not be able to control the chargers directly themselves, instead DNOs should have to go through a third-party market player; and,
- b) Have to pay to do so.

Undermining competition and confidence in the market by breaching market rules

Energy UK strongly believes that robust competition is the way to deliver the best consumer outcomes in the energy market, something that has been continuously argued by successive Governments, Secretaries of State and energy ministers.

Article 33 in the common rules for the internal market for electricity¹, introduced as part of the Clean Energy Package, prohibits DNOs from owning and operating chargepoints which appears to be at odds with SECMP0046. Energy UK suggests that the proposer seeks further clarity on this point as it is likely to feature in Ofgem’s decision making on whether to accept or reject the proposal.

Energy UK strongly supports the provision of Article 33 – whereby monopoly actors should not participate in competitive markets –as it underpins effective competition for EV charging. It can also be read alongside the provisions of article 32 which requires member states to “[...] *provide the necessary regulatory framework to allow and provide incentives to distribution system operators to procure flexibility services, including congestion management in their areas, in order to improve efficiencies in the operation and development of the distribution system*”. Energy UK welcomes this provision as well as the commitments in the Ofgem / BEIS Smart

¹ https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2019.158.01.0125.01.ENG&toc=OJ:L:2019:158:TOC

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System and Flexibility Plan² and the ENA's Flexibility Commitment³. Taken together these documents highlight the importance of creating open, competitive markets for flexibility, which Energy UK wholeheartedly supports. As such it is disappointing that SECMP0046 seeks to circumvent market mechanisms, in stark contrast to the welcome commitments cited above.

The UK retail energy market is currently a challenging environment with a number of suppliers exiting the market over the past 18 months. Nonetheless Energy UK members are investing considerable resources into their EV activities, both in terms of innovation projects and rolling out consumer offerings – which have been widely publicised. Smart charging is at the forefront of these activities.

SECMP0046 – in allowing monopoly actors to interfere into a competitive market – will undermine consumer confidence in this market, erode the value of smart charging and undo the considerable progress that has been made.

Damaging the user experience

The user experience of EVs will need to rival or exceed that of the incumbent technologies to encourage drivers to make the switch. Technology and infrastructure is developing at such a pace that this is already true for many use cases and EVs will rapidly become the obvious choice for everyone. The priority for Energy UK members to encourage the uptake of EVs is providing a good user experience, they are doing so through a variety of different and innovative ways. Energy UK is clear that competition and innovation will be key to identifying the most attractive user offerings however is very concerned that managed charging (as this modification enables) will severely damage the user experience. This risks creating negative headlines, and deterring would be adopters from switching to EVs. Further, the proposals could deter EV drivers from charging at home, instead resulting in increased reliance on public charging.

Eroding the value of smart charging

It is widely agreed that smart charging will be a key part of integrating EVs into the energy system in a cost-effective way. Smart charging is estimated to deliver energy system savings of £1-2bn^{4, 5}, highlighting the importance of getting it right

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/633442/upgrading-our-energy-system-july-2017.pdf

³ <http://www.energynetworks.org/news/press-releases/2018/december/britain%E2%80%99s-local-electricity-network-operators-launch-ena-flexibility-commitment.html>

⁴ <https://www.ovoenergy.com/binaries/content/assets/documents/pdfs/newsroom/blueprint-for-a-post-carbon-society-how-residential-flexibility-is-key-to-decarbonising-power-heat-and-transport/blueprintforapostcarbonsocietypdf-compressed.pdf>;

⁵ https://www.nic.org.uk/wp-content/uploads/CCS001_CCS0618917350-001_NIC-NIA_Accessible.pdf

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for the energy system as a whole. There are also direct consumer benefits to participating in smart charging which will be instrumental in bringing down the cost of EV ownership and encouraging users to switch from ICE vehicles to EVs. Consumer participation in smart charging will hinge upon the ability for market participants to bring forward compelling offerings that deliver value to the consumer. Setting up appropriate market frameworks and price signals, including at the distribution level, will be key to unlocking the full value of smart charging and should be prioritised over non market based solutions.

No clear evidence of need

Implementing SECMP0046 must be based on a robust evidence base considering the significant concerns and risks around it. Energy UK notes Business Requirement 1 for DNOs to monitor load demand on low voltage networks, including determining which LV networks are high risk, monitoring the load on high risk networks and assessing if the load is likely to exceed network capacity.

Energy UK members strongly support this activity. As laid out in our Future of Energy report⁶, monitoring of the low and medium voltage networks must be rolled out as part of business as usual activities and the data widely shared. However Energy UK is concerned that this is being framed as part of SECMP0046 rather than as part of DNOs' day to day activities to operate their networks. LV monitoring will be key to creating a smarter, more flexible energy system and should be rolled out as a matter of course, not only as part of the proposed managed charging solution.

Poorly defined governance and consumer protection

Energy UK is concerned that many of the most important issues for DNO managed charging appear to be out of scope of the proposal documents or very poorly defined. Particular areas that need to be addressed include: notifying consumers; obtaining consumer consent; the consumer override; reporting on managed charging events (which should be publicly available rather than just to Ofgem); usage limits; defining the conditions for a managed charging solution to be used (the current wording is vague); and, the duration of managed charging events. On the latter point, Energy UK is unclear how a DNO will reinstate the charging via the HCALCS. The wording for Specification 1 in the Business Requirements report states that DNOs would only reset a switch's status "[...] if an erroneous instruction is sent, or if the anticipated reduction of Electric Vehicle charging is no longer required" raising questions about how the chargepoint returns to its normal charging schedule.

⁶ https://www.energy-uk.org.uk/files/docs/The_Future_of_Energy/2019/FutureofEnergy_ReportSection_Chapter4_04.19.pdf

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	<p>Energy UK is unclear how and where these questions will be resolved and is concerned that unless considered as a whole they will be agreed in private discussions with Ofgem or through disparate technical processes. This would hinder effective scrutiny and discussion and is highly likely to result in a sub-optimal outcome. Energy UK suggests that more work is done to outline how and where these areas will be agreed, including how the proposer will engage with Ofgem, industry and consumer representatives to agree acceptable protections.</p> <p>As discussed above, Energy UK believes that the best course of action is for Ofgem to consult on this decision to ensure that all areas are thoroughly discussed and examined in a holistic manner, rather than being tackled in a piecemeal fashion.</p> <p>One further area that is not mentioned in the documentation at all is the idea of customer compensation. Energy UK is clear that consumers must be compensated for their contributions to the smooth operation of the energy system, it is unclear why this is not discussed in the proposals. It is important that the issue of compensation is included in the SEC Mod documentation to demonstrate that all avenues and concerns have been properly considered.</p>
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Question 2

Will there be any impact on your organisation to implement SECMP0046?

If 'yes'. please state how you will be impacted, including both implementation effort and any on-going impacts.

Response	No
Rationale	<p>While there will be no direct impact on Energy UK there will be a significant impact on Energy UK member organisations, of which many of the reasons are noted above. Please refer to their individual responses for further detail.</p> <p>Energy UK would also highlight the opportunity cost of pursuing this SEC Mod instead of taking forward market-led solutions for residential flexibility and grid stability.</p>

Question 3

Will your organisation incur any costs in implementing SECMP0046?
If 'yes', please provide an estimate of your costs, including both implementation effort and any on-going costs; please exclude your share of the central costs. Please also provide any cost-savings you may achieve as a result of this modification.

Response	No.
Rationale	As per the response to Question 2, please refer to Energy UK member's individual responses for views on cost implications.

Question 4

Do you believe that SECMP0046 would better facilitate the General SEC Objectives?
Please provide your rationale with reference to the General SEC Objectives.

Response	No
Rationale	<p>Energy UK believes that SECMP0046 is at odds with General SEC Objectives c) and d) and raises challenges with regards to Objective e).</p> <p>Objective c) is “[...] to facilitate Energy Consumers’ management of their use of electricity and gas through the provision to them of appropriate information by means of Smart Metering Systems”.</p> <p>SECMP0046 impedes energy customers’ ability to manage their energy use by introducing a method for DNOs to take mandatory control of their load, even if there is an existing smart energy proposition in place with an energy supplier. This could undermine energy customers’ trust in smart energy propositions and EV solutions altogether. Furthermore, there is no detail provided on consumer protection in respect of this change – this is a fundamental missing piece.</p> <p>Objective d) is “[...] to facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy”.</p> <p>As discussed in response to Question 1, allowing DNOs to control EV chargers will undermine market confidence as it represents an intervention of a monopoly actor into a competitive market. Suppliers will compete in this space through time of use tariffs, smart home propositions, appropriate incentives and other innovative offerings. These are already being brought to market and any interventions that disrupt the value proposition will damage competition as well as having implications for suppliers as it is the supplier who is responsible for managing its customers – as this introduces risks outside of the supplier’s control.</p> <p>Objective e) is “[...] to facilitate such innovation in the design and operation of Energy Networks (as defined in the Data Communications Company Licence) as will best contribute to the delivery of a secure and sustainable Supply of Energy”.</p>

Question 4

Do you believe that SECMP0046 would better facilitate the General SEC Objectives?

Please provide your rationale with reference to the General SEC Objectives.

	<p>While SECMP0046 ostensibly supports this objective, Energy UK believes that this only holds true if considering short term impacts, or the impacts of one group of market participants – the DNOs. SECMP0046, in that it circumvents the market mechanism, risks impeding the development of competitive local markets for flexibility and therefore the transition from DNOs to DSO – a vital part of creating a smarter, more flexible energy system. As such SECMP0046 does not appear to be consistent with objective e).</p>
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Question 5

Noting the costs and benefits of this modification, do you believe SECMP0046 should be approved?

Please provide your rationale.

Response	No
Rationale	<p>It should be noted that the DCC Preliminary Assessment for SECMP0019 provided a cost to implement the solution in the DCC Systems of between £432,000 and £622,000 before testing costs⁷. It is therefore concerning that the initial DCC Preliminary Impact Assessment for SECMP0046 provides a cost of £560,000 including implementing the changes proposed in SECMP0019. This does not, in the view of Energy UK, provide an accurate or reasonable estimation of cost. Energy UK would welcome clarity on this disparity.</p> <p>Beyond this, the costs and benefits quantified do not accurately represent the impact that allowing DNOs to control EV charging will have on the market for smart charging. A full impact assessment, which considers the full impacts on smart charging, will be necessary before an informed decision can be made. As noted in the earlier part of our response, there is no clear evidence of the benefits this SEC Mod would bring. Furthermore, the DCC charging approach means that it is energy suppliers who mainly pay for DCC charges – this SEC Mod benefits DNOs only so consideration may need to be given to that aspect.</p> <p>Lastly, Energy UK is unaware of any security considerations being taken into account (namely by the SEC Panel's Security Sub-Committee) in respect of the proposed technical solution. Allowing DNOs the ability to whitelist HCALCS (in the CH's HAN Device Log) and to join / unjoin them to the ESME will need to be assessed from a security perspective in respect of the overall smart metering system at a consumer premises and the wider DCC infrastructure.</p>

⁷ <https://smartenergycodecompany.co.uk/modifications/alcs-description-labels/>

Question 6	
<p>How long from the point of approval would your organisation need to implement SECMP0046?</p> <p><i>Please provide your rationale, including the activities you would need to complete during this time.</i></p>	
Response	N/A
Rationale	Please refer to member responses.

Question 7	
<p>Do you agree with the proposed implementation approach?</p> <p><i>Please provide your rationale.</i></p>	
Response	No
Rationale	<p>Energy UK does not agree with the proposed implementation approach due to members’ significant concerns with the proposed solution. Instead, as outlined in the responses above, it is suggested that Ofgem and BEIS consult more widely on this issue, including addressing the areas that were out of scope of this SEC Mod.</p> <p>Energy UK notes that ‘supplier management of whole-meter load’ has been discarded as an option due to concerns over the response time. Energy UK questions the discrepancy between a 5-10 minute window and a need for a 30 second response time. Further, Energy UK understands that suppliers and aggregators are currently developing solutions that respond in less than five seconds to allow them to play into fast response ESO markets, and could use these same solutions to respond to a DNO signal. The key blocker for a supplier-led solution therefore lies in the proposal for the communication of a request to be routed through the DCC, rather than the solution itself. As argued in Energy UK’s response to the BEIS Smart EV Charging consultation, controlling an EV through the smart meter system is suboptimal due to the time delay, a point that is well illustrated in the proposed solution. These issues should be addressed in the proposals.</p> <p>In addition, due to the disruptive nature of this proposal, Energy UK strongly believes that Ofgem (in conjunction with BEIS) should publicly consult on the proposal (including the wider energy policy, regulatory and consumer protection aspects), once a full impact assessment has been undertaken. A public consultation would give concerned parties (likely to extend beyond those engaged in the SEC Mod process) an opportunity to feed their views directly to the regulator and Government, ensuring that all stakeholders feel they have an adequate opportunity to have their say. The decision to approve or reject a proposal to allow network operators the ability to control behind-the-meter assets in this manner is clearly a significant policy decision, however to date it has largely been treated as a minor technical debate. As such Energy UK will be urging Ofgem (in conjunction with BEIS) to consult on the issue in full.</p>

Question 9

Would it be beneficial to add a new requirement that the Data Service Provider (DSP) will alert the Electricity Distributor when a Supplier sends a Service Request in an attempt to remove the HCALCS from the Smart Metering System?

Please provide your rationale.

Response	Energy UK does not believe it is appropriate to answer this question at this time.
Rationale	As noted throughout this response, Energy UK and its members do not believe this modification should be progressed until Ofgem (in conjunction with BEIS) considers and consults on the wider issues and impacts associated with EV charging.

Question 10

Given that the current solution for SECMP0046 will allow Electricity Distributors to join HCALCS, and also will mandate the ALCS/HCALCS labels, should the Electricity Distributor also have the ability to label the switches (SRV 6.14.1)?

Please provide your rationale.

Response	Energy UK does not believe it is appropriate to answer this question at this time.
Rationale	As noted throughout this response, Energy UK and its members do not believe this modification should be progressed until Ofgem (in conjunction with BEIS) considers and consults on the wider issues and impacts associated with EV charging.

Question 11

Is your organisation working on other Electric Vehicle related activities? Can you provide any details? If you would prefer to provide details confidentially please contact us at sec.change@gemserv.com

If yes, please provide any details that can be shared publicly.

Response	No
Rationale	As a trade association Energy UK is not delivering specific EV projects. However, Energy UK members are engaged in a wide range of EV activities, rolling out EV energy tariffs, EV chargers (in homes, businesses and in the public domain), vehicle to grid chargers, virtual power plants and developing a variety of propositions for the consumer market. Please refer to member responses and recent public announcements for further details.

Question 12

Please provide any further comments you may have.

Comments	As alluded to in response to question 7, while Energy UK welcomes the effort that has been put into this work, as this solution has been progressed as a SEC modification proposal there has been limited scrutiny and discussion among non-energy stakeholders, cutting out many affected parties from the process (for
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Question 12

Please provide any further comments you may have.

instance vehicle manufacturers and chargepoint manufacturers / operators). Even though Energy UK takes a very active interest in the work there have been few opportunities to input on behalf of members, suggesting that other stakeholders groups may have encountered similar challenges.

Energy UK is clear that the proposed solution is a major policy decision that will have significant market implications. As such and as referred to elsewhere in this response, Energy UK believes that this modification should be put on hold until Ofgem (in conjunction with BEIS) considers and consults on the wider issues and impacts associated with EV charging as part of its commitment to the delivery of net zero greenhouse gas emissions by 2050.