



Department
of Energy &
Climate Change

Smart Metering Implementation Programme

December 2015 Government Response to previous consultations on: Stage
4 Smart Energy Code (SEC) (June 2014), March 2015 SEC Consultation and
July 2015 SEC Consultation

17 December 2015

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Any enquiries regarding this publication should be sent to us at smartmetering@decc.gsi.gov.uk.

General information

Purpose of this document:

This document sets out the Government's response to part of the consultation on the remaining content of the stage four consultation on the Smart Energy Code (SEC), the March 2015 SEC Consultation, and the July 2015 SEC Consultation. These consultations set out arrangements related to the management of smart metering in Great Britain.

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Territorial extent:

This consultation response applies to the gas and electricity markets in Great Britain. Responsibility for energy markets in Northern Ireland lies with the Northern Ireland Executive's Department of Enterprise, Trade and Investment.

Additional copies:

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<https://www.gov.uk/government/consultations/consultation-on-new-smart-energy-code-content-and-related-licence-amendments-july-2015>

Other versions of the document in Braille, large print or audio-cassette are available on request. This includes a Welsh version. Please contact us under the above details to request alternative versions.

Quality assurance:

This consultation has been carried out in accordance with the Government's Consultation Principles, which can be found here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/60937/Consultation-Principles.pdf

If you have any complaints about the consultation process (as opposed to comments about the issues which are the subject of the consultation) please address them to:

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1 Executive summary

1.1 The Smart Energy Code

1. The Smart Energy Code (SEC) provides the regulatory framework for the provision of the smart metering communication service. It was created under the Data Communications Company (DCC) Licence, and first designated on 23 September 2013. The content is being developed in stages to support the development of smart metering, with successive consultations on draft text for incorporation into the SEC. A consultation on Stage 4 of the SEC (SEC 4) was published on 30th June 2014. Substantial parts of its content have already been concluded upon, but conclusions on a number of topics from this consultation are still outstanding. Additional SEC consultations were published on 26 March 2015 and 16 July 2015, which included a number of new proposals, for example relating to Performance Reporting, Confidentiality, Security, Communications Hubs and Public Key Infrastructure.
2. This document sets out conclusions on all the outstanding topics from the SEC 4 consultation (June 2014), the March 2015 SEC consultation and the July 2015 SEC consultation. Related legal drafting for incorporation into the regulatory framework will be laid in Parliament in parallel with the publication of this document. This will also include legal drafting which has already been concluded upon as part of other government conclusions documents.

1.2 December 2015 Government Conclusions

3. Chapter 2 provides an overview of the content of this document.
4. Chapters 3 to 22 provide conclusions to the following consultations:
 - A consultation on New Smart Energy Code content (Stage 4) and consequential associated changes to licence conditions¹;
 - Consultation on new Smart Energy Code content and related supply licence amendments – March 2015²;
 - Consultation on new Smart Energy Code content and related supply licence amendments – July 2015³.

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/329306/SEC4_-_Consultation_Document.pdf

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/416074/15_03_24_March_2015_SE_C_Consultation_Doc_FINAL.pdf

³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/446617/15_07_17_Summer_2015_SEC_and_Supply_Licence_Consultation_Doc_Final_revised_version.pdf

2 Introduction

2.1 A new industry code

5. Smart meters are the next generation of gas and electricity meters. They will offer a range of intelligent functions and provide consumers with more accurate information, bringing an end to estimated billing. Consumers will have near-real time information on their energy consumption to help them control and manage their energy use, save money and reduce emissions.
6. On 23 September 2013, a new licensed entity, the DCC, was established. Together with its contractors, the Data Service Provider (DSP) and Communications Service Providers (CSPs) and others, the DCC will provide a smart meter communications service. The DCC will offer a means by which Suppliers, Network Operators and others can communicate remotely with smart meters in Great Britain.
7. The SEC is a new industry code which was created through, and came into force under, the DCC Licence. The SEC is a multiparty contract which sets out the terms for the provision of the DCC's smart meter communications service, and specifies other provisions to govern the end-to-end management of smart metering.
8. The DCC, Suppliers of energy to domestic and smaller non-domestic customers, and Network Operators are required by their licences to become parties to the SEC and to comply with its provisions. Other bodies who are not Parties but wish to use the DCC's services, such as energy efficiency and energy service companies, or those that require Smart Metering Key Infrastructure (SMKI) Certificates to be placed on smart metering devices, must accede to the SEC to do so.
9. Consistent with other energy industry codes, the SEC is self-governed, enabling participants to raise change proposals, debate issues, and resolve disputes without the need for day-to-day regulatory intervention. It is managed by a Panel drawn from SEC Parties ('the SEC Panel') and is subject to the regulatory oversight of Ofgem. The Panel is supported in the day to day administration of the SEC by a Code Administrator and Secretariat (SECAS). This document includes provisions at Chapter 17 that further activate the SEC Panel's role in the modification process.

2.2 Outstanding consultations on the Smart Energy Code

10. A consultation on Stage 4 of the SEC (SEC 4) was published on 30th June 2014⁴. Substantial parts of its content have already been concluded upon, but a small number of topics from this consultation remain outstanding. Additional SEC consultations were

⁴ [https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/329306/SEC4 -
Consultation Document.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/329306/SEC4_-_Consultation_Document.pdf)

published on 26 March 2015⁵ and 16 July 2015⁶, which included a number of new proposals. This document provides the Government response to these consultations.

2.3 Responses to the SEC consultations

11. The SEC 4 consultation on draft legal text for Stage 4 of the SEC was published on 30 June 2014 and closed on 25 August 2014. It contained 66 questions in total; this response document relates to 2 of them. The March 2015 SEC consultation was published on 26 March 2015 and closed on 29 May 2015. It contained 9 questions in total; this response relates to all of them. The July 2015 SEC consultation was published on 16 July 2015 and closed on 1 September 2015. It contained 33 questions in total; this response relates to all of them.
12. A list of those who responded to these consultations is provided at Annex A. Responses are available on the Government website. A list of all consultation questions responded to in this document is provided at Annex B.

2.4 Responses to the SEC4 consultation

13. There were 35 responses to the SEC4 consultation, including:
 - Large and Small Suppliers;
 - electricity distribution and gas transportation networks (Network Operators);
 - trade bodies;
 - energy data managers;
 - consumer group;
 - energy code administrators;
 - Data and Communications Company (DCC);
 - meter technology providers; and,
 - Ofgem.

2.5 Responses to the March 2015 SEC consultation

14. There were 10 responses to the March 2015 SEC consultation, including:
 - Large Suppliers;
 - electricity distribution and gas transportation networks (Network Operators);
 - consumer group; and
 - Data and Communications Company (DCC).

⁵https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/416074/15_03_24_March_2015_SE_C_Consultation_Doc_FINAL.pdf

⁶

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/446617/15_07_17_Summer_2015_SE_C_and_Supply_Licence_Consultation_Doc_Final_revised_version.pdf

2.6 Responses to the July 2015 SEC consultation

15. There were 18 responses to the July 2015 SEC consultation, including:
- Large and Small Suppliers;
 - Electricity distribution and gas transportation networks (Network Operators);
 - Consumer group;
 - Energy code administrators;
 - Meter technology provider;
 - Data and Communications Company (DCC); and,
 - Ofgem.

2.7 Introducing this legal drafting into the regulatory framework

16. The final legal text supporting most policy areas concluded on as part of this publication will be laid in Parliament following publication of this document and incorporated into the SEC following the procedure under Sections 88 and 89 of the Energy Act 2008.
17. During the Transition phase to Completion of Implementation, certain enduring Sections of the SEC remain switched off until activated into legal effect. Section X, as part of its Transition Objective, enables such inactive provisions to be activated at appropriate points during this phase. In line with this objective, some SEC provisions concluded on here and in previous conclusions will be 'switched on' i.e. made legally effective, immediately on incorporation into the SEC, whilst some provisions will be incorporated into the SEC but will not be legally effective until a later date. The 'SEC Section Guidance' page of the SECAS website⁷ maintains a list of all SEC Sections which are in effect, varied or inactive. New sections coming into legal effect via Section X drafting as a result of the Section X text that is now being laid before Parliament are Sections F4.1-F4.8, F10, H12, H13 and H14.35-H14.36. Additionally, there are transitional provisions being added to Section X that will come into legal effect (as marked-up in X1, X2, and X3).
18. Subject to no objection being raised in Parliament during the 40 day Parliamentary laying period, and to subsequent signature by a Minister, we expect the SEC legal text that is laid will be incorporated into the SEC early in 2016. Equally, we expect the Supply Licences and DCC Licence text that is laid to be effective at the same time.
19. We will also be using this opportunity to make some minor typographical changes which are required to the current version of the SEC that is in force. These will be included in the changes to be laid in Parliament.
20. Annex C (attached separately to this document) sets out the concluded SEC legal text as it would look combined with all the SEC drafting most recently published.
21. Annex D sets out how the DCC Licence will look once the proposed text is incorporated into the current Licence. Annex E sets out how the proposed text will look once incorporated into the Gas and Electricity Supply Licences.

⁷ <https://www.smartenergycodecompany.co.uk/sec/sec-and-guidance-documents>

22. Changes that have subsequently been made to the legal text we consulted upon are marked up and final conclusion text (including the consultation legal text and any changes made to it at conclusion) is highlighted in blue.
23. Every effort has been made to ensure that the explanatory text in the main body of this response document reflects the legal drafting included in Annexes C, D and E. We have sought to ensure that the explanatory text provides a clear and simplified overview of our proposals. However, in the event of any discrepancy the legal drafting should be treated as the definitive text. Where terms are capitalised in this consultation document they are SEC defined terms.
24. The remaining regulatory changes are primarily the detailed implementation of agreed policy ahead of transitioning the SEC to be an industry-managed Code. An Impact Assessment for Smart Metering was published in January 2014. This estimated the costs and benefits associated with the GB roll-out of smart meters and identified a substantial net benefit of £6.2bn for the period to 2030 from the programme. A further update to the impact assessment is expected to be published in the first half of 2016.

2.8 The future

25. We are implementing the initial drafting of the Smart Energy Code to ensure that it will support the plan for delivery of the DCC's services, and that it remains fully aligned with the content and conclusions of the various consultations on SEC subsidiary documents. A revised plan was approved by the Secretary of State on 5 March 2015 and, at the time of writing, a further consultation by the DCC is under consideration, concerning the use of contingency within the March 2015 plan, and a new approach to the release of functionality.
26. It is expected that some further matters, including regulatory changes to accommodate this new approach, will be the object of further consultations during 2016.

3 DCC Services

3.1 Performance Reporting

Summary of Issue under Consideration

Section H13 of the SEC provides for performance reporting by the DCC to its stakeholders. The approach in the SEC recognises the need for transparency, with the provision of relevant information to SEC Parties and other key stakeholders, while making allowances for commercial sensitivities. Thus routine reporting will be provided to SEC Parties, the SEC Panel, Ofgem and DECC; and the SEC Panel will have the discretion to release information to other persons. Section H13 requires the DCC to report against a list of Code Performance Measures and Reported List of the Service Provider Performance Measures, the latter being initially prescribed by the Secretary of State and then capable of amendment by the DCC subject to SEC Panel oversight.

The March 2015 SEC consultation proposed that H13 of the SEC was incorporated within the next stage of the SEC and at the same time the Secretary of State should formally prescribe the initial Reported List of Service Provider Performance Measures.

Question 1 of the March 2015 SEC consultation sought views on the legal draft of H13 as well as the proposal to incorporate H13. Views were also sought on the additions to the draft Reported List of Service Provider Performance Measures related to Communications Hubs.

Question 2 of the March 2015 SEC consultation sought views on the proposal for the Secretary of State to formally prescribe the initial Reported List of Service Provider Performance Measures.

Government Consideration of Issue

27. Most respondents were supportive of the proposals and a few points of detail were raised.
28. A few respondents sought further understanding of the service level metrics for the Reported List of Service Provider Performance Measures, given that these were shared with industry some time ago and one respondent suggested that the performance reporting should be made available online to deliver transparency. We are pleased that the DCC has engaged with stakeholders on the methodology for performance reporting arrangements as stakeholder engagement by the DCC on this matter was highlighted as important by some respondents and the DCC has provided visibility of the performance levels to stakeholders. However it should be noted that public reporting is not considered appropriate given the DCC's commercial arrangements with its service providers and thus the reporting will be to SEC Parties, the SEC Panel and Ofgem.
29. One respondent suggested H13 should be amended to include both anticipated reductions and increases in the DCC's costs. We do not consider that this amendment is necessary, since there is only the scope for costs to reduce in the circumstances that the level of performance falls and thus the current drafting is sufficient.
30. One respondent queried whether SMKI related service credits would be reported given the reference to internal costs. We can confirm that the legal drafting ensures that all SMKI service credits that are reported as SMKI costs are classified as 'internal' within the price control regime set out in DCC Licence Condition 36, and consequently SMKI related service credits will be reported.

31. One respondent suggested a tightening of the timeframes for reporting in H13 whereas the DCC has highlighted subsequently that the 15 working day reporting cycle in H13.4 is inconsistent with the timeframe in their service provider contracts which has interim reporting after 15 working days and allows 25 working days to finalise this performance reporting. We consider that it would be prudent to amend the SEC reporting requirements to 25 working days to ensure that the DCC's reporting is not based on provisional information.
32. In the SEC3B conclusion⁸ the fourth Code Performance Measure (for Severity 1 & 2 Incidents) was amended to be based on an N-1 Target Service Level (where N represents the total number of incidents in the month). It has been highlighted that there is an issue with this metric as the DCC could completely fail to resolve one incident each month but would still meet the target. Therefore this will revert to being a percentage metric which will ensure that the DCC has an incentive to resolve all Severity 1 & 2 Incidents within the Target Resolution Time and to report on any which do not meet this target.
33. DCC suggest a phased implementation of H13 so that reporting only commences once each element of the service is live. We consider that it is important to bring the whole of H13 into effect at the same time to allow the DCC to adjust the methodology during the implementation phase and build up reporting over time. Furthermore, nil or partial reporting is not considered to be an overly onerous requirement for the DCC.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

H13 of the SEC will be incorporated and brought into effect into the SEC subject to the following amendments:

- the timeframe in H13.4 will be amended to require reporting within 25 working days; and
- The 4th Code Performance Metric will revert to a percentage metric.

The initial Reported List of Service Provider Performance Measures will be provided to the DCC, SEC Parties, the Panel and Ofgem shortly.

Final Legal Text Affected

SEC Section	Content
H13	H13.1, H13.4, H13.6
A	Definition of <i>Reported List of Service Provider Performance Measures</i>

⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/319645/sec_3_b_response.pdf

3.2 Processing Service Requests and Smart Metering Inventory and Enrolment Services Withdrawal and Decommissioning

Summary of Issue under Consideration

As part of our proposals presented in SEC4 (June 2014), we refined a number of processes the DCC and Users should follow when processing Service Requests. The principal changes that were proposed included:

- Changes to the treatment of Devices that fall off the Certified Products List (CPL) (and equivalent changes to the treatment of Communications Hub Functions that fall off the CPL);
- Further detail on the security arrangements associated with processing Service Requests;
- Further detail on the treatment of specific types of Service Requests ('Change of Supplier Update Security Credentials', 'Restore HAN Device Log' and 'Joint Service').

Question 35 of the SEC4 consultation sought views on whether respondents agreed with the proposed approach and legal drafting in relation to processing Service Requests.

Question 36 of the SEC4 consultation sought views on a number of changes made in relation to Smart Metering Inventory and Enrolment Services. These were, for example, additional changes clarifying security credentials, confirming the identity prior to commissioning it and changes to permit both Suppliers and Registered Supplier Agents to add devices to the Smart Metering Inventory so long as these Devices are on the CPL.

Additionally, in November 2014 we signalled our intention to move many of the provisions of H4 (which concerned the detailed procedural requirements of DCC and Users in submitting and processing Service Requests via DCC Systems) into a subsidiary document as these provisions are largely procedural in nature. We concluded on this approach in March 2015 and in the July 2015 SEC consultation asked for respondent's comments on the proposed legal drafting (questions 3, 4, 6 and 7).

Government Consideration of Issue

Processing Service Requests – SEC4 (June 2014)

34. We have not yet responded to a number of comments made to the proposals for processing Service Requests (question 35) set out in the SEC4 2014 consultation. Whilst in some cases, the relevant provisions have been moved to the Service Request Processing Document, the comments remain relevant and are discussed below.
35. One respondent disagreed with the proposed drafting that placed an absolute requirement on Users to avoid sending Service Requests that would result in communications to Suspended Devices, since it may be the case that they do not yet know that that device is suspended, as no specific timescales for such a notification are set out. We accept this comment and a change has been made to the relevant provisions (Clause 2.1 of the Service Request Processing Document). We have also reworded this text to now clarify that such Service Requests may be sent where they would result in the Device's Device Model becoming one that is listed on the CPL, rather than resulting in the Panel adding the Device Model to the CPL as previously drafted.
36. One respondent commented that it was not clear how the Change of Supplier (CoS) Party will be able to map the User ID for the Service Request to the Market Participant IDs held

in registration data. Our understanding is that the CoS Party will have access to this information (via DSP) and hence that the checking requirements placed on the CoS Party (now in Clause 8.1(b) of the Service Request Processing Document) are appropriate. Please note that section G2.21 of the SEC permits the CoS Party to access Data Service Provider (DSP) systems for this purpose. We consequently do not believe that any further changes are needed for this purpose.

37. One respondent queried the drafting of what was previously Section H4.11(j) which implied that the DCC will “open up” ‘CoS Update Security Credentials’ Service Requests in order to confirm whose Certificate is contained within the Request. Our understanding is that DCC will do this at the stage where such requests are in Service Request Format (i.e. at the stage where the Service Request is initially received from the User), but will not “open up” GBCS format Signed Pre-Commands for such purposes.

Processing Service Requests – SEC July 2015

38. The DCC, four Large Suppliers, one Network Party, one MOP/MAP/MAM (Meter Operator, Asset Provider, Asset Manager) and one Other Government party responded with comments to questions 3, 4, and 6. In general responses were positive with some questions about the detail, some comments regarding the alignment of proposed solutions and the drafting and some requests for further information. There were a number of general clarifications requested and typos reported. Additionally a number of specific issues were raised by respondents and are as follows:
39. One respondent queried the statement in Clause 6.2 of the Service Request Processing Document that the DCC need not check that a Supplier sending a ‘Join’ Service Request to join an ESME or GPF with an IHD, is the Responsible Supplier. Originally the check was not required as there were no incentives for a Supplier to join an IHD (as distinct from a CAD) where they were not the Responsible Supplier, however as the check is applied we have decided to remove the Clause 6.2 (a).
40. One respondent pointed out that Clause 7.1 required the DCC to check the certificate(s) in the GBCS payload of a Signed Pre-command. This check is undertaken on receipt of the Service Request, which is subsequently translated, parsed, correlated and signed by the Supplier. Consistent with the implementation of the DCC’s systems we accept that it is sufficient for the DCC to check the certificates only in Service Requests and that as the Signed Pre-command is signed, DCC may rely on this as the User’s assertion that the Signed Pre-command is substantively identical to the Service Request (including any certificates that the Service Request may have contained).
41. With regard to DCC Alerts (Clause 15.1) one respondent replied that the DCC does not return to a User, all alerts that might be received from a Communications Hub, and in fact only those that are identified as generating DCC Alerts in the DCC User Interface Specification should be included. We accept this point and will amend the drafting accordingly.
42. One respondent commented that DCC functionality does not currently allow it to send an alert to a Party other than the requester where security credentials are being updated, for instance where a Supplier updates the Network Party credentials. The importance of these alerts and the functionality to provide them has been recognised within the current DCC re-planning exercise.
43. Clause 16.1 regards Non-Device Service Requests. One respondent commented that the Service Requests listed did not comprise the full set of Non-Device Service Requests. Whilst true, we did not believe it necessary to specify the DCC actions in response to all of these Service Requests (particularly ones that provide information for DCC Systems)

since DCC has a general obligation to keep the information it has up to date in light of the information it receives. Nevertheless, for clarity and completeness in this clause, we will amend the text such that Clause 16.1 (d) relates to all Non-Device Service Requests that contain data that DCC requires in order to update and manage its systems.

44. It was further pointed out that the Responses are sent only to the party that generated the corresponding Service Request and that Clause 15.2 implied that in some instances multiple Users may receive a response. Instead, in some cases, the DCC will create and send a DCC Alert to other parties that have a requirement for data arising from a process (for instance the Losing Supplier in a Change of Supplier scenario). We will amend Clause 15.2 to reflect this.
45. Clarification was sought on what was meant by Device Security Credentials in Clause 18.1. We would point this respondent to the definition of Device Security Credentials in Section A. Essentially, the Device Security Credentials comprises (where relevant) that Device's Device Certificates and information from OCA and Organisation Certificates are stored on that Device.

Smart Metering Inventory and Enrolment Services Withdrawal and Decommissioning – SEC4 (June 2014)

46. A number of comments were made on the proposals relating to Inventory, Enrolment, Withdrawal and Decommissioning set out in the SEC4 2014 consultation to which the Government has not yet responded. Whilst in some cases, the relevant provisions have been moved to the Inventory, Enrolment and Withdrawal Procedures subsidiary document, the comments remain relevant.
47. A Network Operator respondent requested more information to clarify how Network Operators (NO) will identify which NO certificate is installed on which meter, stating that it was likely that they would maintain multiple versions of their Organisation Certificate. Network Operators are able to interrogate devices to determine which of their credentials are stored upon them. Furthermore, they are able to replace their credentials on devices and so may tailor their estate accordingly. We do not propose to place SEC obligations on Suppliers to require them to place specific NO credentials on devices post commissioning, other than that those that they do place on devices must be appropriate credentials of the relevant Network Party. Any further coordination of these matters may be agreed between Network Parties and Suppliers. It should also be noted that Registered Supplier Agents are not authorised to replace security credentials on devices.
48. A number of respondents made comments on the then proposed post-commissioning obligations. The proposed approach in this area has now changed in light of the proposed monitoring that DCC will be undertaking and hence these comments have been superseded.

Smart Metering Inventory and Enrolment Services Withdrawal and Decommissioning – SEC July 2015

49. The DCC, four Large Suppliers, two Network Parties, a MOP/MAP/MAM and an Other Government party responded to this question. As well as identifying typos and instances where there are minor misalignments between the legal text and the proposed solution, there were a number of requests for clarity and more information.
50. One respondent recommended that the status of 'Pending' be added to the list of SMI statuses where a device can be joined to a Gas Meter or Gas Proxy Function (Clause 4.6 (c) of the Inventory, Enrolment and Withdrawal Procedures). This amendment will enable Users to 'queue' a set of Local Command Services on a Hand Held Terminal. Without this amendment an installer would have to wait until the SMI status of devices had updated in

DCC systems. Given this impact we consider it appropriate to make the amendment. As a consequence the text in Clause 4.6 (d) is now not required and so shall be removed.

51. Clause 5.9 refers to Post Commissioning Obligations reports being made available over the Self Service Interface (SSI). These reports specifically will be made available by a secure electronic mechanism and not via the SSI and so the text has been updated to reflect this.
52. The current drafting (Clause 4.7) provides that when a Type 1 device is joined to a Gas Proxy Function or an Electricity Meter it has the same Smart Metering Inventory (SMI) status as the Electricity Meter or Gas Proxy Function – thus if an Electricity Meter has a status of ‘Installed Not Commissioned’ (because the Home Area Network (HAN) has been established but there is no Wide Area Network (WAN) connectivity at the site as yet) any Type 1 device that is joined to it will also have the SMI status of ‘Installed Not Commissioned’. When WAN connectivity is established and the Supplier commissions the meter, the current drafting (Clause 4.14) requires that the DCC set the SMI status of associated Type 1 devices to ‘Commissioned’ as well. One respondent commented that the current DCC solution will not meet the requirements of Clause 4.14. Similar issues apply to the status of a Gas Proxy Function joined with a Gas Smart Meter that is ‘Installed Not Commissioned’ and Type 1 devices joined with a Gas Proxy Function. We consider that this functionality is required, yet recognises that DCC will need to build it and so proposes to leave the text as drafted and allow, via transitional provisions of the subsidiary document, DCC a period of time to build, test and make this functionality available.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

The changes mentioned above will be incorporated into the legal drafting of the Inventory, Enrolment and Withdrawal Procedures.

Clause 4.6 (d) has been removed. Clause 4.6 (c) has been amended to include the SMI status of Pending.

Clause 5.9 has been amended to remove references to SSI and replace them with “secure electronic means” as the mechanism for making reports available.

Final Legal Text Affected

SEC Section	Content
A	Inventory Enrolment and Withdrawal Procedures
Appendix	Updated versions of the Service Request Processing Document and the Inventory Enrolment and Withdrawal Procedures. Please note that we do not propose to incorporate these documents into the SEC at this stage, but instead intend to separately consult on the timing of their incorporation in the New Year.

3.3 Business Continuity and Disaster Recovery

Summary of Issue under Consideration

Section 7.7 of the SEC4 consultation set out new requirements to describe the DCC's obligations relating to its Business Continuity and Disaster Recovery (BCDR) procedures, including how they are tested and the role of other SEC Parties in ensuring that the procedures are complied with. New requirements (in Section H10 of the SEC) included provisions covering what would happen on the occurrence of any significant disruption to Services, and specifically that the DCC should use its reasonable endeavours to ensure that those Services are restored within 4 hours, and in any event to ensure that Services are restored within 8 hours of the occurrence of that disruption. Other requirements were also added for the DCC to provide a report on any significant disruption to its Services. To support these new requirements in H10, Section M3.3 was also amended to make clear that the DCC will not be able to claim Services Force Majeure where it has failed to follow any steps set out in the BCDR Procedures.

Government Consideration of Issue

53. Three responses were received regarding the proposed drafting relating to Business Continuity and Disaster Recovery in the SEC, with all broadly agreeing with our proposals.
54. Responses included an explicit request to define 'Disaster', replacing the use of 'significant disruptions' in order to clarify when certain relief would be relevant. We have included this definition in Section A of the SEC.
55. One respondent highlighted that the current provision for Services Force Majeure, which requires that the DCC must follow its BCDR Procedures, does not currently allow for a better course of action to be taken where it is justified as more appropriate, and that the current drafting may therefore disincentivise appropriate action being taken. The respondent proposed a change to the definition of Services Force Majeure to provide relief due to circumstances outside of the DCC's control where it had followed industry best practice. We agree that it is beneficial for the DCC to follow the most appropriate course of action to recover services in the event of a Disaster, irrespective of whether this is covered in the BCDR procedures, however, the use of alternatives to the specified procedures should be subject to additional ex post scrutiny to ensure that any alternative course of action was appropriate.
56. In discussions with stakeholders during the consultation period, a request was made to link a Disaster to a DCC Major Incident as defined in the SEC, which would mean that all Major Incident reporting and notification obligations would continue to apply in the event that a Disaster was invoked. This would include aligning the reporting cycles on Major Incidents and Disasters (Sections H9.10-H9.14) as well as the inclusion of data loss as a result of a Disaster in Major Incident Reports. We support the view that a Disaster should always be related to a Major Incident and that the timelines for DCC reporting on both should be merged. The link between a Major Incident and a Disaster has been included in the Incident Management Policy.
57. Stakeholders additionally noted that DCC should not be required to always achieve service restoration times as specified in Section H10.13 in the event of a Disaster affecting a DCC Gateway Connection. We agree in principle that Parties should follow industry best practice and procure backup connections for the DCC Gateway if they want

to ensure that they are protected from a temporary loss of service in relation to any particular connection. We consider that it may be unreasonable for the DCC to be required to ensure that DCC Gateway Connections are restored in line with the timeframes in H10.13 if this requires a site visit. Under these circumstances the DCC should, however, still restore the connection at the earliest opportunity. As this is a matter that has not previously been consulted upon, we will consult on this point prior to commencement of DCC Live operations and make further amendments to the SEC to adjust the rules in relation to DCC Gateway Connections if appropriate following the outcome of that consultation.

58. One respondent suggested that the definition of Services Force Majeure in the SEC should be extended to include text that would allow the provision of sufficient relief in the event of a disaster due to circumstances outside of the DCC or its Service Providers' reasonable control, whilst being limited to the extent that relief would only be granted where events could not have been prevented or avoided by the DCC or its Service Providers acting in accordance with Good Industry Practice. The same respondent also suggested the addition of drafting allowing the DCC to claim relief from liability for non-performance of its obligations in respect of the Services to the extent this is due to Force Majeure.
59. We do not believe that it would be appropriate at this juncture to make the more fundamental changes to the provisions governing Services Force Majeure that have been proposed. Were they to be changed, it would be likely to be appropriate to consider a change to DCC's allowable revenues commensurate with the change in risks accruing to DCC and those of its service providers as a result of such change, as well as understanding how such change in risk would affect payments by DCC under its service provider contracts. If, in the future, it is considered appropriate to review these arrangements further then such matters can be raised through the enduring SEC modification process and the interactions with allowable revenues considered by Ofgem at that time.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

We will be incorporating the SEC legal text supporting the Business Continuity and Disaster Recovery Provisions on which we consulted, including the minor changes described above.

Provisions in the Legal text that are being changed/introduced

SEC Section	Content
H	H9, H10
M	M3.3
A	Disaster, BCDR Procedure

4 Communications Hubs

4.1 Re-using Communications Hubs

Summary of Issue under Consideration

We proposed that Suppliers should be able to re-use non-defective Communications Hubs that they have removed from a premises, rather than returning them to the DCC, subject to two conditions. Firstly, where the Gas Proxy Function within a Communications Hub holds the security credentials of a particular Gas Network Party, the Communications Hub should only be re-used in premises connected to the same Gas Network Party's transportation network. Secondly, any energy consumption data which has been recorded on its Gas Proxy Function must be deleted prior to it being installed in another premises so that the personal data of the previous consumer is not available to be viewed by the new consumer. In addition, the Supplier would be subject to a Communications Hub stock level charge (as opposed to an operational usage charge) where the Communications Hub is removed but retained by the Supplier for subsequent re-use.

We believed that permitting Suppliers to re-use Communications Hubs, subject to the conditions set out above, will be more cost effective than requiring all Communications Hubs that have been removed from premises to be returned to the DCC.

Question 21 of the July 2015 SEC consultation sought views on the proposals, and associated legal drafting (including the proposed changes to the Communications Hub Installation and Maintenance Support Materials (CHIMSM) at Annex D), which would permit Suppliers to re-use Communications Hubs that they have removed from consumer premises in certain circumstances.

Government Consideration of Issue

60. A substantial majority of respondents supported our proposals for the re-use of Communications Hubs that had been removed from premises, but some tempered their support with concerns about implementation.
61. The DCC remarked that while it supported the principle that a Supplier should be able to re-use Communications Hubs in the circumstances that we had proposed, this would require it to undertake a number of changes to its systems. These would include providing a means for Suppliers to inform it that a Communications Hub has been removed but is pending re-installation in order to enable accurate tracking of these assets and modification of its charging methodology to ensure the Communications Hub stock-level charge will be paid by Suppliers in relation to any Communications Hubs that they remove and retain for re-use. The DCC commented that since the cost to the DCC of implementing the changes required to support re-use would be borne by all Parties, but not all Parties may choose to utilise this capability, designation of the proposed drafting on re-use should not take place until a full impact assessment has been completed. A number of other respondents also echoed the DCC's concerns that systems changes would be required.

62. We recognise that the re-use of Communications Hubs that had been previously connected to the SM WAN or formed part of the HAN (those with the status 'commissioned' or 'installed not commissioned') may require the DCC to undertake modifications to its systems. In particular, the DCC would need to be put in place processes to enable a change in the charging status for a Communications Hub that had been removed from a stock charge to an operational charge. While we continue to support the principle that Suppliers should be able to re-use these Communications Hubs, we consider it prudent to request the DCC to undertake an impact assessment to determine whether the benefits of permitting their re-use outweighs any costs which could arise from implementing this policy. Our policy decision on the re-use of these Communications Hubs will be informed by the outcome of this impact assessment. We will commission the DCC to complete this impact assessment as soon as reasonably practicable and to indicate by when it can be completed. We expect that the numbers of Communications Hubs that would be available for potential re-use in the early days following DCC's enrolment and communication service going live is likely to be low. Pending the completion of this impact assessment, Suppliers will be required to return to the DCC any Communications Hubs that they have removed from premises with the status 'commissioned' or 'installed not commissioned' (Communications Hubs which have been allocated an operational use charge). The drafting which we consulted upon for the CHIMSM on notification of Communications Hubs that are removed for re-installation will not be taken forward until this review has been completed.
63. For clarity, changes to the DCC's systems will not be required to enable the re-use of Communications Hubs that have been installed but had not been connected to the SM WAN or the HAN (those not bearing the status 'Commissioned' or 'Installed not Commissioned') and are not defective or faulty and there is nothing that prevents this.
64. Respondents sought clarification and assurance on a number of aspects of our proposals for re-use of Communications Hubs. A consumer organisation made its support for the policy conditional on a thorough process being put in place to ensure that no consumer data remains on any communications hubs that are re-used. The DCC similarly commented that the means by which Suppliers should ensure Gas Proxy Function (GPF) consumption data is deleted should be more clearly set out. These processes are laid out in the technical specifications and in the DCC User Interface Specification, and we consider this sufficient.
65. A Large Supplier suggested that Users ought to be able to carry out basic checks of Communications Hubs following their removal as this would increase the chances of their re-use. These checks could include determining whether they are capable of establishing a SM WAN connection which is not possible under the existing drafting of the CHIMSM which prevents DCC Users from allowing a Communications Hub to connect to the SM WAN prior to its installation for the purposes of Commissioning it. The DCC also commented that verification of removed Communications Hubs to establish if they are capable of being successfully re-installed has potential benefits and noted that additional changes to CHIMSM may be warranted to allow for this. We have not made provision for the proposed checking of Communications Hubs as a Communications Hub that was operating correctly when it was removed could reasonably be expected to work in future, but if Parties consider it a valuable capability that they could consider proposing a modification under the enduring SEC modification process at an appropriate point in time.
66. A few Large Suppliers were disappointed at the proposed restriction that a Communications Hub could only be reused in premises connected to the same gas network to which it was connected previously. We consider this restriction to be necessary as the security model that has been adopted for smart metering would not

allow a Supplier to place the certificates of another Gas Transporter onto the GPF of a Communications Hub prior to it being commissioned. There is nothing to prevent Suppliers' requesting this of Gas Transporters, however it was not considered appropriate to make this an obligation on Gas Transporters in the SEC.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

We will commission the DCC to undertake an impact assessment to determine whether the benefits of allowing re-use of Communications Hubs that had been connected to the SM WAN or have been used to form a HAN, under the proposals that had been set out in the July 2015 SEC consultation, would outweigh the necessary costs of the changes to its systems.

Pending the completion of an impact assessment by the DCC on the re-use of Communications Hubs, Suppliers will be required to return any Communications Hubs that they have removed from premises where they have been connected to the SM WAN or been used to form a HAN (those which bear the status 'Commissioned' or 'Installed not Commissioned'). The changes to the CHIMSM that we consulted upon to support the re-use of Communications Hubs will not be made prior to the conclusion of this impact assessment.

Suppliers will be able to re-use Communications Hubs which they have removed where they had not been connected to the DCC (those which do not bear the status 'Commissioned' or 'Installed but not Commissioned').

Final Legal Text Affected

SEC Section	Content
F	F4.7, F4.8, F7.3, F7.4, F8.6 and F8.7
K	K7.5

4.2 Obligations to establish compliance with the Communications Hub Support Materials (CHSMs)

Summary of Issue under Consideration

The July 2015 consultation proposed an obligation on Suppliers to respond to reasonable requests from the DCC for information relating to their compliance with the CHSMs, and a reciprocal obligation on the DCC to respond to reasonable requests from Suppliers on the DCC's compliance. We also proposed a mechanism to allow the DCC to visit consumer premises to establish whether installations were carried out in compliance with the CHSMs, subject to certain conditions.

We proposed these obligations to provide a means for the DCC to establish if energy Suppliers are complying with the CHSMs. We believed this was necessary as some of the performance measures that apply to Communications Service Providers under their contracts with the DCC are subject to this compliance. We also argued that these proposals would enable evidence to be gathered for the purpose of a SEC modification proposal where existing processes were found to require improvement. We believe that where Suppliers have reason to believe that the DCC is not complying with the support materials, they should similarly be able to request evidence of compliance from the DCC.

Question 22 sought views on the proposal, and associated legal drafting, for an obligation for Supplier Parties to respond to any reasonable request from the DCC for information pertaining to compliance with the CHSM and for a reciprocal obligation to be placed on the DCC; and

Question 23 sought views on the proposals, and associated legal drafting (including the proposed changes to the CHIMSM at Annex D), relating to visits by the DCC to consumer premises.

Government Consideration of Issue

67. There was broad support for the proposal and associated legal drafting for an obligation on Supplier Parties to respond to any reasonable request from the DCC for information pertaining to compliance with the CHSM and for a reciprocal obligation to be placed on the DCC. DCC noted that the proposed obligation to respond to DCC requests for information only applied to Supplier Parties, whereas the Communications Hub Handover Support Materials (CHHSM) placed obligations on other Parties, including non-Supplier Parties which order and take receipt of Communications Hubs. DCC expects that these Parties are also required to provide evidence of CHSM compliance on request. The DCC may require information relating to activity other than installation and maintenance, for example, in relation to storage conditions for Communications Hubs. We have decided to amend the obligation such that it is extended to all SEC Parties as we agree that the DCC may have reason to seek information from parties other than Suppliers to establish compliance with the CHHSM.
68. Clarification was sought by some Large Suppliers on what would constitute a reasonable request for information. We believe that what constitutes a reasonable request in these circumstances is not something that can be definitively determined in advance given the difficulty in anticipating the compliance issues which the DCC may have reason to investigate in the future. The concept of 'reasonableness' is used extensively in the SEC and we do not consider it appropriate, or practical, to set out exhaustive criteria. We

have however amended the legal drafting for the obligation to request information to clarify that any such request must only be in respect of compliance with the CHSMs.

69. Respondents generally agreed with the proposals and associated legal drafting relating to visits by the DCC to consumer premises but a number of concerns were raised, most of which related to the way in which the DCC would conduct visits at consumer premises. Some Suppliers questioned how DCC representatives could be relied upon to meet the same standards as their own staff when attending the premises of their customers. One Large Supplier commented that the DCC should not provide any information directly to their consumers as to whether their installation was compliant or not. To ensure that visits by DCC representatives will be conducted in a way that is satisfactory to Suppliers, we have added an obligation in the SEC on the DCC to comply with any reasonable requests by the Supplier when attending a premises. This is in addition to the obligations on the DCC when attending customer premises to act in accordance with Good Industry Practice and the applicable consent (as notified to the DCC), and comply with all Laws and/or Directives applicable to the Supplier Party or its representatives (and notified to the DCC).
70. One Large Supplier noted that, under Standards of Performance Regulations, they could be liable for penalty payments where the DCC failed to keep appointments to visit premises and suggested that they ought to be able to recover these, as well as recompense for their reasonable costs, from the DCC. We do not believe that creating a process for reimbursing Suppliers in this instance is justified, due to the very small number of DCC visits (if any) that are anticipated.
71. Some respondents considered that the 09:00 to 17:00 time period in which visits can be undertaken (as set out in the CHIMSM) should be extended to 08:00 to 20:00 on the grounds that this would be in line with other industry practices. Given these visits should only rarely occur and the possible cost implications of amending CSP contracts to extend the times which have not been impact assessed, we consider the times should remain 09:00 to 17:00. However, if operational experience indicates that a change would be beneficial, Parties will have the ability to raise a modification.
72. A Large Supplier queried why the obligation to take all reasonable steps to obtain the consent of the customer, in advance of a visit by the DCC to their premises, should always fall on the Lead Supplier. It is possible that maintenance of a Communications Hub that is shared between an Electricity and Gas Supplier could be undertaken by either Supplier (not just the Lead Supplier). It may therefore be that in some instances, it is not the Lead Supplier to which the DCC is directing its queries. We have therefore amended the drafting such that the DCC can request customer consent for a visit from any Responsible Supplier for a Device (CHF or GPF) comprising part of the Communications Hub.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

The DCC will be required to reply to any reasonable request from a Supplier for information pertaining to compliance by the DCC with the CHSM. Suppliers will be required to reply to any reasonable request from the DCC for information pertaining to compliance by that Supplier Party with the CHSM.

The DCC will be able to request access to a premises where a Communications Hub is installed from any Responsible Supplier for the Devices that comprise part of the Communications Hub in question. Where the Responsible Supplier refuses to consent to this access, the DCC may refer the matter to the SEC Panel. Any access is subject to the

Supplier gaining the consent of the energy consumer at the premises. Where the DCC is given consent to visit a premises, it does so following the procedures set out in the SEC, acting as a contractor of the Supplier and in accordance with other specified requirements, including the reasonable requests of the Supplier.

The consultation drafting has been changed such that the rights and obligations with regard to reasonable requests for information concerning complaints with the CHSM will apply to SEC Parties, as well as Supplier Parties and the DCC. The obligations on the Lead Supplier in relation to visits by the DCC to premises have been transferred to any Responsible Supplier.

Final Legal Text Affected

SEC Section	Content
F	F7.11 to F7.17

4.3 Failure of Parties to accept delivery of Communications Hubs

Summary of Issue under Consideration

We proposed an obligation for Parties to reimburse the DCC for reasonable costs where the DCC is unable to deliver Communications Hubs due to a breach of the SEC by the Party. This was regarded by us as a necessary supplement to the right for parties to cancel consignments of Communications Hubs only up to within 48 hours of the Delivery Date.

Question 24 of the July 2015 SEC consultation sought views on the proposals and associated legal drafting, for Parties to be liable for all reasonable costs and expenses incurred by the DCC as a result of a delivery of Communications Hubs being prevented from taking place in accordance with the SEC, due to a breach of the SEC by that Party.

Government Consideration of Issue

73. Two Suppliers commented that Parties should not be required to reimburse the DCC for costs where they are unable to receive deliveries due to factors beyond their control, including where the DCC had not provided them with sufficient notice for the delivery. As Supplier Parties are required to either specify (or in the case of DCC rescheduled deliveries, agree) to the Delivery Date, they should always be able to ensure that they have sufficient notice of the delivery. Where Parties are unable to take delivery due to factors beyond their reasonable control, they should be able to rely on the Force Majeure Provision in Section M3 of the SEC (if they have complied with the relevant provisions in Section M3) to establish that they are not in breach of their obligations under the SEC, and therefore not liable to reimburse the DCC in these instances. Several Large Suppliers suggested that a reciprocal arrangement should be provided in which Suppliers would be reimbursed costs when the DCC fails to deliver Communications Hubs to them as agreed. However the DCC has a SEC obligation to fulfil any late deliveries as soon as possible and we do not consider that the direct impact on the costs borne by Suppliers would be material. It is also worth noting that, the DCC's Communications Service Providers are already subject to commercial incentives related to the delivery of Communications Hub via the service credit regime in their contracts with the DCC. Therefore, at this point, we do not consider such direct compensation to be appropriate.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

A Party will be liable for all reasonable costs and expenses incurred by the DCC as a result of a delivery of Communications Hubs being prevented from taking place in accordance with the SEC, in respect of a valid order, due to a breach of the SEC by that Party. The DCC will notify the party of these costs as soon as reasonably practical after the event and the charges will be included in the next invoice to be produced by the DCC following such notification.

Final Legal Text Affected

SEC Section	Content
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F	F6.18
M	M2.6

4.4 Consequential changes to the SEC for alignment with the Communications Hub Support Materials

Summary of Issue under Consideration

We proposed the following changes to the SEC to ensure its alignment with the CHSMs:

- that the performance measure for the DCC's response to notification by a Supplier of incidents where a Communications Hub does not connect to the SM WAN at a premises, where the SM WAN Coverage Database indicates that coverage is available (at any time during the 30 days prior to the date of installation), would be placed in the SEC rather than in the CHSMs. The DCC would be required, within 90 days of notification, either to confirm to the Supplier that SM WAN coverage is available or provide reasons why the SM WAN is unavailable; and to ensure that SM WAN coverage is made available to at least 99% of the Communications Hubs in respect of which these incidents are raised in each calendar quarter, except where the DCC has failed to gain the consumer's consent to access the premises where this is necessary to resolve the coverage issue. We proposed this obligation would also apply where a Communications Hub had been installed at a premises which did not connect to the SM WAN in an area which was not shown to have coverage at the time of installation, but that the 90 day resolution time would apply from the point at which the SM WAN Coverage Database was subsequently updated to indicate that coverage is available;
- that the process for describing how any fault diagnosis would be performed on Communications Hubs that had been returned to the DCC would be set out in the CHIMSM, instead of a new SEC subsidiary document;
- that the policy for describing the circumstances in which the DCC would accept (in whole or in part), or reject orders of Communications Hubs which fail to comply with the requirements that are set out in the SEC would be available via the DCC website, instead of via the Communications Hub Ordering System;
- that installation and maintenance of Communications Hubs will be covered by a single support materials document (Communications Hub Installation and Maintenance Support Materials, or CHIMSM) rather than two separate documents;
- that Test Communications Hubs would not be included in the scope of the Communications Hub Support Materials and will not be ordered through the Communications Hub Ordering System.
- that Suppliers would be required to undertake further checks that are set out in the CHIMSM before raising an incident in relation to a Communications Hub; and
- that a Party will be given the right to order more than four accounts to access the Communications Hub Ordering System, subject to it paying a new explicit charge.

Question 25 of the July 2015 SEC consultation sought views on the proposals and associated legal drafting for the consequential changes to the SEC arising from the Communications Hub Support Materials.

Government Consideration of Issue

74. Respondents generally agreed with the proposals and associated legal drafting for the consequential changes to the SEC arising from the Communications Hub Support Materials. There were a number of comments on the proposed performance measure for the DCC's response to notification of failure for a Communications Hub to connect to the SM WAN. The DCC has asked for an additional exclusion to this performance measure where it has an agreed Network Enhancement Plan in place (for the Central and South Regions only) in order to align the SEC provisions with their contracts with the CSPs. We are considering this proposal and intend to seek views on it in a future consultation. We have amended the drafting slightly to exclude DCC from this SM WAN connectivity performance measure where there are problems with access (rather than just where consent for access fails to be obtained) to cater for circumstances where access is provided but DCC is required to leave the premises prior to the remedial works completing.
75. A Large Supplier sought clarification on how the performance measure would be triggered when a site is subsequently defined as being in the coverage area. Prior to being defined as being in the coverage area, an installation failure report for the site would probably have been rejected as being non-compliant with the CHIMSM. We clarify that the 90 day performance measure will commence from the time that the site has been identified as being in the coverage area, subject to DCC having been notified that the Communications Hub has been installed at the premises (a process for which is set out in the CHIMSM). Another Large Supplier commented that the trigger to implement the performance measure should also commence where the Supplier has determined no WAN signal and aborted the job, rather than just being triggered if the Communication Hub is installed. They remarked that where a Supplier chooses not to 'install and leave' for any reason, they should not be subject to a lower standard of performance, especially as the actions to be taken by the DCC to resolve connectivity should be the same. We clarify that a Communications Hub must be installed at a premises in order to allow the DCC to resolve the coverage issue as the DCC resolution process is dependent on there being a SM WAN connection with the device.
76. A Large Supplier disagreed with the proposal that all Parties would be limited to four 'free' Communications Hub Ordering System (CHOS) accounts, on the grounds that Large Suppliers should not be required to pay charges for additional CHOS accounts when they are already funding the majority of the CHOS system. We remain of the view that Parties should be allocated no more than 4 accounts at no charge as there would be an incremental charge to the DCC for any more that were provided. We have changed the reference in the SEC from CHOS accounts to CH Order Management System Accounts as this more accurately describes the policy intent.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

Within 90 days of being notified by a Supplier of an incident where Communications Hub does not connect to the SM WAN at a premises, where the SM WAN Coverage Database indicates that coverage is available, the DCC will be required to:

- either confirm to the Supplier that SM WAN coverage is available or provide reasons for its unavailability; and

- ensure that SM WAN coverage is made available to at least 99% of the Communications Hubs for these incidents that are raised in each calendar quarter, except where the DCC has failed to gain the consumer's consent to access the premises where this is necessary to resolve the coverage issue.

The 90 day performance measure will also apply where a Communications Hub had been installed at a premises which did not connect to the SM WAN in an area which was not shown by the SM WAN Coverage Database to have coverage at the time of its installation, from the time it is identified by the SM WAN Coverage Database as being in the coverage area (subject to the DCC having been notified that the Communications Hub has been installed at the premises). We will consult in a forthcoming consultation on an additional exclusion to this performance measure where the DCC has agreed for a Network Enhancement Plan to be in place (for the Central and South Regions only).

We also confirm that:

- the process for describing how any fault diagnosis would be performed on Communications Hubs that had been returned to the DCC will be set out in the CHIMSM;
- the policy for describing the circumstances in which the DCC would accept (in whole or in part), or reject orders of Communications Hubs which fail to comply with the requirements that are set out in the SEC will be available via the DCC website;
- the installation and maintenance of Communications Hubs will be covered by a single support materials document (Communications Hub Installation and Maintenance Support Materials);
- Test Communications Hubs will not be included in the scope of the Communications Hub Support Materials;
- Suppliers will be required to undertake further checks that are set out in the CHIMSM before raising an incident in relation to a Communications Hub; and
- a Party will be given the right to order more than 4 accounts to access the Order Management System for Communications Hubs, subject to an explicit charge.

Final Legal Text Affected

SEC Section	Content
A	Definition of 'CH Fault Diagnosis Document' removed. Definitions of 'CH Installation Support Materials' and 'CH Maintenance Support Materials' removed and replaced with 'CH Installation and Maintenance Support Materials'. CH Order Management System has been added.
F	F5.10, F5.13, F5.16-18, F5.23, F7.18, F7.19, F10.6, F10.8, F10.9.
H	H8.16

4.5 Miscellaneous Communications Hub issues

Summary of Issue under Consideration

We proposed the following miscellaneous provisions relating to Communications Hubs:

- The definition of 'region' in the SEC would be changed such that the region into which a premises falls would be identified, where reasonably practicable, in a document published by the DCC (or the Panel on behalf of the DCC) from time to time. Where the region to which a premises belongs cannot be identified in this way, it will be confirmed by the DCC on application. Once a premises has been identified by the DCC as being in a particular region, the DCC shall not identify that premises as being in a different region;
- The DCC would be required to make available on the SM WAN coverage Database any requirements for a particular WAN Variant Communications Hub to be used in a given area, at least 8 months in advance of the date from which the SM WAN is expected to be available in that location.
- The SM WAN Coverage database would be available to all categories of DCC User via the Self Service Interface, in line with our approach for access to the SM WAN Coverage database via the Communications Hub Ordering System which allows all Parties to access it.
- the UISS would be amended (requiring a consequential change to the DUIS) such that Registered Supplier Agents are also specified as Eligible Users for Service Requests to be utilised for returning Communications Hubs to the DCC for 'fault' and 'no fault' returns, as we have already confirmed that they will have the right to return Communications Hubs and may be required to do so by the DCC in certain circumstances;
- An amendment would be made to the SEC to enable Parties to interfere with Communications Hubs, which are the property of the DCC, in circumstances where this is necessary to allow them to exercise specified permitted rights (for example, their right to remove a Communications Hub).

Question 26 of the July 2015 SEC consultation sought views on the proposals and associated legal drafting which were described under the heading of "Miscellaneous Communications Hub issues" and the associated legal drafting.

Government Consideration of Issue

77. Respondents broadly agreed with the proposals. Two Large Suppliers suggested that the definition of 'region' should be revised to allow a premises to be reallocated to a different region in certain circumstances, including where technical difficulties in operating one CSP's communications technology in one region may justify re-allocation to another CPS's region, and where a premises had been allocated to the wrong region due an error. We agree that the definition of 'region' should allow for greater flexibility and have revised it such that a premises can be re-allocated to another region, where this is proposed by a Supplier Party or the DCC and where the affected Supplier Parties, the DCC and affected Network Operators consent to the change.

78. A respondent also commented that the SM WAN coverage database should indicate the type of WAN variant that is required for a location earlier than 8 months in advance of the date from when the SM WAN is expected to be available in that location, if the information is available to the DCC. We agree and have amended the drafting to state that the type of SM WAN variant that is required for a premises within a particular area will be indicated as soon as this information is available to the DCC and no later than 8 months in advance of the date of SM WAN connectivity being available in the location. However once the SM WAN Coverage information is available via the Self Service Interface, a full data set will exist showing WAN Variants for all locations. It is therefore only necessary to oblige the DCC to provide the information at least 8 months in advance during the transitional period prior to the SM WAN Coverage database being available via the SSI. The drafting has therefore been relocated to Section X3.3.
79. In July 2015 we noted our intent to lay the SEC text on which we consulted covering the provision of Communications Hubs for Testing, noting some minor amendments to reflect our consultation conclusions. This text will be laid in parallel with this document (with a few further minor clarificatory amendments).
80. A consequential change has been made to the definition of Communications Hub in Section A to reflect that, when referring to Communications Hubs for the purpose of the definition of CH Defect and Test Communications Hub, and when referring to Communications Hubs for the purposes of F5, F6 and F10 of the SEC, the definition to apply is the definition of Communications Hubs that will exist in the DCC Licence (that being a Communications Hub that complies with a version of CHTS that is valid at the point at which the devices are provided by the DCC to a SEC Party). For all other purposes in the SEC, the definition of Communications Hub is a Communications Hub that complies with a version of the CHTS that is valid at the point at which the device is installed. This reflects the DCC's obligation in the DCC Licence to provide a Communications Hub that is compliant with the CHTS at the point of their provision, and a Supplier's obligation in its licence to only install a Communications Hub as part of a SMETS2 smart metering system that complies with the CHTS at the point of installation.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

We confirm the miscellaneous provisions on Communications Hubs as proposed in the July 2015 consultation, as set out above, except for the following:

- the definition of 'region' will be amended such that a premises can be re-allocated to another region, where this is proposed by a Supplier Party or the DCC and where the affected Supplier Parties, the DCC and the affected Network Operators consent to the change; and
- Prior to the SM WAN Coverage database being available via the SSI, the DCC will provide information on the type of WAN variant that will be required at a location at least 8 months in advance of the date when WAN coverage will be available at that location via an alternative means.
- A consequential change has been made to the definition of Communications Hub to take account of the definition in the DCC Licence.

Final Legal Text Affected

SEC Section	Content
A	The definition of Region is amended
F	F4.6
X	X3.3

5 Security Licence Condition

Summary of Issue under Consideration

The architecture that has been established to secure communications with DCC-enrolled smart metering devices is grounded in the principle of end-to-end trust, in particular, between Supplier systems and their smart meters. Given the role and access rights of Suppliers it is critical they take the right steps to secure their systems.

The March 2015 SEC Consultation sought views on the drafting of a Supply Licence Condition requiring Suppliers to take all reasonable steps to secure systems used to communicate with DCC-enrolled devices.

Government Consideration of Issue

81. The majority of respondents were supportive of the proposed approach and drafting for the Supply Licence Condition, although caveats to this support were included in some cases. A minority of respondents did not support the approach; in general these respondents took the view that the existing controls within the SEC were sufficient.
82. In drafting the Supply Licence Condition we have been mindful of the need to reduce any unnecessary duplication with the SEC. The Supply Licence Condition is intended to reflect and underpin the SEC security arrangements. We continue to consider the Supply Licence Condition necessary to reinforce the importance Government places on security and the sanctions that could result from non-compliance.
83. One respondent to the proposals queried the interaction between this new condition⁹ and the current Supply Licence Condition covering the Foundation Stage¹⁰, in particular the potential for Smart Metering Systems covered under one condition to also be covered under the other. Our policy objective is to capture Smart Metering Systems enrolled with the DCC under this new condition, and any operating outside the DCC within the Foundation Stage condition but not for any individual Smart Metering System to be captured by both. We have made amendments to the Foundation Stage Supply Licence Condition to ensure this is clear.
84. We are aware that Suppliers may use some of the same infrastructure to communicate with the DCC as they do to communicate with the devices they deploy during the Foundation Stage. As noted in the March 2015 SEC Consultation we recognise that both Supply Licence Conditions will apply in this situation, however, since both conditions are underpinned by the same ISO:27000 series of standards we do not believe that this will result in the need for Suppliers to implement two separate compliance regimes.
85. Under both the SEC¹¹ and the Foundation Stage Supply Licence Condition¹² a security assessment of Supplier systems must be completed by a competent independent

⁹ Condition 40A of the Gas Supply Licence, and Condition 46A of the Electricity Supply Licence

¹⁰ Condition 40 of the current Standard Conditions of Gas Supply Licence, and Condition 46 of the current Standard Conditions of Electricity Supply Licence

¹¹ SEC Section G8

organisation. In the case of the SEC this assessment will focus on Supplier systems that communicate with the DCC. In the case of the licence this assessment will focus on the end-to-end system, in general that will comprise smart metering equipment in the home, the systems of the Smart Metering Service Operator (SMSO) and the systems operated by the Supplier to communicate with the SMSO. In the situation where shared infrastructure is used, Suppliers will be responsible for determining the extent to which the SEC Section G8 security assessment supports their compliance with Condition 46.15 of the Foundation Stage Supply Licence Condition. In making this determination Suppliers should be mindful that the SEC security assessment will focus towards the User System and the relevant security risks associated with communicating with DCC enrolled devices.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

Based on the consultation responses the proposed drafting is considered appropriate to ensure Suppliers take the right steps to secure their systems. A change will be made to the Foundation Stage Supply Licence Condition to clarify that this does not apply to any Smart Metering System that is enrolled with the DCC.

Final Legal Text Affected

Supply Licence Conditions

46A (Electricity), 40A (Gas)	Entirety of Conditions 46A (Electricity Supply Licence) and 40A (Gas Supply Licence)
46 (Electricity), 40 (Gas)	Conditions 46.1 and 46.4 (Electricity Supply Licence) Conditions 40.1 and 40.4 (Gas Supply Licence)

¹² Condition 40.15 of the Gas Supply Licence, and Condition 46.15 of the Electricity Supply Licence.

6 Implementation Performance Regime

Summary of Issue under Consideration

Under paragraph 3.8 of Part F in Schedule 3 of the DCC Licence, the DCC is under a duty, as soon as reasonably practicable after the date when Implementation Milestone 4 is reached, to undertake a general review of all the Implementation Due Dates and Implementation Criteria that remain in force at that date and to make an application to the Secretary of State with respect to the findings of that review. The Secretary of State may direct that any of those remaining Implementation Due Dates and Implementation Criteria are varied or to be further defined and developed. Under the DCC Licence this event can only take place once.

Following a review of the DCC's delivery plan (which was approved by the Secretary of State on 5 March 2015) we considered it prudent to amend Part F of Schedule 3 of the DCC Licence to provide scope for potential further reviews of the dates and criteria. This will provide flexibility during the implementation phase and allow the Secretary of State to ensure that the DCC is appropriately incentivised while minimising costs and risks for its Users and, ultimately, consumers.

Furthermore, the licence definition of Baseline Margin Implementation Total (BMIT) in DCC Licence Condition 35 is based on the total of the DCC's Baseline Margin for the period running from licence award until the end of the Regulatory Year in which implementation is defined as being completed (subject to amendments for inflation). However, the amount is set out as the total for the first three Regulatory Years (2013/14, 2014/15 and 2015/16) which reflects the DCC's commercial position that was prescribed within the licence award competition. The DCC's alternative delivery plan results in an inconsistency and amendments to the BMIT definition as well as consequential minor drafting changes were proposed.

Question 8 of the March 2015 SEC consultation sought views on the scope for allowing there to be further amendments to each Implementation Due Date and Implementation Milestone Criteria.

Question 9 of the March 2015 SEC consultation sought views on amendments to the licence related to the definition of 'Baseline Margin Implementation Total'.

Government Consideration of Issue

86. Most respondents were supportive of the proposal to include provisions within the DCC Licence that would permit further reviews and amendments to each Implementation Due Date and Implementation Milestone Criteria as per Part F in Schedule 3 of the DCC Licence. Furthermore, most respondents were supportive of the revised drafting related to BMIT.
87. A few respondents highlighted the need to continue to apply controls on the overall level of DCC costs and a few respondents wished to comprehend the magnitude of cost impacts in more detail. We agree that it is important that Ofgem's on-going price control

regime challenges the level of the DCC’s costs and that DCC continues to provide stakeholders with information related to changes in cost within the quarterly reporting cycle.

88. One respondent stressed that any future amendments to an Implementation Due Date and associated Implementation Milestone Criteria should not make it ‘easy’ for the DCC to meet targets via the schedule being adjusted several times. Another respondent rejected the proposal to amend Part F in Schedule 3 of the DCC Licence on the basis that it would allow many future changes to the approved Condition 13 re-plan which would be destabilising. We do not believe that this change would give the DCC the scope to bring forward further changes to the plan that it is required to produce under Condition 13 of its licence in isolation or make it easy for the DCC to meet targets. The change merely allows amendment to reflect any legitimate change in the Condition 13 plan moving forward (e.g. following the approved release of contingency) where there is a consequential impact on the Implementation Performance Regime.
89. One response fundamentally rejected the proposal to amend BMIT on the basis that the margin at risk for the DCC should be extended to cover the period up to implementation. However, extending the margin at risk is inconsistent with the DCC’s commercial offer within the price control application.
90. One respondent highlighted the scope for further consequential amendments related to the definitions of Baseline Margin Performance Adjustment term (BMPA), Baseline Margin Implementation Performance Adjustment (BMIPA) and Baseline Margin Operational Performance Adjustment term (BMOPA). We agree that minor drafting changes are needed related to BMPA, BMIPA and BMOPA to ensure the policy approach related to BMIT is robustly captured in the DCC Licence.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

Part F of Schedule 3 of the DCC Licence will be amended to allow each remaining Implementation Due Date and associated Implementation Milestone Criteria to be subject to further review.

The revised definition of BMIT will be implemented as well as further minor consequential changes in Condition 36 and Condition 38 related to BMPA, BMIPA and BMOPA.

Final Legal Text Affected

DCC Licence	Content
Schedule 3	Schedule 3
Condition 35	Part B
Condition 36	Part E
Condition 38	Part A and B

7 Confidentiality

Summary of Issue under Consideration

The March 2015 SEC consultation set out a number of new proposals in relation to the confidentiality regime in the SEC.

Previous to that consultation, where the DCC received 'confidential' information from other SEC Parties, the DCC's potential liabilities would not be limited to £1 million in any case. To limit the potential impact on Users, and ultimately consumers, we proposed in the March 2015 SEC consultation to limit these liabilities to £1 million in all cases. In delivering this intent, we also proposed to change the name of security classifications so that Parties other than the DCC could continue to use the 'confidential' marking.

The March 2015 SEC consultation also set out a new proposal to enable Parties to nominate the individuals working for them that may receive information from the DCC which attracts a potential unlimited liability for that Party if confidentiality of that information is breached (i.e. information with the highest sensitivity marking ('classified')). The ability to nominate persons to whom such information should be sent provided the ability for Parties to mitigate the risk of such a confidential breach. We therefore proposed that Parties must nominate to the DCC such persons eligible to receive 'classified' information, as this would add an additional control on the flow of the most sensitive information between the DCC and other Parties. Since we proposed that only the DCC could use this marking of 'classified', only Parties other than the DCC would need to nominate individuals eligible to receive 'classified' information.

Question 4 of the March 2015 SEC consultation sought views on whether respondents agreed with our proposals to limit the DCC's liabilities in all cases to £1 million when breaching confidentiality of information. It also sought views whether respondents agreed with changing the name of confidentiality markings.

Question 5 of the March 2015 SEC consultation sought views on whether respondents agreed with our proposal that Parties should nominate to the DCC individuals eligible to receive information of the highest confidentiality marking ('classified').

Government Consideration of Issue

91. Roughly half of the respondents to question 4 disagreed with the proposal of limiting the potential liabilities that the DCC would be exposed to following a breach of confidentiality to £1 million. Of the Large Suppliers, three disagreed, whilst three agreed. A consumer group disagreed, while the DCC and a Network Operator agreed with caveats.
92. Of those Large Suppliers disagreeing with our proposal, the main argument was one of disproportionality. One Large Supplier argued that our proposal could have the unintended consequence of limiting the data that Parties would be willing to provide to the DCC, as a result compromising the ability of the DCC to effectively manage their systems.

It was argued that the distribution of liabilities was too heavily weighted in favour of the DCC. Other Large Suppliers stated that the confidentiality policy should apply equally to all Parties. In essence, it was stated that the confidentiality provisions would need to be re-visited to ensure a fairer balance in the protections that are afforded to the DCC and to other Parties.

93. One Large Supplier that agreed with our approach stated that they believed that applying a limit of liability would be a proportionate measure. They argued that an unlimited liability regime would likely lead to an escalation of cost.
94. In the light of the responses received, we have slightly redrafted the legal text. We remain of the view that in some cases, the liabilities the DCC may be exposed to after breach of confidentiality should be limited. As indicated in our March 2015 SEC consultation (Chapter 5)¹³, we consider that if such liabilities are not limited, an escalation of cost could occur which may lead to adverse impacts on Users and consumers. In cases where it is the DCC that has caused the breach rather than its Service Providers, a proportion of any large liability payment may need to be passed on as an increase in DCC fixed charges. Therefore the legal text continues to limit liabilities that the DCC may be exposed to in case of breach of confidentiality to £1 million.
95. However, we accept that it would not be appropriate to cap liabilities for DCC where it is able to recover greater amounts under its Service Provider contracts (because the breach has been caused by one of its Service Providers breaching the provisions of its contract with the DCC) and hence we have added a caveat in the legal text such that where the DCC can recover amounts greater than £1 million under such contracts, its SEC liabilities are capped by the (greater) amount that it can so recover.
96. We consider such an arrangement to be proportionate and appropriate since, in the case of breach of confidentiality, the DCC can only seek unlimited liabilities from the breaching Party where the information that is the subject of such breach relates to a DCC Service Provider (i.e. the resultant effect of the breach by the Party is that the DCC has itself breached a provision under its contract with the Service Provider). Our amendment ensures that Parties other than the DCC can in turn also potentially seek additional liabilities from the DCC where confidentiality has been breached by a DCC Service Provider. With this amendment the extent of potential liabilities associated with a breach of confidentiality is therefore more appropriately balanced between Parties other than the DCC and the DCC (and its Service Providers).
97. The DCC commented that, at odds with our proposal of using 'classified', it is common industry practice for the marking of 'confidential' to be ascribed the highest security ranking. They considered the proposal to mark information as 'classified' may result in confusion in relation to use of the term 'confidential' as the lower of two markings. The DCC also stated that the new proposals pose an unnecessary regulatory burden on it, since currently all of its existing documents bear the current SEC classification system (that being 'confidential' or 'controlled') which would need to be updated to reflect the new classification system.
98. We agree that the updated marking system we proposed in our March 2015 SEC consultation may pose an unnecessary burden. We have therefore concluded that the SEC drafting should return to the marking system originally proposed as part of SEC 4

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/416074/15_03_24_March_2015_SEC_Consultation_Doc_FINAL.pdf

(Chapter 10)¹⁴ in June 2014. We consider this marking system as more appropriate now, as Parties other than the DCC may seek liabilities that are not limited to £1m under the SEC, and that the marking system should reflect that. In accordance with the markings proposed as part of SEC4 in June 2014, we therefore conclude that the two confidentiality marking categories return to:

- a) **‘Confidential’** (*previously ‘classified’ in SEC March 2015*): the higher of the two markings. All Parties may use this marking.
 - i. If a Party other than the DCC breaches the SEC in releasing DCC information marked as ‘confidential’, such Party may be exposed to unlimited liabilities.
 - ii. Where the DCC breaches and the DCC can recover resultant breach of confidentiality liabilities from a DCC Service Provider, its liabilities under the SEC are limited to £1 million, unless it can recover a greater amount from the Service Provider (in which case liabilities are capped at this amount).
 - iii. Where the DCC breaches and the DCC cannot recover resultant breach of confidentiality liabilities from a DCC Service Provider, liabilities are limited to £1 million by the SEC.
- b) **‘Controlled’** (*previously ‘confidential’ in SEC March 2015*): the lower of the two markings. Only the DCC may use this marking.
 - i. If any Party leaks DCC information marked as ‘controlled’, such Party may be exposed to liabilities of up to £1 million.

99. A consumer group stated that a two-tier system could restrict consumers’ ability to share their data and reduce standards of data protection. We do not anticipate that this will be the effect of the proposed approach, as it is stated clearly in the legal text which data may be marked as ‘confidential’.
100. The majority of respondents agreed, or agreed with caveats with our proposed approach that Parties other than the DCC should nominate to the DCC individuals eligible to receive the most sensitive information (question 5).
101. One Large Supplier disagreed with our approach, arguing that the drafting should be refined to take account of numerous practical implications that may arise. It questioned, for example, what would happen if the DCC sent information in error to a Party. The DCC is under an obligation to only provide ‘confidential’ information to the individuals detailed on the list provided by the Party to the DCC. Where the DCC has breached this obligation and sent such information to other individuals, we have added clarificatory legal drafting that states that the receiving Party is under no obligation to keep the information confidential. However, the legal text now states that where such Party is aware of the DCC’s breach, it must take all reasonable steps to avoid further disclosure.
102. This respondent also questioned what a Party could do with the information sent to the nominated individual internally. Once ‘confidential’ information is received by the individual stated on the list, its distribution should be controlled internally within its organisation in line with the internal policies of the receiving Party.
103. The DCC mentioned that our proposal seemed to be predicated on the fact that the DCC would send information to Parties who may not wish to receive it due to the associated liabilities. The DCC suggested an alternative information distribution process which

¹⁴ [https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/329306/SEC4 -
_Consultation_Document.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/329306/SEC4_-_Consultation_Document.pdf)

invited Parties to come forward and collect the information. We have clarified the legal text so that it allows for such a process via the nomination of persons eligible to receive the data.

104. A Large Supplier who agreed with our proposal sought clarification on the type of information the DCC can mark as 'classified'. The respondent mentioned that they would like to have visibility of a high level description which details the type of information that the DCC can use the 'classified' marker for (as noted above we are changing the 'classified' marker back to 'confidential'). For a description of which information can be marked as 'confidential' or 'controlled', please refer to Section M4.22 and Section M4.23 of the SEC.
105. Another Large Supplier mentioned that they believed that each communication of 'classified' information to a Party should be to a single nominated individual based on the specific matter to hand, rather than a group of nominated individuals to ensure the information is controlled. Another Large Supplier stated that roles and responsibilities of industry parties in relation to classified information would need to be developed and incorporated in the SEC. We do not think it is appropriate to define these processes as part of the SEC at this stage, as we consider these to be overly descriptive. However if such addition proves necessary in the future, a SEC Modification Proposal may be raised.
106. Three Large Suppliers stated that there should be a requirement for all Parties to maintain the accuracy of the list of people eligible to receive classified information. We agree and have added such an obligation to the legal text.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

We conclude on the approach proposed in the March 2015 SEC consultation, with the following caveats:

- We return to the confidentiality markings originally proposed by the SEC4 consultation (such that the 'classified' marking of the March 2015 SEC consultation text changes back to 'confidential', and the 'confidential' marking of the March 2015 SEC text changes back to 'controlled').
- Where the DCC can recover breach of confidentiality liabilities from a DCC Service Provider, the DCC's potential liabilities under the SEC will be increased to cover such amounts.
- Where the DCC sends 'confidential' information to a Party in error (and has therefore breached the SEC), the receiving Party is under no obligation to keep the information confidential. However, where such Party is aware of the DCC's breach, it must take all reasonable steps to avoid further disclosure.
- The legal text allows for 'confidential' information to be collected as well as sent.
- Parties are now required to keep the list of individuals eligible to receive 'confidential' information from the DCC up to date.

Final Legal Text Affected

SEC Section	Content
M	M2.3, M4

8 Public Key Infrastructure

Summary of Issue under Consideration

The July SEC consultation featured a number of new topics for consultation on further Public Key Infrastructure-related Smart Energy Code content. This included additional proposals covering Smart Metering Key Infrastructure (SMKI), Infrastructure Key Infrastructure (IKI), and DCC Key Infrastructure (DCCKI). The chapter proposed new content on:

- The role of the SMKI Policy Management Authority (PMA) in relation to the SMKI Recovery Procedure;
- The allocation of liabilities in SMKI Recovery Procedure scenarios;
- The SMKI Certificate Policies;
- DCC's obligations relating to DCCKI;
- Allowing the DCC to become an Eligible Subscriber for certain SMKI Organisation Certificates;
- The obligation for Network Operators to establish their SMKI Organisation Certificates by DCC Live;
- Miscellaneous changes to the PKI content.

Question 11 of the July 2015 SEC consultation sought views on our proposals and legal drafting in relation to the SMKI Recovery Key Guidance document.

Question 12 of the July 2015 SEC consultation sought views on our proposed approach that the SMKI Recovery Key Guidance is governed by the PMA and not through the SEC Modification Process as a Subsidiary Document.

Question 13 of the July 2015 SEC consultation sought views on our proposed approach and associated legal drafting in relation to the SMKI Recovery Procedure Liabilities.

Question 14 of the July 2015 SEC consultation sought views on our proposed approach and associated legal drafting to use the IKI for communications over the Non-Gateway Interface and in relation to Threshold Anomaly Detection.

Question 15 of the July 2015 SEC consultation sought views on whether respondents agreed that it was necessary for the PMA to be able to require Parties to nominate Key Custodians.

Question 16 of the July 2015 SEC consultation sought views on whether respondents agreed with the proposals and associated legal drafting to make clarificatory changes to the SMKI Certificate Policies.

Question 17 of the July 2015 SEC consultation sought views on whether respondents agreed with the associated legal drafting to allow the DCC to become an Eligible Subscriber for certain SMKI Organisation Certification for the purpose of signing Registration Data.

Question 18 of the July 2015 SEC consultation sought views on whether respondents agreed with the legal drafting to oblige Network Operators to establish their Organisation Certificates prior to DCC Live.

Question 19 of the July 2015 SEC consultation sought views on whether respondents agreed with our proposals and legal drafting in relation to miscellaneous changes to the PKI content.

Government Consideration of Issue

SMKI PMA and SMKI Recovery Procedure decisions

107. All respondents to question 11 agreed with the principle of our proposal of requiring the SMKI PMA to develop and consult on a document which would set out the factors that the SMKI PMA would or may take into account when deciding whether or not to require the use of the Recovery Key, or Contingency Key.
108. One respondent argued that it was critical for the SMKI PMA to consider whether the Contingency Private Key or Recovery Private Key should be used, which of the steps in the SMKI Recovery Procedure should be executed and the timescales within which the SMKI Recovery Procedure should be executed. The respondent also commented that criteria should be stated in a generic manner, that illustrations should be used and that the SMKI PMA should be trained in executing their roles. We consider that the proposed legal drafting fully enables the SMKI PMA to make decisions in relation to these matters.
109. The respondent also strongly recommended that the SMKI PMA should hold a closed consultation on the SMKI Recovery Key Guidance document and that it should not be published. The respondent also stated that each Subscriber should have an obligation to treat the SMKI Recovery Key Guidance document as confidential. The respondent argued that this document could provide information to a potential attacker. The Transitional Policy Management Authority Group (TPMAG) has since discussed this matter, including with the respondent that made this comment. There is now general agreement that the Guidance Document need not and will not contain sensitive information or detailed procedures that may be of use to an attacker and does not therefore need to be regarded as confidential.
110. A Large Supplier respondent commented that the legal drafting refers to the SMKI Recovery Procedure and SMKI Recovery Key Guidance, rather than the SMKI Recovery Procedure Guidance, and that this should be amended to ensure is consistent across the legal drafting. We would like to clarify that the SMKI Recovery Procedure is a document written by the DCC and to be incorporated into the SEC as a Subsidiary Document. The SMKI Recovery Key Guidance is a document to be written by the SMKI PMA. We do not think that the suggested name of SMKI Recovery Procedure Guidance is appropriate since the SMKI PMA will not make decisions on all SMKI recovery procedural matters, but will make decisions only on whether or not to use the SMKI Recovery Key or Contingency Key. Hence, we remain of the view that the name SMKI Recovery Key Guidance is more appropriate.
111. Two-thirds of the respondents to question 12, including three Large Suppliers, the DCC, the SMKI PMA and a Network Operator, agreed with the proposal that the SMKI Recovery Key Guidance Document should not be a SEC Subsidiary Document. An argument supporting this position noted that it was a guidance document only, and that therefore it should not be subjected to the normal SEC modification regime.
112. Three Large Suppliers, one Small Supplier and one Network Operator did not agree with the proposal, and instead argued that the SMKI Recovery Key Guidance Document should be a SEC Subsidiary Document. It was argued that this would ensure maximum

transparency as to the procedures and decisions taken by the SMKI PMA in recovery scenarios, especially since not all Parties were represented on the SMKI PMA.

113. The SMKI PMA's position, supported by the SEC Panel, was that it should have editorial control of the document, rather than it being a SEC Subsidiary Document. The members of the SMKI PMA acknowledged that there is a need for Parties to review the content of the document, and stated their intent to consult on this content during its initial development and subsequent amendments. On balance, Ofgem agreed with this position, but noted that the SMKI PMA's duty to periodically review the SMKI Document Set should apply to the SMKI Recovery Key Guidance Document. We can confirm that the proposed legal drafting includes such requirement.
114. We recognise the concerns that some have raised that subjecting this document to the normal SEC modifications process would provide more direct control for SEC Parties over its content, rather than the proposed approach of giving more control over the document to the SMKI PMA (albeit requiring them to consult with SEC Parties over the content on a periodic basis). However, under either enduring change-management model, an initial version of the document still needs to be produced, and in either event we propose that the SMKI PMA should do this (in consultation with SEC Parties). Given this, the fact that the SMKI PMA will themselves be responsible for following the guidance and that if, going forward SEC Parties do feel disenfranchised in relation to document control, it would be possible for them to raise a SEC Modification proposing to change its governance. We are of the view that on balance the governance model proposed for the SMKI Recovery Key Guidance Document in the consultation should be adopted. We do not therefore propose to adopt the alternative legal text specifying that the SMKI Recovery Key Guidance would be a SEC Subsidiary Document.

SMKI Recovery Procedure Liabilities

115. The vast majority of respondents agreed, or agreed with caveats with our proposals in relation to the SMKI Recovery Procedure liabilities. Those respondents who agreed with our proposals argued that the liability regime strikes the right balance between accountability for cost without creating unlimited liability risk for the DCC and DCC Users.
116. A Large Supplier voiced their concern that it may be difficult for a Party to prove that it did not breach the SEC if a key was compromised during the Change of Supplier process. However, our view is that it will be clear at any point in time who was the Subscriber of a Certificate held on a device that was later found to be compromised. We do not agree that proof of whether or not a party has breached the SEC will be materially affected by the Change of Supplier process.
117. Another Large Supplier stated that the legal drafting did not provide any indication as to the considerations that the SMKI PMA will take into account when deciding to use or not to use the SMKI Recovery Private Key or Contingency Key. The Large Supplier also stated that when making its decision the SMKI PMA should take into account an accurate assessment of the cost of any consequential replacement activity. We envisage that such criteria will be defined in the SMKI Recovery Key Guidance Document, upon which the SMKI PMA will consult, although we note that development of the actual criteria is a matter for the SMKI PMA.
118. The Large Supplier respondent additionally stated that the legal drafting needs to be changed to take into account additional types of cost. We note that the costs illustrated by the Large Supplier were not costs reflective of direct replacement activity. In terms of recovery of liabilities, the SEC, as other industry codes, focuses on direct costs only. We do not propose to change this precedent in relation to SMKI Recovery Procedure liabilities. Indeed, the DCC noted that the drafting is ambiguous as to whether only direct

replacement costs count as recovery costs. We have amended the drafting to make it explicit that only direct replacement costs count as recovery costs as defined in Section L10.

119. The DCC responded that it did not agree with a number of elements of the proposal and legal drafting. It suggested points of improvement, that included in particular different proposals in relation to cost assessment and cash flow requirements. We do not consider it necessary to define additional regulations governing the detail of these processes. Ofgem has a statutory duty to have regard to the need to secure that licence holders are able to finance the activities which are the subject of relevant obligations imposed on them. Furthermore, the SEC Panel has an objective to ensure that the Code is given effect in such a manner as will facilitate the achievement of the SEC Objectives. In turn, the SEC Objectives include enabling the DCC to comply at all times with the General Objectives of the DCC (as defined in the DCC Licence), and to efficiently discharge the other obligations imposed upon it by the DCC. We believe that these duties and objectives will ensure that no perverse decisions will be made over the timing of the remuneration of Recovery Costs and the associated mechanisms through which DCC is able to finance these payments (for example through amending its charging statement during the year where appropriate for the exceptional case of socialising Recovery Costs following a Recovery Event within that year). To recognise this interaction, we have made a small amendment to the legal drafting that ensures the SEC Panel should consider whether amendments to the Charging Methodology are appropriate when deciding the date on which payments would need to be made.
120. The DCC noted that in the case of a Recovery Event, it would in most cases incur Recovery Costs. It noted that the implication of this would be that the DCC will be assessing its own costs, and that this may not be appropriate. The DCC suggested the Panel should be assessing these. The body responsible for determining DCC's allowable revenues is Ofgem and hence where DCC incurs costs associated with a recovery event, it will be for Ofgem, and not the SEC Panel, to determine whether these have been appropriately incurred and hence whether DCC should be able to recover the costs through allowable revenues.
121. The DCC requested that we reconsider the drafting in L10.6 as the costs captured (costs 'in relation to supporting the maintenance of the SMKI Recovery Procedure') were too broad. We confirm that this drafting intends to capture the reimbursement of costs in relation to Key Custodians discharging their duties, rather than capturing recovery costs, and we consider the drafting delivers such intent effectively.
122. The DCC also noted that it does not intend to maintain the in-house expertise to assess the validity of losses and their values, and will need to rely on external professional help on this matter. The DCC should do what is economic and efficient in accordance with the DCC Licence. Engaging external help in relation to assessing the validity of claims in the (unlikely) event that they arise may be reasonable to meet this requirement and DCC should consider its licence obligations when considering how to secure the necessary resources in an economical and efficient manner. It is noted that the costs associated with the provision of Key Custodians should be expected to arise on a recurring basis.
123. The DCC stated that they were concerned that there were no criteria as to how it will be determined what costs have been reasonably incurred, and how it would be determined that costs would not otherwise be incurred. We consider that it is unnecessarily prescriptive and not appropriate for us to define what costs are reasonable. The DCC and the SEC Panel can consider whether guidance on the criteria of reasonableness is appropriate and develop these further if this is considered appropriate.

124. Lastly, the DCC proposed an amendment to the legal drafting that required Large Suppliers to provide the DCC with an estimation of the value of recovery costs where it submits a notice that it will soon request to be recompensed for recovery costs. We believe such a requirement to be sensible as it helps the DCC to assess, process and reimburse such costs efficiently. For this reason we have also added a requirement for Large Suppliers to update the DCC on such estimate on a quarterly basis prior to the request for reimbursement.

Infrastructure Key Infrastructure and NGI/TAD communications

125. All respondents to question 14 agreed with our legal drafting enabling the DCC to use IKI for communications over the Non-Gateway Interface and in relation to Threshold Anomaly Detection.
126. Given the decision to remove Non-Gateway Interface references in the SEC (see Chapter 21), we have made changes to the proposed legal drafting in line with the DCC response to this question. The DCC proposed that the definition change in order to reflect that the use of IKI will go beyond the purposes set out in the consultation. The DCC suggested a change to the definition so that it more generally allows use of IKI keys for 'File Signing' where provided for elsewhere in the Code. We have consequentially amended the definition.

Key Custodians

127. Three-quarters of the respondents to question 15 agreed with our proposal and legal drafting that allows the SMKI PMA to be able to require Parties to nominate Key Custodians. Five Large Suppliers agreed with one disagreeing. The SEC Panel and SMKI PMA did not agree nor disagree, but proposed an alternative approach.
128. The Large Supplier respondent who disagreed stated that the need for Key Custodians solely related to the DCC's responsibility for the recovery of Root Issuing and Recovery Certificates. The respondent argued that Service Providers and partner organisations should nominate key custodians, and there was no real justification for SEC Parties to be forced to fulfil this role. We continue to believe in the benefit of, if the SMKI PMA considers necessary, requiring Suppliers to nominate key custodians, as this maximises the diversity of organisations fulfilling the key custodian role, which in turn increases the security of the solution. This view has been discussed and has been generally agreed at the Transitional PMA Group (TPMAG).
129. The SEC Panel and the SMKI PMA considered whether it may be better for Parties to have a direct obligation to nominate a Key Custodian (i.e. one that would not require the SMKI PMA to direct Parties in the first instance), as this would be help the practicalities of nominating an individual. We disagree with this proposal, as such an obligation would require all Parties to find a suitable individual internally, whereas only a few of the suitable candidates would in the end be chosen by the SMKI PMA. Such an outcome may therefore be considered inefficient when compared with our proposal, where the SMKI PMA only requires as many Parties to nominate Key Custodians as there are positions to be filled.

SMKI Organisation and Device Certificate Policies

130. The vast majority of the respondents agreed with our proposals concerning the changes to the Certificate Policies. One Large Supplier disagreed with our proposals of preventing the DCC from intentionally issuing a Certificate with a Public Key that was contained in any other Certificate issued by it, and preventing Subscribers from submitting Certificate Signing Requests that contain the same Public Key that that Subscriber knows to be contained in other Certificates.

131. The Large Supplier respondent who disagreed did so on the basis of their concern that the DCC seemed to be finding issues with their technical solution. We believe that both obligations are reasonable (i.e. for subscribers not to knowingly seek new Certificates with the same Public Key and for DCC not to knowingly Issue Certificates with the same Public Key) and therefore do not propose to change our proposal.
132. The respondent also mentioned that the IKI Certificate Policy would need to be amended in line with the changes made to the Organisation and Device Certificate Policies. We agree that, as the owner of the document, these changes would need to be made by the DCC and subsequently agreed by the SMKI PMA.
133. In addition to the proposed changes, we have made minor typographical corrections to the documents as part of these conclusions.

DCC and Signing Registration Data

134. All respondents to question 17 agreed with our proposal of allowing the DCC to become an Eligible Subscriber for Organisation Certificates with Role Codes that are not reserved for GB Companion Specification (GBCS) use.
135. One respondent proposed that the SMKI PMA is notified of the Remote Party Role codes that the DCC may use from time to time. We consider that this would be sensible, but do not propose to require such notification in the legal drafting.

Network Operators and establishment of SMKI Organisation Certificates

136. The vast majority of respondents agreed, or agreed with caveats with question 18 and our proposed legal text obliging Network Operators to establish their Organisation Certificates prior to DCC Live. One respondent remained neutral.
137. Supportive voices included those stating that the introduction of this legal text will ensure that Network Operator Organisation Certificates are available to Suppliers following installation and commissioning.
138. One respondent suggested that there remained an issue in relation to placing Organisation Certificates on Devices for Networks Operators. A Network Operator will need to interact with the Responsible Supplier to receive notification that its Organisation Certificates have been placed on Devices and maintain a mapping of Organisation Certificates and the Devices on which they have been placed. The respondent suggested additional SEC obligations may be needed to facilitate this. We do not propose to suggest any additional rules in contractual terms, as we believe that such addition to be overly prescriptive at this stage.
139. One Large Supplier and one Network Operator required clarification on how far in advance of DCC Live the Certificates need to be used to populate Device Security Credentials. The SEC requirement is that these Certificates will need to be placed on Devices by DCC Live, and does not require this to be done a specific time before DCC Live. Following Commissioning there are obligations on the Supplier to subsequently update the Certificates on devices, which includes ensuring that the information from appropriate Network Operator Certificates are stored on Electricity Smart Meters and Gas Proxy Functions.

Miscellaneous changes to PKI content

140. All respondents to question 19 agreed without caveats with our proposals covering the miscellaneous changes to the PKI legal drafting.
141. Given the positive responses received in relation to the DECC Consultation on the date for incorporation of the SMKI and Repository Test Scenarios Document (SRTSD) into the

Smart Energy Code (SEC) and additional content, we also conclude on the alternative wording to L4.4 made in consequence of the DCC’s consultation of the SMKI Registration Authority Policies and Procedures (SMKI RAPP). Here, one respondent suggested the inclusion of the word ‘reasonable’ to forgo the DCC setting arbitrary limits on the use of the SMKI Service Interface. We do not agree that such addition is necessary. The SMKI Interface Design Specification will be a SEC Subsidiary Document and therefore Parties will have the opportunity to respond to a DECC consultation on the designation on this document. Additionally, it will be open to the SEC Modification Process.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

No changes have been made to the legal text with exception to the following:

- Definition of Infrastructure Key Infrastructure
- L1.17 to correct an error.
- L4.4 expands the scope of the SMKI Interface Design Specification so that it may specify limits of the use of the SMKI Service Interface, and may specify the procedure by which an Authorised Subscriber and the DCC may communicate over the SMKI Service Interface.
- Minor errors in L10, the addition of legal text that requires Large Suppliers to send best estimates of value of compensation requests to the DCC at certain intervals and legal text indicating that the Panel take into consideration amendments to the Charging Methodology when deciding when Recovery Cost payments will be made.
- Minor typographical amendments to the Certificate Policies.

Final Legal Text Affected

SEC Section	Content
A	Compromised, Infrastructure Key Infrastructure, Recovery Costs, Recovery Event, Relevant Device, Relevant Subscriber, SMKI Recovery Key Guidance, DCCKICA, DCCKICA Certificate, Root DCCKI Certificate, Compromise and RDP Systems, DCCKI Infrastructure Certificate, EIIDCCKICA Certificate, DCCKI PMA.
H	H14.11
L	L1, L3, L4, L5, L6, L7, L8, L9, L10, L11, L13
M	M2.6
X	X1.11
Appendix A & B	Minor changes throughout.

9 DCC's Testing Services

Summary of Issue under Consideration

Question 9 of the July 2015 SEC consultation sought views on a requirement for the DCC to provide a Testing Service which enabled SEC Parties to test against the Non-Gateway Interface.

Question 10 of the July 2015 SEC consultation sought views on the DCC's proposal to provide the testing services described in the SEC only where testing participants were SEC Parties and had a DCC Gateway Connection.

Government Consideration of Issue

Non-Gateway Interface Testing

142. Of the 11 respondents who commented on question 9, 8 broadly agreed with the proposed changes. Three respondents provided neutral responses, with many correctly noting that, since the consultation and proposed legal text changes were published in July, DECC and the DCC, in discussions with other stakeholders, were considering whether it is appropriate to provide a Non-Gateway Interface (NGI) given some of the timing and cost issues associated with it.
143. We consulted on a proposal to withdraw the requirement for the NGI in September 2015, and have concluded our policy position on this issue in Chapter 21 of this document.

Device Testing

144. The consultation document outlined the proposal offered by the DCC (following their discussions with industry) that if a Party wished to undertake Device Testing against DCC Systems they would require a DCC Gateway Connection, which in turn would require them to become a SEC Party. Eight stakeholders responded to question 10, with three Large and one Small Supplier noting their general neutrality on this question, given that they were already required to be SEC Parties. One Large Supplier and one Network Operator supported the view that in order to test devices, testing participants should become, or work with, SEC Parties.
145. DCC supported the view that it should not have to provide a means for device manufacturers to utilise the DCC's end-to-end test environment without them first becoming a SEC Party. DCC noted that there were practical reasons based on the overall smart metering system design that meant that testing devices against the DCC System would mean a testing participant would either need to become a SEC Party (or test with the support of an organisation that was a SEC Party). These included the need for a DCC Gateway Connection to be established and the supporting security and PKI requirements.
146. Several Suppliers noted that whilst they would be SEC Parties in their own right, they were relying on the support of Smart Meter Device Assurance (SMDA Ltd) to carry out the interoperability testing of the devices that they were intending to use.
147. The SMDA responded by noting that it had intended to utilise the device testing service that the DCC was expected to make available to non-SEC Parties. Since becoming aware

that it was no longer likely that this service would be available to non-SEC Parties it had been considering alternative options to deliver a test service to its prospective Users. It noted that the costs of establishing a connection to the DCC, accession to the SEC and to develop or procure software to generate, send, receive and interpret the test messages would now have to be borne by SMDA (and so passed on to its Users).

148. We recognise the need to ensure that the DCC can deliver a timely and proportionate testing service to its Users, but also the importance of a means for testing device interoperability that is cost-effective and facilitates a competitive market for smart metering device testing. We now have a clear understanding of the costs of acceding to the SEC (£450) and the estimated costs of a DCC Gateway Connection for the purposes of testing (a connection fee of £2000-£4000 and an annual charge up to £1000). We do not consider these costs to be prohibitively expensive. It is also our understanding that the costs of complying with the relevant security requirements necessary to use a DCC Gateway Connection are also not prohibitive.
149. It is also important to consider other testing tools that are available to device manufacturers which enable them to build confidence in devices' ability to communicate with the DCC. As part of the DCC's provision of informal testing services prior to the start of End-to-End Testing, DCC made a GBCS Interface Testing (GIT) tool available for industry to use (GIT for Industry – GFI) to test devices against GBCS. Whilst this tool does not currently offer device manufacturers the ability to test their meters against the full set of GBCS commands (the scope of GFI does not extend to simulating the Gas Proxy Function of the Communications Hub, for example), it has proven to be a popular testing tool for device manufacturers.
150. In discussions with us and other stakeholders, DCC has undertaken to consider the feasibility of continuing to provide GFI over the longer term, with the potential for it to persist on an enduring basis, and form another part of the testing services that DCC makes available.
151. We consider that a GFI tool supported by the DCC and which reflects the extant and full version of the DCC System and Communications Hubs (i.e. including interactions between devices and the Gas Proxy Function) may provide a pragmatic means by which device manufacturers can test their products without requiring them to become SEC Parties and connect to the DCC Systems. Testing in this way should go a long way to providing the assurance that meters will communicate with the DCC System and Communications Hubs as intended. We expect the DCC to explore the cost effectiveness of providing this extended GFI (including device interactions with the Gas Proxy Function) on a continuing basis whilst continuing with its programme of DCC system testing required prior to its SMKI and enrolment and communication services going live. We will continue to discuss this with DCC and other stakeholders.
152. We have therefore concluded that the DCC should not be required to provide non-SEC parties with access to the end-to-end testing environment for the purposes of device interoperability testing. Therefore, to access the end-to-end testing environment, device manufacturers (and other potential participants) will need to devise a means to generate Service Requests to be sent via a DCC Gateway Connection that the DCC will process into commands to send to their meters (which would require them to become a SEC Party in order to establish a DCC Gateway Connection), or alternatively to procure such services from a third party provider.

153. Currently, section H14.31 of the SEC which sets out the requirements for these testing services is not active, but is varied by a letter of direction which requires DCC to take reasonable steps to provide informal testing arrangements¹⁵. Whilst the DCC considers its capability to provide a broader GFI on a longer term basis, we will only make small changes to the SEC to make clear that, where a Manufacturer does wish to test against the DCC Systems using a DCC Gateway Connection, it must become a SEC Party.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

We will not be introducing the requirement for DCC to provide Testing Service which enabled SEC Parties to test against the Non-Gateway Interface.

We have amended the SEC to require testing participants to become SEC Parties where they wish to undertake testing against DCC Systems which involves the use of a DCC Gateway Connection.

Final Legal Text Affected

SEC Section	Content
H	H14.32

¹⁵ <https://www.smartenergycodecompany.co.uk/docs/default-source/sec-documents/secretary-of-state-variations/sos-letter-of-designation-of-section-h14-31-to-support-informal-testing.pdf?sfvrsn=6>

10 Independence Requirements

Summary of Issue under Consideration

A Competent Independent Organisation (CIO) will be procured by the SEC Panel to complete an assessment of each User's compliance with the SEC security and privacy obligations. It is anticipated that the CIO may have, or have had, contracts in place with energy industry participants. Where this is the case the CIO must demonstrate to the SEC Panel that they are capable of acting independently of any past, existing (or future) contract it may have with a User.

Changes to the SEC were proposed in the July 2015 SEC Consultation to ensure this policy intention is fully reflected in the legal drafting. Changes were also proposed to provide the SEC Panel with the capability to appoint another person to perform the role of CIO, if necessary to ensure the independence requirements can be met. Question 20 of the July 2015 SEC Consultation sought views on the relevant SEC drafting.

Government Consideration of Issue

154. Only a small number of respondents to the July 2015 SEC Consultation provided views on Question 20. Of those who provided views all were in favour.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

Based on the consultation responses the proposed drafting is considered adequate to meet the policy intent regarding CIO independence.

Final Legal Text Affected

SEC Section	Content
G	G8.7 – G8.10
I	I2.1, I2.4 - I2.7
X	X3.4 (a) (ii)

11 Incident Management

11.1 Incident Management

Summary of Issue under Consideration

An Incident is an event which causes or may cause an interruption to, or reduction in quality or security of, the delivery of a service.

Stage 2 of the Smart Energy Code (SEC2¹⁶) required two policies to be developed, one for dealing with Incidents with Registration Data and the other for dealing with all other Incidents. The development of these policies has led us to the conclusion that a single approach would be applicable to both types of Incident and that the Registration Data Incident Management Policy was no longer needed as a stand alone document.

Since the Incident Management provisions were drafted, new capacities in which SEC Parties may act, such as Authorised Subscribers for Certificates, have been introduced into the SEC. The concept of Incident Parties has been introduced therefore to provide for the roles of these various categories of parties and RDPs in the Incident Management process.

Question 27 of the July 2015 SEC consultation sought views on these proposed changes to Incident Management.

Government Consideration of Issue

155. All of those that responded to this question agreed with the proposed approach to Incident Management.
156. Several respondents thought that the change to a single Incident Management Policy would be simpler for both the DCC and Users and supported the rationalisation of documents.
157. The definition of Incident Parties will be amended to delete from it 'Non Gateway Suppliers' to reflect the removal of the SEC obligation to develop a Non Gateway Interface (see Chapter 21).
158. In recognition that DCC Gateway Connections may be shared by non-Users, the access to Incident data relating to DCC Gateway Connections has been extended beyond Users to Parties that have been notified as entitled to use the DCC Gateway Connection.

¹⁶ <https://www.gov.uk/government/consultations/new-smart-energy-code-content-stage-2>

Summary of Government Conclusion and Changes to the Consultation Legal Draft

All respondents agreed with the changes to Incident Management set out in the consultation. With the addition of the minor clarifications set out above, we consider the proposed SEC drafting is appropriate.

Final Legal Text Affected

SEC Section	Content
A	Incident Parties, Incident
E	E2
H	H8.16 to H8.19, H9
X	X7

11.2 Interaction With Error Handling Strategy

Summary of Issue under Consideration

The Error Handling Strategy sets out the actions which Users must take when they receive error messages prior to escalating matters to the DCC.

It is recognised that both the types of errors that will emerge and the advice on how to handle them are likely to change substantially over the first months of operation of DCC as both DCC and Parties gain experience in the operation of systems. In order to retain flexibility in changing the advice provided as this experience develops (and reflecting the view that it is unnecessary to codify the advice provided), the July 2015 SEC consultation proposed that the Error Handling Strategy be moved from a SEC Subsidiary Document into the 'self-help' material maintained by the DCC.

Question 28 of the July 2015 SEC consultation sought views on the proposed approach to providing more flexible governance for the Error Handling Strategy.

Government Consideration of Issue

159. All of those who responded to this question agreed with the proposed alternative approach to governance of the Error Handling Strategy.
160. Three of the Large Suppliers suggested that a modification process such as the one proposed in the consultation should be implemented as soon as possible. An amendment will be proposed to the Incident Management Policy to ensure that the DCC takes Users' views into account when making changes to the Error Handling Strategy.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

All respondents agreed with the proposed changes to governance of the Error Handling Strategy.

The Consultation Legal Draft did not include the changes to support this proposal, however we are now implementing the changes to reflect the conclusions that we have reached as set out below.

Final Legal Text Affected

SEC Section	Content
A	Deletion of Error Handling Strategy.
H	Deletion of H3.21

12 SEC version against which the DCC needs to undertake testing

Summary of Issue under Consideration

Question 8 of the July 2015 SEC consultation sought views on our proposal to amend the SEC to state that the testing objectives in Section T of the SEC should be construed by reference to the SEC sections most recently published, instead of relying on the relevant sections of the SEC as they were in 2014.

Government Consideration of Issue

161. Eleven respondents commented on this question, with all supporting the proposed changes to the SEC. Of those respondents, two Large Suppliers queried another change to the text at Section H14.31 of the SEC where it is stated that references to Systems may include a simulation of those Systems, rather than the actual Systems. They noted their concern that this could be considered to mean that the Systems referred to in H14.31 could be replaced by very limited 'stubbed' simulations of systems, and that this would prevent reliable testing.
162. The DCC noted the previous drafting would require testing to be undertaken against the SEC as published in June 2014 and that the clauses would need to change to reflect the fact that a number of changes have been made to the SEC, many as a result of feedback from the DCC. The DCC also noted its current delivery plan, included releases of functionality during the testing phase, and that it would not be appropriate to introduce any unanticipated obligations within the testing objectives.
163. We note the comments regarding the reference to the simulation of Systems in H14.31. To be clear, the intent of making these changes is to recognise that the DCC Systems and User Systems referred to in the Section do not have to be those which are used for the sending and receiving of live messages, but can be a testing environment. It was not drafted to enable the stubbing of systems against which testing will take place. The DCC is required to provide its Testing Services in accordance with Good Industry Practice, which should prevent the stubbing of systems where this is not appropriate.
164. We will incorporate the proposed changes to Section T as set out in the SEC. We recognise the alignment risks that exist in relation to the DCC's current proposed changes in relation to its release strategy.¹⁷ We will continue to liaise with the DCC and testing stakeholders to ensure that the SEC remains aligned with the required approach to testing and that any proposed changes are flagged early and given due consideration.

¹⁷ In November 2015 DCC requested the allocation of functional contingency against its delivery plan. DCC will now issue two releases of functionality: the first will be released in July 2016 with a core set of functionality, with a second to follow in September 2016.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

We will incorporate the proposed changes to Section T as set out in the Summer consultation document

Final Legal Text Affected

SEC Section	Content
T	T2.3(a); T3.3(a); T5.3a

13 DCC Enrolment Mandate for Suppliers

Summary of Issue under Consideration

In the July 2015 SEC Consultation, we consulted on the introduction of an enduring Supply Licence Condition that would require Suppliers to use DCC data and communication services for SMETS2 compliant Smart Metering Systems (the Enrolment Mandate) in domestic premises.

Stakeholder views were sought for two questions. The first question asked whether stakeholders agreed with the proposed legal drafting of the Electricity and Gas Supply Licence Condition and the second question sought views on our proposal that the Enrolment Mandate should come into effect when DCC's enrolment services are first available.

Government Consideration of Issue

165. Fourteen stakeholders responded to the first question which sought views on the proposed legal drafting of the Electricity and Gas Supply Licence Condition. There was caveated support from the significant majority of stakeholders for the Enrolment Mandate, both in principle and in relation to the associated electricity and gas supply licence drafting. The caveats generally requested drafting clarifications as detailed below, which respondents considered would enable the Enrolment Mandate to better meet the stated policy intent.
166. Clarifications were requested in relation to the following terms:
- a) Communications Hub: a number of Suppliers requested that the term 'Communications Hub' is specifically defined in the Supply Licence to include only Communication Hubs that comply with the Communication Hubs Technical Specification. This amendment would address concerns that SMETS1 meters would be in scope of the obligation when this was not the intention.
 - b) Commissioned: A Large Supplier asked for assurance that a Supplier would not be in breach of the Supply Licence Condition should the device status change from 'Commissioned' to 'Decommissioned', 'Withdrawn' or 'Suspended' (the three other statuses defined in the SEC).
167. 'Communications Hub' will be amended in the definitions section of the Supply Licence Conditions, to be laid before Parliament in December 2015. It will denote a SMETS2 DCC-provided device together with any DCC provided aerial required for its effective operation, developed in line with the Communications Hub Technical Specification.
168. With regard to 'Commissioned', it is intended that the relevant Device should be commissioned without necessarily placing a Supplier in breach if the status of the Device subsequently changed. The revised legal text seeks to make this clearer.
169. A further two stakeholders requested clarification on the communication arrangements. One posited that the proposed legal drafting would restrict the ability of Suppliers and

third parties to provide Consumer Access Devices (CADs). The new legal text no longer refers to 'remote communications' and clarifies that the requirement is that the relevant Suppliers' SMETS2 metering system arrangements remain Enrolled so long as there is an energy supply and the Supplier is a DCC User. We believe that this change now leaves the use of CADs unaffected.

170. Approximately two thirds of respondents, including Large Suppliers, Energy Networks, Consumer, Communications and Technology groups broadly agreed that the Enrolment Mandate should come into effect once DCC enrolment services become available (and the Supplier is a DCC User). There were caveats however reflecting some uncertainty about the timing and stability of DCC Live services. The Enrolment Mandate will come into effect on the date on which meters are first capable of being commissioned (i.e. DCC Live). Suppliers that are not a DCC User at this date will be exempted until they become a DCC User. However, the Enrolment Mandate does not require Suppliers to install SMETS2 meters, but, rather, to ensure that installed meters are commissioned with the DCC. We have previously set out policy conclusions in the Rollout Strategy Response¹⁸ to drive SMETS2 meter installations - Large Suppliers will be required to install the fewer of 1,500 meters or 0.025 per cent of meter points by February 2017 (the Early/Minimum Rollout Obligation), and Small Suppliers to become Users by August 2017 or a later date as specified by the Secretary of State.
171. A Supplier requested clarification of DECC and Ofgem expectations in meeting the 'all reasonable steps' obligation to enrol a smart metering system with the DCC. This will be for Ofgem to determine as the body responsible for assessing compliance with Supply Licence Conditions.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

The legal text has been updated to clarify the intent which will address the above concerns.

Final Legal Text Affected

Supply Licence Conditions	Content
Condition 48 (Gas), Condition 54 (Electricity)	Condition 48.1 – Condition 48.6 (Gas) Condition 54.1 – Condition 54.6 (Electricity)

14 Privacy

Summary of Issue under Consideration

In the July 2015 SEC Consultation we explained that it proposed to deal with the need for Suppliers to gain consent to join and un-join Consumer Access Devices (CADs) to Smart Metering Systems in the SEC rather than in supply licences. Changes to Section I1.3(a) of the SEC were proposed to give effect to this.

Question 5 of the July 2015 SEC consultation sought comments on the proposals.

Government Consideration of Issue

172. Ten respondents to the consultation provided comments on the proposals. All supported the proposed approach, although three raised supplementary comments which included:
- that it was not clear whether, where a Communications Hub was replaced and the HAN Device Log restored, the consumer consent remained or whether it would need to be sought again;
 - whether a request from a consumer to join or un-join a CAD would be considered appropriate consent;
 - whether separate consents would be needed for joining and un-joining CADs;
 - whether it could be made clear that consent could be assumed if it was covered in a contractual clause with the consumer;
 - whether consent would be needed to re-join a CAD that had been un-joined, and whether this would depend on the nature of the consent that a Party had received from the consumer.
173. Following the replacement of a Communications Hub, the SEC places specific requirements on Supplier Parties who replace them to restore the Device Log of both the Communications Hub and that of the Gas Proxy Function. This will have the effect of re-joining any CADs that were connected to the gas smart metering system prior to the replacement. Clause 10 of the Service Request Processing Document (which forms part of the SEC) sets out these obligations which may apply not just to a gas Supplier replacing a Communications Hub, but also to the electricity Supplier doing so at a dual fuel premises (who may not have received the original permission to join). Since this is an explicit obligation under the SEC, we believe that Suppliers would have permission implicitly to re-join CADs as part of this process by virtue of I1.3(a). We do accept however that this relies on Suppliers recognising that an obligation under the SEC is also an obligation under their supply licences (since standard condition 48.1(b) requires compliance with the Smart Energy Code). To make it clearer we propose to clarify Section I1.3(a) to state that a Supplier may join or un-join CADs for the purposes of complying with obligations under its supply licence or under the SEC. This is to make it clear that the need to comply with the obligations in the Service Request Processing Document is sufficient to permit a Supplier to re-join CADs when replacing

Communications Hubs without having to seek additional consent, where they were not the party that received have consent to join the CAD in the first place.

174. We have considered further whether a request from a consumer to join (or un-join) a CAD could be considered to constitute 'explicit consent'. We believe that such a request should constitute consent and accept that it would be helpful to clarify in the SEC that this is the case. We have consequently developed a new proposed definition of 'Explicit Consent' for such purposes and will be consulting on this proposed drafting in the next SEC Consultation Document planned for Q1 2016.
175. As the actions to join and un-join CADs are separate, distinct actions, we are of the view that separate consent would be needed to carry out each of these actions. Whether this requires two separate interactions with the consumer is again a matter for parties to determine through the manner in which they seek consents. In passing it is noted that no consent would be needed under the SEC to implicitly un-join a CAD as a consequence of removing a gas or electricity meter or Communications Hub as these actions do not involve sending a Service Request.
176. Finally, we do not consider that a standard condition of a contract, for example to supply energy, which deals with the issue of consent would be likely to be sufficient to satisfy the requirements of Section I3 and again we have clarified the requirements in this area in the proposed definition of Explicit Consent, which we will be consulting on in due course.
177. We conclude that it is appropriate to adopt the changes proposed to Section I in the March 2015 SEC consultation. Furthermore, we believe that it would be appropriate to include a definition of 'Explicit Consent' that makes it clear that a consumer request does constitute consent. We will consult upon making this change in Q1 2016.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

We conclude that it is appropriate to adopt the changes proposed to Section I in the March 2015 SEC consultation.

Final Legal Text Affected

SEC Section	Content
A	Explicit Consent
I	I1.3

15 Appeal Routes

Summary of Issue under Consideration

In the July 2015 SEC Consultation we proposed to introduce further drafting in Section F3 to provide affected Supplier Parties or the DCC with the ability to appeal (to Ofgem) SEC Panel decisions relating to device non-compliance with the Technical Specifications and any associated remedial plan.

Question 32 of the July 2015 SEC consultation sought views on whether respondents agreed with the proposed additional text to F3 to provide such an appeal right.

Government Consideration of Issue

178. Nearly all respondents agreed with the consultation proposals, with only one party disagreeing that an appeals route to Ofgem should be included. They argued that if the decision was taken by the Technical Sub-Committee (TSC), this should be sufficient as this group would be technically competent and so best placed to take the decision.
179. While we note that the TSC will be expected to advise the Panel on these decisions (as required by F1.4d), it is still appropriate that an appeals route to Ofgem is provided (noting that Ofgem will also call upon technical support if required). We have made a minor amendment to the drafting in response to a clarification Ofgem sought to make clear that this appeals route was only for devices installed in consumer premises (i.e. not devices involved in testing).

Summary of Government Conclusion and Changes to the Consultation Legal Draft

We conclude on the legal text as proposed in the July consultation while making the minor amendment to F3.1 in the drafting in response to a clarification Ofgem sought to make clear that this appeals route was only for devices installed in consumer premises (i.e. not devices involved in testing).

Final Legal Text Affected

SEC Section	Content
F	F3

16 Section A: Changes to Definitions

16.1 Definition of Lead Supplier

Summary of Issue under Consideration

Within the SEC July 2015 consultation document we have made consequential changes to the definition of Lead Supplier, to correct errors in the previous definition and to include consequential changes as a result of changes to the main provisions of the SEC.

We sought views on the new definition of Lead Supplier as part of question 33 of the July 2015 SEC consultation.

Government Consideration of Issue

180. All respondents either agreed to the definition change or had no specific comments.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

We conclude on the definition of Lead Supplier as proposed in the SEC July 2015 consultation.

Final Legal Text Affected

SEC Section	Content
A	Definition of Lead Supplier

16.2 Definitions relating to Technical Specifications

Summary of Issue under Consideration

In the SEC July consultation we proposed amending a number of definitions in the SEC to align these to the Supply Licence Conditions definitions concluded on as part of the Government Conclusion on Changes to the Equipment Installation Requirements and Governance Arrangements for Technical Specifications consultation¹⁹. These changes were proposed to align the SEC such that it would support the future introduction of technical specifications (SMETS, CHTS, PPMID, IHD or HCALCS technical specifications).

Question 33 of the July 2015 SEC consultation sought views on the alignment of the relevant definitions.

Government Consideration of Issue

181. The vast majority of respondents to this question agreed with our proposals. One respondent remained neutral.
182. One respondent remarked that the definition of PPMID Technical Specification was incomplete, as it's stated that it 'means the document(s) set out in Schedule [TBC]', and asked us to confirm the definition. The definition will be completed once the PPMID Technical Specification is incorporated into the SEC, as only then will it be clear in which Schedule of the SEC it will be situated.
183. The respondent also sought more information as to why the definitions of HCALCS, PPMID and IHD had changed, and was concerned that there might now be misalignment between the DCC solution and the SEC. They also noted that the definition of Auxiliary Load Control had been deleted, and asked why this was the case. As noted in our SEC July consultation document, the definitions have changed to align them to the definitions used in the Supply Licence Conditions. For example, the definition of Auxiliary Load Control is now captured under HAN Connected Auxiliary Load Control Switch. The material content of the definitions has not changed and therefore no alignment issues should arise.
184. One respondent suggested that the definition of 'Valid' should be changed to 'Valid Technical Specification'. We agree and have made this change.
185. The respondent also sought clarification as to whether our intention is to create new separate documents for the IHD, PPMID and HCALCS Technical Specifications, as these are currently contained within the SMETS. The DCC noted this as the definition of Technical Specifications is different to the definitions used in the DCC design assumptions. We have amended the legal drafting of IHD, PPMID and HCALCS Technical Specifications to clarify that we do not intend to split these technical specifications from the SMETS.

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/337383/Government_response_consultation_changes_equipment_installation.pdf

Summary of Government Conclusion and Changes to the Consultation Legal Draft

On the basis of the positive responses received we will conclude on the approach and legal text without further changes, except the following:

- IHD Technical Specification, PPMID Technical Specification, HCALCS Technical Specification: an amendment has been made to clarify that these technical specifications can form part of a wider document, rather than being stand-alone documents.
- 'Valid' has been changed to 'Valid Technical Specification' so as to add to clarity.

Final Legal Text Affected

SEC Section	Content
A	Definitions of Valid, HCALCS Technical Specification, PPMID Technical Specification, IHD Technical Specification, Communications Hub Function, Gas Smart Meter, IHD, Electricity Smart Meter, Gas Proxy Function, Device, Device ID, HAN Connected Auxiliary Load Control Switch, Pre-Payment Interface Device, SMETS and other miscellaneous clarifications have been made to Section A definitions.

17 Further Activation of the SEC Modification Process

Summary of Issue under Consideration

In the SEC July consultation we proposed activating Paths 2 and 3 of the SEC modification process for non-urgent modifications from early 2016. For an interim period, we proposed that the Secretary of State assume some of Ofgem's enduring powers and responsibilities in relation to such modifications. We proposed that the Secretary of State will transfer these responsibilities to Ofgem after this interim period. At this point, Path 1 is proposed to also be activated. We anticipated that the interim period will end when the regulatory regime is sufficiently stable and sufficient arrangements are in place to deliver the Programme's objectives. We proposed amending section X2.3 of the SEC to apply these variations to the modification process in Section D.

Question 29 of the July 2015 SEC consultation sought views on the timing of the further activation of the SEC modification process.

Question 30 of the July 2015 SEC consultation sought views on the manner in which the modifications process is further activated, including the temporary performance of certain enduring Ofgem functions by the Secretary of State.

Government Consideration of Issue

186. We received 18 responses to each question. Some respondents provided a consolidated response for questions 29 and 30.
187. All respondents to question 29 were supportive of the proposed timing for further activation of the SEC modification process.
188. One respondent proposed that DECC should work with SECAS to establish clear guidelines on what modification proposals SEC Parties are able to raise from early 2016. One respondent suggested that DECC should publish guidance in relation to the criteria we will use to determine whether a modification proposal should be cancelled or suspended. This guidance would enable SEC Parties to better judge whether to raise modification proposals. It was noted that where possible, decisions on cancellation or suspension of modification proposals should be made early in the modification process.
189. We intend to work with SECAS to provide guidance for SEC Parties on what can be raised as a modification proposal and criteria for cancellation or suspension of proposals. We agree that where possible the decision on cancellation or suspension should be made early in the modification process. However, there may be circumstances where it becomes necessary to make this decision later in the process.

190. One respondent requested that non-urgent modifications should not be implemented until at least a year after DCC services are live.
191. It is unlikely that modification proposals that affect functionality delivered at Release 1.2 or 1.3 will be progressed so as not to detract from the timely delivery of live services. There are safeguards in place to prevent modification proposals impacting on the DCC's ability to deliver Releases 1.2 and 1.3 in a timely manner as the Secretary of State is able to cancel or suspend modification proposals. For modification proposals which would result in changes to the SEC after Release 1.3, if they are approved they will be implemented in accordance with the timetable set out for the modification proposal.
192. All respondents to question 30 were broadly supportive of the proposed variations to the modifications process from early 2016, including the proposed role for the Secretary of State.
193. However, one respondent considered that the Secretary of State should not retain the power to cancel or suspend modification proposals. It considered that the DCC should be able to provide any necessary analysis from early 2016 and that this should not impact on the delivery of Release 1.2 or 1.3.
194. We believe it is important for the Secretary of State to retain the ability to cancel or suspend modification proposals until her powers to modify the SEC directly (using a process set out in Section 88 of the Energy Act 2008) have expired. By retaining the ability, we should be able to prevent negative impacts of interactions between modifications being raised by industry and made by us. Further, in the short term we expect DCC's resources to be utilised to deliver timely live services at Release 1.2 and 1.3. It would not be efficient and therefore not in the best interests of consumers or the Programme for the DCC (and its service providers) to temporarily increase resources to perform analysis of modification proposals prior to the delivery of Release 1.3.
195. One respondent noted that impacts on other, existing industry codes should be taken into consideration during the modification process. The SEC already requires impact on other codes to be considered. Section D1.7(l) requires the proposer of a modification proposal to consider whether changes are likely to be required to other codes as a result of the proposal. Section D6.8(j) requires the working group through the refinement process to consider the impact on other codes as a result of the proposal. We believe this is sufficient.
196. One respondent noted that the respective roles of Ofgem and the Secretary of State in the transitional period from early 2016 should be clarified. We are working with Ofgem and the SEC Panel to develop guidance on our respective roles in the modifications process.
197. We have decided that it is appropriate to make one amendment to our proposed legal text. We consider that Ofgem should receive documentation from the Change Board following a vote on a modification proposal (as set out in Section D8.20) in addition to this being sent to the Secretary of State. This should ensure that Ofgem is aware of the changes being made and should contribute to building capability within Ofgem in advance of the transfer of responsibility for deciding on modification proposals.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

On the basis of the positive responses received, we will only make one change to the legal text on which we consulted. We will ensure Ofgem receives all documentation from a

Change Board vote.

Final Legal Text Affected

SEC Section	Content
X	X2.3

18 Threshold Anomaly Detection Procedures Scope

Summary of Issue under Consideration

SEC Section G6 outlines the scope of a Threshold Anomaly Detection Procedures document. A divergence was identified between the level of detail needed within the subsidiary document, and the scope allowable under the SEC.

A change in scope was needed to allow DCC to provide guidance to Users regarding the appropriateness of thresholds that are set, and make provision for action to be taken by Users and the DCC in the case where thresholds are exceeded. Question 31 of the July 2015 SEC Consultation sought views on the associated drafting change.

Government Consideration of Issue

198. Only a small number of respondents to the July 2015 SEC Consultation provided views on Question 31. Of those who provided views all were in favour.
199. As set out in the SEC4 consultation²⁰, both the DCC and Users will need to set appropriate thresholds to ensure that unusual numbers and patterns of specific messages are detected. A compromise that results in the unintended processing of critical commands by a smart metering device has the potential to more significantly impact the security of a Smart Metering System when compared to a non-critical command. As a result the DCC and Users are obligated to set thresholds for any message that will result in a critical command being sent to a device. The associated obligations on Users and DCC are set out in G6.3 and G6.6 respectively.
200. As a part of our review of Section G6 and the associated sections of the Service Request Processing Document we have identified a need to amend this wording to ensure the policy intent, outlined above, is fully realised within the regulatory framework. These amendments will ensure that Anomaly Detection Thresholds are set for all individual critical commands, including those relating to Change of Supplier events and for the handover of a DCC controlled devices.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

Based on the consultation responses the proposed drafting at G6.1 is considered appropriate. Changes will be made to G6.3 and G6.6 to ensure Users and the DCC set anomaly detection thresholds for each individual message type that may result in a critical

²⁰ [https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/329306/SEC4 -
_Consultation_Document.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/329306/SEC4_-_Consultation_Document.pdf)

command being sent to a smart metering device.

Final Legal Text Affected

SEC Section	Content
G	G6.1, G6.3 and G6.6.

19 Event of Default

Summary of Issue under Consideration

Section M8 of the SEC sets out the powers of the Panel to suspend certain rights under the SEC in circumstances where a SEC Party is in an Event of Default (as defined in Section M8). In the case of a supply or network licence holder acting in that licenced capacity, it has been the policy intention that specified rights to use DCC communication services cannot be suspended by the SEC Panel without Ofgem's prior consent.

Provisions that reflected this policy were originally set out in Section M8.6 of SEC 1 and required that Ofgem consent was necessary to suspend the right of a User (except when acting in the 'Other User' capacity).

An amendment to these provisions was required during the drafting of SEC 2 (January 2014), due to some consequential changes in terminology arising as a result of the (then new) Section H4 and H5 drafting (which introduced Service Requests, Service Responses, Local Command Services, User Roles etc.). The SEC text reflecting these conclusions was legally amended as part of the package of changes that were laid before Parliament in SEC 4A (November 2014). However the SEC 2 drafting inadvertently had the effect of removing the right for the Panel to suspend 'Other User' core services and the requirement for Ofgem consent if the SEC Panel wished to suspend the rights of a SEC party to take core communication services when acting in the capacity of a licensee. This was not the intended effect and we therefore proposed to amend the text in M8.6 to correct this.

In the March 2015 SEC consultation (Question 6) we asked whether respondents agreed with the proposed M8.6 amendment.

Government Consideration of Issue

201. All of the 9 respondents to this question agreed with the proposed amendment to reinstate the ability of the SEC Panel to remove a Defaulting Party's right to receive core communications services or local command services.
202. There was also general agreement around the proposed legal text that the SEC Panel must seek the consent of Ofgem prior to suspending such services where the defaulting Party is acting in the capacity of a Supplier or Network Operator, as the consequent loss of services might detrimentally affect consumers.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

We conclude on the legal text proposed as part of the March SEC 2015 consultation.

Final Legal Text Affected

SEC Section	Content
M	M8.6

20 Scope of Security Risk Management Obligations for Users

Summary of Issue under Consideration

To facilitate the process of submitting Anomaly Detection Thresholds, the DCC will provide Users with a file signing token which will store the relevant cryptographic key material and enable the secure generation of a digital signature. Given these file signing tokens will be used to authenticate the User it is imperative that they are operated and managed securely by the User.

To ensure Users take the right steps to securing these file signing tokens, a change to the scope of User risk management obligations in SEC Section G5.14 was proposed in the March 2015 SEC consultation. The change incorporated into the scope of G5.14 any system, including devices such as file signing tokens, which are used to secure communications between the User and the DCC. Question 3 of the March 2015 SEC consultation sought views on an amendment to this scope.

Government Consideration of Issue

203. The majority of respondents supported the proposed change in scope to G5.14 though some of this support was subject to caveats. A minority of respondents did not support the drafting change. The most common concern cited by respondents was the potential for ambiguity in interpreting the text. A number of respondents questioned whether it would be beneficial to be more prescriptive and specifically reference signing tokens themselves.
204. In developing the SEC security arrangements we have been mindful of the need to ensure attention is focused towards those systems which play a role in communicating with smart metering devices. This capability is captured under the User Systems definition within the SEC and these systems are subject to the full range of obligations included within SEC Section G.
205. We recognise there will be other systems that are operated by the User which may connect directly or indirectly to the DCC for a range of other purposes. For example, systems operated by the User to support service management activity. For these systems, the SEC does not require compliance with every part of SEC Section G. Instead, Users must apply the ISO/IEC 27005:2001 standard for assessing and managing security risk.
206. As our understanding of User and DCC system interaction has developed, the definition of User Systems and the relevant aspects of G5.14 have been subject to change. The current change to G5.14 has been left intentionally broad so as to ensure that security consideration is given to any communications link between a User and the DCC. Regardless of the nature of the link, or its purpose, it will always be appropriate for the User to consider and treat the relevant security risks.

207. Following our review of consultation responses we have further considered the scope of the G5.14 obligation with our Transitional Security Expert Group (TSEG). The group, made up of security professionals from across industry and Government, have acknowledged the need for this change in its current form. We therefore consider it appropriate and proportionate to maintain the drafting as per the March 2015 SEC consultation.
208. It is acknowledged that DCC has yet to update the IKI Certificate Policy to incorporate the arrangements relating to file signing certificates and that further consequential changes to the SEC may need to be made when this has been done. Furthermore, we propose to give further consideration to the reliance that Users may place on the operation of the tokens issued to them by DCC for file signing purposes and may bring forward additional proposals on this issue in the New Year.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

Based on the consultation responses the proposed drafting is considered appropriate to ensure Users identify and manage the risk of compromise to any communications link with the DCC, and any security functionality used in respect of such a communication link.

Final Legal Text Affected

SEC Section	Content
A	File Signing Certificate
G	G5.14(e)

21 Non-Gateway Interface

Summary of Issue under Consideration

On 14 September 2015 we consulted on the proposal that a Non-Gateway Interface (NGI) should no longer be built by the DCC to support circumstances of User Supplier to non-User Supplier churn, as the NGI no longer appeared to represent value for money due to recent regulatory and operational developments²¹. Instead, it was proposed that the outgoing User Supplier's SMKI credentials should remain on the SMETS2 Metering System until the new non-User Supplier has become a User. It was noted that this would mean the outgoing User Supplier would still be able to send critical service requests to, and receive alerts from, the meter despite no longer being the Supplier responsible for that meter. The consultation also set out relevant SEC clauses and subsidiary documents that would, subject to the consultation outcome, require amendment to remove NGI-related provisions.

Stakeholders were asked whether they agree with the proposed removal of the NGI, and the SEC and subsidiary document amendments identified.

Government Consideration of Issue

209. Eleven responses were received, predominately from larger Suppliers but also a smaller Supplier, industry and consumer groups, a Gas Distribution Network and the DCC. The majority of responses supported the proposed removal of SEC requirements for the DCC to build a NGI, but with caveats.
210. Suppliers generally considered that the responsible (non-User) Supplier should be made aware of alerts from churned SMETS2 meters; particularly those that may have duty of care implications. Views on how this outcome should be achieved were mixed, ranging from a DCC technical solution to a DECC-supported industry process potentially encompassing a central register of Supplier contacts, a standardised alert list for routing to the responsible Supplier, and agreed message formatting standards. A few Suppliers were, however, concerned that any such industry process could incur additional costs. A Large Supplier also suggested that it may be appropriate to allow a User Supplier to raise receipts of alert from a Smart Metering System for which it is no longer the Responsible Supplier as an incident for the DCC to manage via its Incident Management Policy.
211. On balance, as the scale of User Supplier to non-User Supplier churn is expected to be relatively limited given the User mandate and other obligations that will drive Suppliers to become DCC Users, we consider that a proportionate approach to the issue would be for an industry-led solution to be developed to enable User Suppliers to handle alerts in a manner consistent with their duty of care consideration while avoiding unnecessary costs and processes. There are a number of potential options for industry to consider in order to

²¹ See: www.gov.uk/government/consultations/consultation-on-regulatory-arrangements-to-support-circumstances-where-a-non-dcc-user-supplier-becomes-the-supplier-for-a-customer-with-a-dcc-enrolled

deliver this outcome, and Energy UK has agreed to facilitate a workshop with its members and other Suppliers to consider an industry solution. We will support this process and ensure that stakeholders are kept informed via transitional governance arrangements. We do not consider it appropriate for the DCC to build additional systems or acquire new responsibilities in this respect given its focus on DCC-Live implementation and the transitory nature of this issue.

212. A Large Supplier and industry group sought clarification on whether new entrants to the supply market would, following the introduction of the User Mandate, be required to be DCC Users as otherwise User Supplier to non-User Supplier churn may be an enduring issue. We can confirm its intention that from the point the User mandate is intended to apply (August 2017) all domestic Suppliers, including new entrants, will be required to be DCC Users in order to operate in the market²².
213. A consumer group supported the removal of the NGI but stressed the need for DECC or Ofgem to ensure that Suppliers comply with their data protection obligations in relation to alerts received from churned meters. It recognised that some alerts may be sent from the User to the non-User Supplier, and requested that a list of these are consulted upon. We anticipate that an industry-led solution would ensure that alerts are handled in a manner consistent with data protection obligations, and that this process will identify which alerts will require the User Supplier to notify the responsible non-User Supplier.
214. A consumer group and Small Supplier noted that non-User Suppliers will not be able to offer continued smart functionality to a consumer switching with SMETS2 meters, and stated the importance of consumer clarity on this point. We note that Suppliers have supply licence obligations to inform consumers prior to the switch whether smart functionality will be retained.
215. A Small Supplier queried whether there will be sufficient Wide Area Network (WAN) capacity for Suppliers to update gained SMETS2 meters with their security credentials upon becoming a User Supplier. We expect sufficient WAN capacity to be available.
216. Finally, a number of respondents broadly agreed with the identified SEC and subsidiary document amendments.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

References to the NGI and associated terms will be deleted from the following SEC Sections. We will support an industry-solution on the management of alerts from churned SMETS2 meters.

Final Legal Text Affected

SEC Sections	Content
D, G, H, M, N, T, X	<p>References to the NGI and associated terms will be deleted from the following SEC Sections:</p> <ul style="list-style-type: none"> ○ Section D: Modification Process - D1.7(m), D3.9(c), D6.9(b) and D7.3(f); ○ Section G: Security - G2.21;

²² The Government has not yet confirmed whether the User mandate will apply to non-domestic suppliers

- Section H: DCC Services - H9.1(m), H9.2(e), H14.1(f), H14.8, H14.9 and H14.36A);
- Section M: General - M10.1(e));
- Section N: SMETS1 Meters - N4.10 and N4.11;
- Section T: Testing During Transition - T3.1, T3.2, T3.24 and T3.25(C);
- Section X3: Provisions To Become Effective Following Designation - X3.2 (f) (iii) (D).

The Incident Management Policy will also be amended. Other subsidiary documents will be amended as necessary in due course.

22 Miscellaneous Drafting Changes

Summary of Issue under Consideration

Minor amendments have been made to Section H14 of the SEC to support the developing testing arrangements. Further amendments have been made throughout the SEC and DCC Licence to correct minor drafting errors. Changes have also been made to the Definitions (Section A) of the SEC to align with changes to the main body of the SEC described in this document.

Government Consideration of Issue

217. In addition to the changes described in Chapters 3 to 21 in response to previous consultations, we are also making minor alterations to the SEC text in Section H14 to support the overall testing arrangements as follows:
- H14.31: We have updated H14.31 to reflect that the Enduring Testing Approach Document describes the process for Testing Participants agreeing to pay any applicable charges.
 - H14.18: We have amended the text in H14.18 to be clear that for some tests undertaken as part of User Entry Process Testing (e.g. the Install and Commission test), it will be necessary for testing participants to execute a pre-determined sequence of tests. These are set out in the Common Test Scenarios Document. Equivalent changes have been made to provide flexibility for the SMKI Entry Process Tests Document to mandate a sequence of tests if required, although it is noted that at the present time, no such sequence is mandated (H14.27).
218. We also consulted on some additional content to Section H14 (H14.18A, H14.27A) of the SEC on 23 September 2015 to support the incorporation of the SMKI and Repository Test Scenarios Document (SRTSD) as Appendix K of the SEC in October 2015 as well as the planned incorporation of DCC's Common Test Scenarios Document (CTSD) into the SEC in the New Year. These H14 changes relate to the suspension and resumption of, respectively, SMKI and Repository Entry Process Tests (SREPT) and User Entry Process Tests (UEPT), including the appeals processes where any disputes may arise. The changes bring Section H14 in line with the provisions set out in those two documents, and following the positive response received we are concluding here to adopt these minor changes as consulted upon.
219. We are also correcting certain drafting errors identified in the SEC and DCC Licence. These are mainly spelling errors or incorrect SEC cross-references.
220. We have also made changes to the definitions in Section A corresponding to the other changes we have made to the SEC. Specific changes include:
- Check Cryptographic Protection – a minor clarificatory change based on a consultation comment received in relation to Section L.
 - Physical Device Type – a new definition for the purposes of the CPL, distinct from the Definition of 'Device Type' to reflect the fact that, for example Device

Types in the Smart Metering Inventory will include Gas Proxy Functions and Communications Hub Functions whereas the CPL will deal with Communications Hubs (the physical device).

- Digital Signature – again a minor technical change based on comments received on the proposed Section L drafting.

Summary of Government Conclusion and Changes to the Consultation Legal Draft

We have made minor amendments to the SEC and DCC Licence to align these to the conclusions described in the preceding chapters of this document and to correct minor errors the SEC and DCC Licence.

Final Legal Text Affected

Legal Drafting	Content
SEC Section A	Definitions of Check Cryptographic Protection, Physical Device Type, Digital Signature
SEC Section H	H14.18; H14.18A, H14.27, H14.27A, H14.31,
DCC Licence	Minor typographical error correction throughout.
SEC	Minor typographical error correction and consequential changes throughout.

23 Glossary

This section provides a glossary of the principal terms used in this document.

A complete set of definitions and interpretations of terms used in the SEC can be found in Section A of that document.

The definitions in this glossary are not intended to be legally precise, but instead to assist in understanding the response document.

Alert

A message from a Device or from DCC and sent as a DCC Alert or a Device Alert to a DCC User across the DCC User Interface.

Command

A message sent by the DCC to a Device over the SM WAN (or to a DCC User over the DCC User Interface to be executed locally) in order to instruct the Device to carry out an action.

Commissioned

A Device status recorded in the Smart Metering Inventory. The steps a Device must go through to be Commissioned vary by Device type, but essentially this status is achieved when: the Device has been added to the Smart Metering Inventory; it has been demonstrated that DCC can communicate with it (and vice versa) over the SM WAN; and its relationship with either the Communications Hub Function or a Smart Meter has been established.

Communications Hub

A device which complies with the requirements of CHTS and which contains two, logically separate Devices; the Communications Hub Function and the Gas Proxy Function.

Communications Hub Function

A Device forming part of each Smart Metering System which sends and receives communications to and from the DCC over the SM WAN, and to and from Devices over the HAN.

Communications Hub Technical Specifications (CHTS)

A document (which is to form part of the SEC) which sets out the minimum physical, functional, interface and data requirements that will apply to a Communications Hub.

Communications Service Provider (CSP)

Bodies awarded a contract to be a DCC Service Provider of communications services to DCC as part of DCC's Relevant Services Capability. Arqiva Limited and Telefónica UK Limited have been appointed to provide these services.

Core Communication Services

The services associated with processing a specific set of Service Requests set out in the DCC User Interface Services Schedule in a manner that involves communication via the SM WAN, but excluding the Enrolment Services.

Correlate

A check, to be carried out by DCC Users, to ensure that the Pre-Command created by DCC after transforming a Critical Service Request is substantively identical to the original Service Request.

CoS Party

A separate part of the DCC, responsible for signing critical Commands to update a Supplier's Security Credentials on a Device following the submission of a 'CoS Update Security Credentials' Service Request by an incoming Supplier to the DCC.

Data and Communications Company (DCC)

The holder of the Smart Meter communication licence, currently Smart DCC Ltd.

Data Service Provider (DSP)

The company awarded a contract to be a DCC Service Provider of data services to DCC as part of DCC's Relevant Services Capability. CGI IT UK Limited has been appointed to provide these services.

DCC Licence

The licence awarded under section 7AB of the Gas Act 1986, and the licence awarded under section 5 of the Electricity Act, each currently authorising Smart DCC Ltd to undertake the activity of providing a Smart Meter communication service.

DCC Service Providers

Companies or persons from whom DCC procures Relevant Services Capability; principally the DSP and the CSPs.

DCC Systems

The systems used by the DCC and its DCC Service Providers in relation to the Services and / or the SEC, including the SM WAN but excluding the Communications Hub Functions.

DCC Total System

All DCC Systems and Communications Hub Functions within the control of DCC.

DCC User

A SEC Party who has completed the User Entry Processes and is therefore able to use DCC's Services in a particular User Role.

DCC User Interface

The communications interface designed to allow appropriate Smart Metering communications to be sent between DCC Users and the DCC.

DCC User Interface Services Schedule

The SEC Subsidiary Document summarising the services available to Users across the User Interface and specifying a number of other matters such as eligibility to receive those services.

Device

One of the following: (a) an Electricity Smart Meter; (b) a Gas Smart Meter; (c) a Communications Hub Function; (d) a Gas Proxy Function; (e) a Pre-Payment Interface Device; (f) a HAN Controlled Auxiliary Load Control; or (g) any Type 2 Device (e.g. IHD).

Distribution Network Operators (DNOs)

Holders of electricity distribution licences.

Elective Communications Services

The services associated with processing of Service Requests that are (or are to be) defined in a Bilateral Agreement (rather than the DCC User Gateway Services Schedule) in a manner that involves communication via the SM WAN (provided that such Service Requests must relate solely to the Supply of Energy or its use).

Electricity Smart Meter

A Device meeting the requirements placed on Electricity Smart Metering Equipment in the SMETS.

Eligible User

A DCC User who, acting in a particular User Role, is eligible to receive particular DCC Services, including in relation to a particular Device.

End-to-End Smart Metering System

Any DCC System, Smart Metering System, User System or RDP System.

Enrolled

The status of a Smart Metering System when the Devices which form part of it have all been Commissioned.

Enrolment Services

Services associated with the processing of Service Requests that are involved in the commissioning of Devices in the Smart Metering Inventory, and establishing their inter-relationships, and which ultimately result in the Enrolment of Smart Metering Systems ready for communication via DCC over the SM WAN.

Foundation stage

The period prior to the start of the mass roll-out stage.

Gas Proxy Function

The functionality in the Communications Hub specific to its operation as a data store of the gas meter's operational data.

Gas Smart Meter

A Device meeting the requirements placed on Gas Smart Metering Equipment in the SMETS.

GB Companion Specification (GBCS)

A document setting out amongst other things, the detailed arrangements for communications between the DCC and Devices and the behaviour required of Devices in processing such communications.

Hand Held Terminal (HHT)

A HAN-connected Device used by authorised personnel for meter installation and maintenance purposes.

Home Area Network (HAN)

The means by which communication between Devices forming part of Smart Metering System takes place within a premises.

In-Home Display (IHD)

An electronic Device, linked to a Smart Meter, which provides information on a consumer's energy consumption and ambient feedback.

Mass roll-out stage

The period between the date at which the DCC starts providing Core Communication Services and the fulfilment of the roll-out obligation as specified in the roll-out licence conditions.

MPAN

The Meter Point Administration Number, being a unique reference number for each metering point on the electricity distribution network and allocated under the Master Registration Agreement (defined in Section A of the SEC).

MPRN

The Meter Point Reference Number, being a unique reference number for each metering point on the gas distribution network and allocated under the Uniform Network Codes (defined in Section A of the SEC).

MPxN

A collective reference to the MPAN and MPRN.

Network Operators

A collective term for holders of electricity distribution licences and gas transportation licences.

Outage Detection

The ability for an electricity supply interruption to be identified and communicated to the SM WAN.

Parse

The conversion of Service Responses and Device Alerts received from the DCC over the DCC User Interface into a more user-friendly format.

Parse and Correlate Software

Software to be provided by the DCC which enables the carrying out of the Parse and Correlate activities.

Party (SEC Party)

A person that has acceded to the SEC Framework Agreement.

Pre-Command

A message generated as part of the processes of converting of Service Requests into Commands, i.e. after Transformation by DCC. For Critical Service Requests, Pre-Commands are returned to the DCC User for correlation and signing after DCC has transformed the Service Request.

RDP System

The systems used by, or on behalf of a Network Operator for the collection storage, back-up, processing, or communication of Registration Data (defined in Section A of the SEC) prior to being sent to DCC.

Registration Data Provider (RDP)

A person nominated by a Network Operator to provide Registration Data to DCC under the SEC.

Release Management

The process adopted for planning, scheduling and controlling the build, test and deployment of releases of IT updates procedures and processes.

Relevant Services Capability

The internal and external resources which the DCC relies upon in order to provide services as part of its Mandatory Business (as defined in the DCC Licence).

SEC Panel

A Panel of persons drawn from the energy industry and consumer organisations who oversee governance of the SEC, subject to the regulatory oversight of Ofgem.

SECAS

The company appointed and contracted to SECCo to carry out the functions of the Code administrator and the Code Secretariat - Gemserv.

SECCo

A company established under the SEC, owned by SEC Parties and which acts as a contracting body for the SEC Panel.

SEC Subsidiary Documents

Documents that are referenced by and forming part of the SEC, and thus subject to the SEC modification process.

Service Request

A communication to the DCC over the DCC User Interface (and in a form set out in the DCC User Interface Services Schedule) that requests one of the Services identified in the DCC User Interface Services Schedule (or, in future an Elective Communications Service).

Service Response

A message sent from DCC to a DCC User over the User Interface (and in a form set out in the User Interface Services Schedule) in response to a Service Request.

Services

This refers to the services provided or that will be provided by the DCC pursuant to the requirements in the SEC (including the bilateral agreements).

Smart Energy Code (SEC)

The Code designated by the Secretary of State pursuant to Condition 22 of the DCC Licence and setting out, amongst other things, the contractual arrangements by which DCC provides services to DCC Users as part of its Authorised Business (defined in the DCC Licence).

Smart Meter

A Gas Smart Meter or an Electricity Smart Meter.

Smart Metering Equipment Technical Specifications (SMETS)

A specification (which is to form part of the SEC) of the minimum technical requirements of Smart Metering equipment (other than Communications Hubs which are separately dealt with in CHTS).

Smart Metering Inventory

An inventory of Devices which comprise Smart Metering Systems which are (or are to be) Enrolled with DCC. The Smart Metering Inventory also holds information about Devices and their inter-relationships.

Smart Metering System (SMS)

A particular collection of Commissioned Devices installed in a premises:

- a Gas SMS comprises a Communications Hub Function, a Gas Smart Meter, a Gas Proxy Device and any additional Type 1 Devices (as defined in the SEC); and
- an Electricity SMS comprises a Communications Hub Function, an Electricity Smart Meter and any additional Type 1 Devices.

Smart Metering Wide Area Network (SM WAN)

The network that is used for two way communication between Communications Hub Functions and the DCC.

Supplier

The holder of a gas supply licence or an electricity supply licence.

Technical Architecture

The DCC Systems and the Smart Metering Systems together, including as documented in the Technical Specifications (defined in Section A of the SEC).

Transformation

The conversion, by DCC, of a Service Request into an associated Pre-Command - the format ultimately required in order for the Command to be executed by a Device.

User Role

One of a number of different capacities in which a User may (if appropriately authorised and having gone through the necessary User Entry Processes) act, including: Import Supplier; Export Supplier; Gas Supplier, Electricity Distributor, Gas Transporter or Other User.

User System

Any Systems (excluding any Devices) which are operated by or on behalf of a User and used in whole or in part for:

- constructing Service Requests;
- sending Service Requests over the DCC User Gateway;
- receiving, sending, storing, using or otherwise carrying out any processing in respect of any Pre-Command or Signed Pre-Command;
- receiving Service Responses or alerts over the DCC User Gateway;
- generating or receiving Data communicated by means of the Self-Service Interface
- communicating with the SMKI or Repository Services or other PKI Services; and
- any other Systems from which the Systems used for the above are not Separated.

Annex A: Responses Received

Responses to the SEC 4 consultation were received from the following organisations:

Association of Meter Operators	Npower
British Gas	Ofgem
Brookfield Utilities UK	Opus Energy
Citizens Advice	Scottish Power
Competitive Networks Association	Scottish Power Energy Networks
DCC	SECAS
EDF Energy	Siemens
Energy Networks Association	Smart Energy GB
Energy UK	Smartest Energy
e-on	SMKI PMA
First Utility	SSE
Good Energy	TMA
Haven Power	UK Power Networks
ICOSS	Utilita
MServ	Utility Partnership Ltd
Information Commissioner	Wales and West Utilities
Labrador Ltd	Xoserve

Responses to the March 2015 SEC consultation were received from the following organisations:

Npower	National Grid
e-on	DCC
SSE	UK Power Networks
Citizens Advice	EDF Energy
British Gas	Scottish Power

Responses to the July 2015 SEC consultation were received from the following organisations:

DCC	SSE
British Gas	EDF Energy
UK Power Networks	Electricity North West Limited
Citizens Advice	e-on
Npower	Scottish Power
Ofgem	Siemens
SEC Panel	Smart Energy GB
Smartest Energy	SMKI PMA
Ovo Energy	SMDA

Annex B: Consultation questions responded to in this document.

Relevant SEC 4 Consultation Questions

Power Outage Alerts	
Q35	Do you agree with the proposed approach and legal drafting in relation to Processing Service Requests? <i>Please see Chapter 3.2 for a summary of responses received and the relating Government response.</i>
Non-Domestic Supplier Opt Out	
Q36	Do you agree with the proposed changes to the approach and legal drafting in relation to Smart Metering Inventory and Enrolment Services? <i>Please see Chapter 3.2 for a summary of responses received and the relating Government response.</i>

March 2015 SEC Consultation Questions

Performance Reporting	
Q1	Do you have any comments on the additions to the Reported List of Service Provider Performance Measures (Annex E)? Do you have any comments on the revised legal drafting in Section H13 and the proposal to incorporate Section H13 into the SEC towards the end of 2015? <i>Please see Chapter 3.1 for a summary of responses received and the relating Government response.</i>
Q2	Do you have any comments on the proposal for the Secretary of State to formally identify the initial Reported List of Service Provider Performance Measures? <i>Please see Chapter 3.1 for a summary of responses received and the relating Government response.</i>
Scope of Risk Management Obligations for Users	
Q3	Do you agree with the proposal, and associated legal drafting, to extend the scope of User risk management obligations to include

	<p>systems that are used to secure communications with the DCC?</p> <p><i>Please see Chapter 20 for a summary of responses received and the relating Government response.</i></p>
Confidentiality	
Q4	<p>Do you agree with our proposal to limit DCC’s liabilities in all cases to £1 million when breaching confidentiality of sensitive information and to consequentially amend confidentiality markings? Please provide a rationale for your response.</p> <p><i>Please see Chapter 7 for a summary of responses received and the relating Government response.</i></p>
Q5	<p>Do you agree that Parties should nominate to the DCC individuals eligible to receive sensitive information marked as ‘classified’ to be able to receive such information? Please provide a rationale for your response.</p> <p><i>Please see Chapter 7 for a summary of responses received and the relating Government response.</i></p>
Other SEC Amendments	
Q6	<p>Do you have any comments on the proposed amendment to the drafting in Section M8.6 which reinstates the ability of the Panel to remove a Defaulting Party’s right to receive core communication services or local command services, but subject to the consent of the Authority where that Party is acting in the capacity of registered supplier or registered network operator?</p> <p><i>Please see Chapter 19 for a summary of responses received and the relating Government response.</i></p>
Security Licence Condition Covering DCC Enrolled Smart Meters	
Q7	<p>In relation to the proposed licence condition requiring suppliers to take all reasonable steps to secure systems used to communicate with DCC enrolled meters, do you agree with the proposed approach and legal drafting?</p> <p><i>Please see Chapter 5 for a summary of responses received and the relating Government response.</i></p>
Implementation Performance Regime	
Q8	<p>Do you have any comments on the scope for further amendments to each Implementation Due Date and Implementation Milestone Criteria?</p> <p><i>Please see Chapter 6 for a summary of responses received and the relating Government response.</i></p>
Q9	<p>Do you have any comments on the amendments to the definition of ‘Baseline Margin Implementation Total’?</p> <p><i>Please see Chapter 6 for a summary of responses received and the relating</i></p>

Government response.

July 2015 SEC Consultation Questions

DCC Enrolment Mandate	
Q1	<p>Do you agree with the legal drafting of the proposed amendment to the electricity and gas supply licence conditions? Please provide a rationale for your views.</p> <p><i>Please see Chapter 13 for a summary of responses received and the relating Government response.</i></p>
Q2	<p>Do you agree that this legal duty should take effect when DCC's enrolment services are first available?</p> <p>Please provide rationale for your views.</p> <p><i>Please see Chapter 13 for a summary of responses received and the relating Government response.</i></p>
DCC Enrolment and Communication Services	
Q3	<p>Do you have any comments on the proposed drafting in these new subsidiary documents?</p> <p><i>Please see Chapter 3.2 for a summary of responses received and the relating Government response.</i></p>
Q4	<p>Do you have any specific comments on the proposed revised approach to dealing with Post-Commissioning Obligations including the proposal to delete Sections M2.7 and M2.8?</p> <p><i>Please see Chapter 3.2 for a summary of responses received and the relating Government response.</i></p>
Consent for joining and un-joining Consumer Access Devices	
Q5	<p>Do you have any comments on the proposed approach?</p> <p><i>Please see Chapter 14 for a summary of responses received and the relating Government response.</i></p>
Consequential Changes to Sections F2, G, M2 and A	
Q6	<p>Do you have any comments on the proposed drafting changes to Sections F2, G, M2 and A?</p> <p><i>Please see Chapter 3.2 for a summary of responses received and the relating Government response.</i></p>
Q7	<p>Do you agree with the proposal to move some of the technical details in F2 into a subsidiary document in line with the approach taken in</p>

	<p>relation to Sections H4,5 &6?</p> <p><i>Please see Chapter 3.2 for a summary of responses received and the relating Government response.</i></p>
SEC amendments to support Smart Metering Testing	
Q8	<p>Do you support the proposed changes to Section T to ensure that the testing objectives reflect a more up to date version of the SEC?</p> <p><i>Please see Chapter 12 for a summary of responses received and the relating Government response.</i></p>
Q9	<p>Do you agree with the proposal that the DCC should offer a testing service for prospective Non-Gateway Suppliers?</p> <p><i>Please see Chapter 9 for a summary of responses received and the relating Government response.</i></p>
Q10	<p>Do you intend to test only Devices (and not User Systems) against the DCC Systems? If so, how and when do you intend to do this? Is it your intention to: become a SEC Party and establish a DCC Gateway Connection; rely on other parties to interact with the DCC for the purposes of testing Devices; or another means (e.g. direct connection without being a SEC Party)?</p> <p><i>Please see Chapter 9 for a summary of responses received and the relating Government response.</i></p>
Public Key Infrastructure	
Q11	<p>Do you agree with the proposals, and associated legal drafting in relation to the SMKI Recovery Procedure Guidance document? Please provide a rationale for your view.</p> <p><i>Please see Chapter 8 for a summary of responses received and the relating Government response.</i></p>
Q12	<p>Do you agree with the proposed drafting on how changes to the SMKI Recovery Key Guidance are managed, or do you think it should be a SEC Subsidiary Document and open to the SEC modification process? Please provide a rationale for your response.</p> <p><i>Please see Chapter 8 for a summary of responses received and the relating Government response.</i></p>
Q13	<p>Do you agree with the proposals, and associated legal drafting in relation to the SMKI Recovery Procedure Liabilities? Please provide a rationale for your view.</p> <p><i>Please see Chapter 8 for a summary of responses received and the relating Government response.</i></p>
Q14	<p>Do you agree with the proposals, and associated legal drafting to use IKI for communications over the NGI and in relation to TAD? Please provide a rationale for your view.</p>

	<i>Please see Chapter 8 for a summary of responses received and the relating Government response.</i>
Q15	Do you agree that it is necessary for the PMA to be able to require Parties to nominate Key Custodians? Please provide a rationale for your response. <i>Please see Chapter 8 for a summary of responses received and the relating Government response.</i>
Q16	Do you agree with the proposals, and associated legal drafting to make clarificatory changes to the SMKI Certificate Policies? Please provide a rationale for your view. <i>Please see Chapter 8 for a summary of responses received and the relating Government response.</i>
Q17	Do you agree with the proposals, and associated legal drafting to allow the DCC to become an Eligible Subscriber for certain SMKI Organisation Certificates for the purpose of signing Registration Data? Please provide a rationale for your view. <i>Please see Chapter 8 for a summary of responses received and the relating Government response.</i>
Q18	Do you agree with the legal drafting to oblige Network Operators to establish their Organisation Certificates prior to DCC Live? Please provide a rationale for your view. <i>Please see Chapter 8 for a summary of responses received and the relating Government response.</i>
Q19	Do you agree with the proposal and legal drafting in relation to the miscellaneous changes to the PKI content? Please provide a rationale for your view. <i>Please see Chapter 8 for a summary of responses received and the relating Government response.</i>
Security Independence Requirements	
Q20	Do you have any comments on the proposed drafting regarding the CIO independence requirements? <i>Please see Chapter 10 for a summary of responses received and the relating Government response.</i>
Re-use of previously installed Communications Hubs	
Q21	Do you agree with the proposals, and associated legal drafting (including the proposed changes to the CHIMSM at Annex D), which would permit Suppliers to re-use Communications Hubs that they have removed from consumer premises in certain circumstances? <i>Please see Chapter 4.1 for a summary of responses received and the relating Government response.</i>

Obligation for Energy Suppliers to engage with DCC queries on compliance with the Communications Hub Support Materials

Q22	<p>Do you agree with the proposal, and associated legal drafting, for an obligation for Supplier Parties to respond to any to any reasonable request from the DCC for information pertaining to compliance with the CH Support Materials and for a reciprocal obligation to be placed on the DCC?</p> <p><i>Please see Chapter 4.2 for a summary of responses received and the relating Government response.</i></p>
Q23	<p>Do you agree with the proposals, and associated legal drafting (including the proposed changes to the CHIMSM at Annex D), relating to visits by the DCC to consumer premises?</p> <p><i>Please see Chapter 4.2 for a summary of responses received and the relating Government response.</i></p>

Failure of Parties to accept delivery of Communications Hubs

Q24	<p>Do you agree with the proposal, and associated legal drafting, for Parties to be liable for all reasonable costs and expenses incurred by the DCC as a result of a delivery of Communications Hubs being prevented from taking place in accordance with the SEC, due to a breach of the SEC by that Party?</p> <p><i>Please see Chapter 4.3 for a summary of responses received and the relating Government response.</i></p>
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Consequential changes to the SEC for alignment with the Communications Hub Support Materials

Q25	<p>Do you agree with the proposals and associated legal drafting for the consequential changes to the SEC arising from the Communications Hub Support Materials?</p> <p><i>Please see Chapter 4.4 for a summary of responses received and the relating Government response.</i></p>
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Miscellaneous Communications Hub issues

Q26	<p>Do you agree with the proposals as described under the heading of “Miscellaneous Communications Hub issues” above and the associated legal drafting?</p> <p><i>Please see Chapter 4.5 for a summary of responses received and the relating Government response.</i></p>
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Incident Management

Q27	<p>Do you agree with the proposed changes to Incident Management? Please provide a rationale for your views.</p> <p><i>Please see Chapter 11.1 for a summary of responses received and the relating Government response.</i></p>
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Governance of Error Handling Strategy

Q28	<p>Do you agree with the proposed approach to provide a more flexible governance for the Error Handling Strategy, set out above?</p> <p><i>Please see Chapter 11.2 for a summary of responses received and the relating Government response.</i></p>
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Further Activation of the SEC Modification Process

Q29	<p>Do you agree with the proposals in relation to the timing of the further activation of the SEC Modification Process? Please provide a rationale for your response.</p> <p><i>Please see Chapter 17 for a summary of responses received and the relating Government response.</i></p>
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Q30	<p>Do you agree with the proposals and legal text in relation to the manner in which the SEC Modification Process is further activated, including the temporary performance of certain enduring Authority functions by the Secretary of State? Please provide a rationale for your response.</p> <p><i>Please see Chapter 17 for a summary of responses received and the relating Government response.</i></p>
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Scope of the Threshold Anomaly Detection Procedures document

Q31	<p>Do you have any comments on the proposed drafting regarding the scope of the Threshold Anomaly Detection Procedures?</p> <p><i>Please see Chapter 18 for a summary of responses received and the relating Government response.</i></p>
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Appeals of Panel Decisions relating to SMETS non-compliance

Q32	<p>Do you agree with the proposed additional text to F3 to provide affected Supplier Parties or the DCC with the ability to appeal (to Ofgem) SEC Panel decisions relating to device non-compliance with the Technical Specifications and any associated remedial plan?</p> <p><i>Please see Chapter 15 for a summary of responses received and the relating Government response.</i></p>
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Section A Definitions

Q33	<p>Do you agree with the proposal, and associated legal drafting in relation to amending the definitions in preparation for the future introduction of technical specifications into the SEC? Please provide a rationale for your view.</p> <p><i>Please see Chapter 16.2 for a summary of responses received and the relating Government response.</i></p>
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Annex C: SEC Legal Text

The associated SEC legal drafting will be published separately alongside this document.

Annex D: DCC Licence Conditions Text

The associated DCC Licence drafting will be published separately alongside this document.

Annex E: Supply Licence Conditions Text

The associated DCC Licence drafting will be published separately alongside this document.

The above documents can be found on the following webpages:

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