



Department
of Energy &
Climate Change

Smart Metering Implementation Programme

**Government response to consultation on: Stage 4 Smart Energy Code (SEC)
content (Part A) and Transitional arrangements in the Smart Energy Code
(SEC), and Consultation on additional SEC content**

17 November 2014

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General information

Purpose of this document:

This document sets out the first part (Part A) of the Government's response to the consultation on the content of Stage Four of the Smart Energy Code (SEC), which sets out arrangements related to the management of smart metering in Great Britain. This document also consults on additional changes to the SEC.

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Respond by: 31st December 2014

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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/new-smart-energy-code-content-stage-4>

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GOV.UK website. This summary will include a list of names or organisations that responded but not people's personal names, addresses or other contact details.

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) is a new industry code and multi-party contract setting out, amongst other things, the arrangements for the provision of a smart metering communication service by the Data and Communications Company (DCC). The SEC has been created through the DCC Licence, and was first designated on 23 September 2013. Further content of the SEC is being introduced in stages. A consultation on stage 4 of the SEC (“the SEC 4 Consultation”) was published on 30 June 2014.

1.2 SEC 4 Conclusions

2. This document sets out the first part (SEC 4 Part A) of our conclusions on various aspects of the SEC 4 Consultation. Those areas of the SEC 4 Consultation not covered in this document are planned to be concluded on in a second part (SEC 4 Part B) conclusions document to be published in the New Year. Chapter 2 provides an overview of the content of this document and explains which areas are being concluded on and the anticipated timing for the introduction of the associated SEC legal text into the regulatory framework. The majority of the content of the document is arranged in two parts as outlined below.

1.3 Part 1

3. Part 1 (Chapters 3-10) provides policy conclusions for those areas of the SEC 4 Consultation where conclusions are considered necessary as soon as possible, because the associated legal text needs to be in effect early next year, or where it is otherwise expedient to do so. These include:
 - Chapter 3 – Communications Hubs
 - Chapter 4 - Security Governance, Assurance and Privacy
 - Chapter 5 - Smart Meter Key Infrastructure (SMKI)
 - Chapter 6 – DCC Services
 - Chapter 7 - Charging and Registration Data
 - Chapter 8 - Miscellaneous Changes to the SEC
 - Chapter 9 - Enrolment and Adoption of SMETS1 meters
 - Chapter 10 - Provisions Supporting Non-Standard Operations
4. Part 1 also provides conclusions to the Consultation on Transitional Arrangements in the Smart Energy Code (the ‘transition consultation’), which sought views on transitional measure to support Communications Hub forecasting, transitional service

management and a proposal to enable the Secretary of State to re-designate documents. These are set out in:

- Chapter 3 – Communications Hubs (Section 3.10)
 - Chapter 11 – Transition Consultation
5. The associated legal drafting is provided alongside the conclusions for those areas where we are also laying the legal text in Parliament now. Table 3 in Chapter 2 provides an overview of which areas this applies to.

1.4 Part 2

6. Part 2 (Chapters 12-15) of this document sets out additional content for consultation in a number of areas. Most commonly these relate to issues that have arisen either from responses to the SEC 4 consultation or as a consequence of the development of SEC subsidiary documents by the DCC. In light of the issues raised we are seeking stakeholder views on some revised proposals in the following areas:
- Chapter 12 – Additional Public Key Infrastructures and SMKI-related changes
 - Chapter 13 – Security-Related requirements & Post-Commissioning Obligations legal drafting
 - Chapter 14 – Movement of some Technical Arrangements into Subsidiary Documents and Providing for Some SEC Milestones to be Turned into Dates
 - Chapter 15 - Test Services to Support System Providers and Shared Systems, and Possible DCC Gateway Connection Requirements for Remote Testing
7. Views are requested on these areas by Wednesday 31st December.

2 Introduction

2.1 A new industry Code

8. 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.
9. On 23 September 2013, a new licensed entity, the Data and Communications Company (DCC), was granted a Smart Meter Communication Licence. The DCC will provide a Smart Meter communications services by means of which Suppliers, Network Operators and other authorised parties can communicate remotely with Smart Meters in Great Britain.
10. The Smart Energy Code (SEC) is a new industry code which has been 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.
11. The DCC, Suppliers of energy to domestic and smaller non-domestic customers, and Network Operators are required by licence to become parties to the SEC and comply with its provisions. Other bodies who wish to use the DCC's services, such as energy efficiency and energy service companies, or those that wish to obtain SMKI Certificates to be placed on smart metering devices, must accede to the SEC to do so.
12. Consistent with other industry codes, the SEC permits participants to raise change proposals¹, debate issues, and resolve disputes without the need for day-to-day regulatory intervention. It is managed by a Panel of persons 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).

2.2 Stage 4 of the Smart Energy Code

13. The SEC is being introduced in stages by the Secretary of State. The consultation on Stage 4 of the SEC ("the SEC 4 consultation") was published on 30 June 2014². Part 1 of this document sets out our conclusions to some parts of that consultation as set out in Table 1 below. Part 1 also includes conclusions to the Consultation on the

¹ The SEC change management process is currently only active for urgent or fast-track modifications

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/329306/SEC4_-_Consultation_Document.pdf

transitional arrangements in the Smart Energy Code³ (“the transition consultation”), published on 3 October 2014.

Table 1: Areas concluded on in Part 1 of this document

Chapter	Content
3: Communications Hubs	<p>Conclusions on various aspects of the arrangements for Communications Hubs including:</p> <ul style="list-style-type: none"> • Parties involved in provision • Support Materials • Forecasting • Ordering • Delivery and Handover • Installation and Maintenance • Removal, Replacement and Returns • Returns Categories • Transitional requirements in relation to Forecasts and Orders • Consequential Changes to the DCC Licence • Provision for Testing • Charging
4: Security Governance, Assurance and Privacy	<p>Conclusions in respect of a number of areas relating to security and privacy including:</p> <ul style="list-style-type: none"> • Security Governance • Security Assurance • Privacy Audits • Consumer consent for connecting consumer devices • Security Requirements
5: Smart Meter Key Infrastructure (SMKI)	<p>Conclusions in relation to the Smart Meter Key Infrastructure including:</p> <ul style="list-style-type: none"> • Further Restrictions on Parties Eligible to Subscribe for Certain Certificates • Requirements on DCC to Issue Live Certificates and to Establish its Certificates to Facilitate the installation Process • Requirements for Certain Certificates to be Placed onto Devices • SMKI Compliance Policy • Requirements on Subscribers and Relying Parties
6: DCC Services	<p>Conclusions in respect of the provision of DCC Services including:</p> <ul style="list-style-type: none"> • Provision and Use of DCC Gateway Connections • Connections between the DCC and RDPs • Problem Management • Service to allow consumers to find out which users have accessed their consumption data
7: Charging and Registration Data	<p>Conclusions in respect of the approach to charging and registration data including:</p> <ul style="list-style-type: none"> • Explicit Charging for Certain Other Enabling Services • Charging Thresholds and Scope for a Zero Explicit Charge (“Charging Matters” in the SEC 4 consultation) • Facilitating Charging for Meters where there is a Live Supply of Energy only • Registration Data - Text Alignment
8: Miscellaneous Changes to the SEC	<p>Conclusions in respect of three miscellaneous areas:</p> <ul style="list-style-type: none"> • Remote Testing and Testing Services • Proving Testing of Shared Systems • Definition of a Large / Small Supplier Party for the purposes of Interface Testing • Additional changes not captured elsewhere
9: Enrolment and Adoption of	<p>Conclusions in respect of:</p> <ul style="list-style-type: none"> • Enrolment of SMETS1 Meters Installed During Foundation

³https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/360774/smip_reg_consultation_sec_transition_arrangement.pdf

SMETS1 meters	<ul style="list-style-type: none"> Charging Arrangements for SMETS1 Meters Installed During Foundation
10: Provisions Supporting Non-Standard Operations	Conclusions in respect of User Supplier to Non-User Supplier Churn.
11: Transition Consultation	<p>Conclusions in respect to transitional matters relating to:</p> <ul style="list-style-type: none"> Service management Re-designation of subsidiary documents

14. The remaining SEC 4 conclusions that are not provided in this document will be provided in the New Year (“the SEC 4B Response”). Table 3 at the end of this section sets out the areas where legal drafting is provided now, and those where legal drafting is to follow.
15. Changes to the legal drafting from that proposed in the SEC 4 Consultation are described in tables at the end of the relevant section. The majority of changes relate to the drafting of the SEC, however some associated changes to the DCC Licence are also set out. The legal drafting tables describe which document is being changed and where the relevant changes are. A link to the legal text is provided in Annex D, this is set out in three separate versions for ease of review, which are:
- the SEC 4 consultation version of the SEC, with the content we are concluding on in this document shown as marked changes in red text and the drafting we are further consulting on is shown as marked changes in blue text;
 - the current DCC Licence with the content we are concluding on in this document shown as marked changes; and
 - the current designated version of the SEC including the content we are concluding on and laying in this document.
16. The majority of the concluded legal text will be laid in Parliament in parallel to the publication of this document and, subject to Parliamentary approval, will come into legal effect in January 2015. However we will not be laying Section L and Appendices A – C as this text is currently subject to consultation in Part 2 of this document. We will also not be laying the majority of text for Section H1-14 as this is not currently required to be in legal effect and is expected to be part of the SEC 4B Response scheduled for 2015. To avoid any confusion we will however remove the current content from Sections H1, H2, H3 and H7, as this content is now out of date and is not active.
17. As a result of the split approach to SEC 4A and 4B, there are some definitions set out in Section A of the SEC which are being laid that will be dormant until such time as the associated SEC provisions are laid. Should any further amendments to the definitions laid become necessary as SEC4B legal drafting is finalised we will amend such definitions when designating future SEC content.
18. We would encourage all of those respondents to Section 6.1 (Provision and Use of Gateway Connections) of this document to consider their responses to the DCC’s consultation on its Codes of Connection which is scheduled to close on 21 November 2014 in light of the conclusions to the SEC provided here.

2.3 Additional Consultation Content in this Document

19. Part 2 of this document sets out additional content for consultation. This most commonly address issues identified as a result of the development by the DCC of the detailed provisions in subsidiary documents to the SEC. There are also points where, following further consideration including analysis of the responses to the SEC 4 Consultation, our policy position has further developed and would benefit from consultation. Views are requested on these areas by Wednesday 31st December. The areas for consultation are set out in Table 2 below, a list of consultation questions is provided in Annex E.

Table 2: Areas for Consultation in Part 2 of this Document

Chapter	Content
12	Additional Public Key Infrastructures and SMKI-related changes (SEC Section A, B, E & L and Appendices A, B and C)
13	Security-Related requirements & Post-Commissioning Obligations legal drafting (SEC Section G, H5, H10 and M)
14	Movement of some Technical Arrangements into Subsidiary Documents and Providing for Some SEC Milestones to be Turned into Dates (SEC Section H4, 5, & 6 and O3)
15	Test Services to Support System Providers and Shared Systems and Possible DCC Gateway Connection Requirements for Remote Testing (SEC Section H14)

20. In the case of Section L (Smart Metering Key Infrastructure) we are concluding on much of the SEC text consulted upon as part of SEC 4. However, we are also proposing to expand Section L to add the SMKI Registration Authority infrastructure (IKI) to SMKI and to add provisions covering DCC Key Infrastructure (DCCKI). We are proposing a number of changes to the SEC 4 Section L text in light of the SEC 4 consultation responses. We are not proposing to lay the Section L text in November, but have included a mark-up of the legal text showing how the previous SEC 4 drafting would be modified by these changes and are inviting further views on this as part of this consultation.
21. In the case of Section G (Security) of the SEC, we are proposing to lay the concluded version in Parliament in November 2014, but we are also consulting on some additional changes as part of this consultation. Subject to responses, any further changes to the Section G text arising as a consequence would be made as an amendment to the version laid in November.
22. In the case of Sections H4 (Processing Service Requests), H5 (Inventory and Enrolment Services) and H6 (Withdrawal and Suspension of Devices), whilst we are not proposing to conclude on the SEC 4 consultation version in this document, we are instead proposing to move the majority of the text into SEC subsidiary documents. In this consultation we are therefore consulting on replacing the previously proposed SEC text with higher-level enabling text which will support the detailed drafting in the subsidiary documents. We are also consulting on further changes to the post commissioning obligations that would be placed on suppliers and

DCC (and which would, if incorporated, ultimately be included within the new subsidiary document under Section H5), although for convenience the legal drafting at this stage shows the amendments that would be made to the version of Section H5 we consulted upon as part of the SEC 4 consultation. We are also consulting on complementary changes to Section M which support the proposed changes in H5.

23. We are also proposing to move some of the detailed processing requirements set out in Section O3 into the associated subsidiary document for consistency of treatment with the revised sections H4, 5 and 6.

2.4 Responses to the SEC Stage 4 consultation

24. The consultation on the draft legal text for Stage 4 of the SEC was published on 30 June 2014 and closed on 25 August 2014. It contained 67 questions in total, this response relates to 53 of them. Annex B sets out a summary of responses received for each question relating to this SEC 4 Part A document. Responses to the remaining questions are planned for inclusion in the SEC Stage 4 Part B response.
25. There were 35 responses to the consultation across a range of organisations, including:
 - Large and Small Suppliers;
 - electricity distribution and gas transportation networks (Network Operators);
 - the Data and Communications Company;
 - trade bodies;
 - energy data managers;
 - energy code administrators;
 - meter technology providers; and
 - Ofgem.
26. A list of those who have responded to this consultation is provided in Annex A. Responses to this consultation will be made available on the Government website.

2.5 Responses to the Transition consultation

27. The transition consultation was published on 3 October 2014 and closed on 31 October 2014. It contained 3 questions which this response relates to. We received 8 responses to the consultation; 6 from Large Suppliers, one from the DCC and 1 from the Smart Energy Code Administrator and Secretariat (SECAS). Annex C sets out a summary of responses received for each question relating to the transition consultation.

2.6 Introducing new SEC content into the regulatory framework

28. The majority of the legal drafting relating to Part 1 of this document will be laid in Parliament shortly, following the procedure under Sections 88 and 89 of the Energy Act 2008. Subject to no objection being raised during a 40 day period in Parliament, they will come into force (although some of the provisions will not be 'turned-on' or in effect until a later date). Every effort has been made to ensure the explanatory text in the main body of this consultation response reflects the legal text however the legal drafting should be treated as definitive.

29. As noted in the SEC 3 response⁴ and SEC 4 consultation, legal text reflecting some SEC 3 conclusions is to be introduced with SEC 4 content. The SEC 4A legal text therefore includes provisions in relation to the storage of cryptographic material and location of User systems. These are contained in Section G, which is being laid in Parliament shortly. The remaining SEC 3 content – mainly included in Section H – will be included with the legal drafting published with the SEC 4B response.

2.7 The future

30. It is currently intended that the SEC4B response, which will include conclusions on the areas for further consultation included in Part 2 of this document as well as the outstanding material from the SEC4 consultation, should be published in early 2015. This timing supports the current plan for the start of testing for DCC systems. However, the DCC are expected to consult shortly on proposed revisions to their delivery timetable, and if this results in an agreed revised plan we will review the content and timing of the SEC to ensure that it provides appropriate support⁵. The SEC4B response will complete the bulk of the initial drafting of the SEC, although as set out in Annex 2 to the SEC4 consultation a small number of outstanding issues will be consulted upon subsequently, notably in relation to arrangements for non-domestic properties. There may also be further requirements that are identified from the experience of implementation, for example in the course of testing. In addition, further detailed and technical material will be incorporated as subsidiary documents to the SEC following the separate process for those.

Table 3: Summary of SEC 4A Content and Legal Drafting Approach

Chapter	Content Concluded on in this Document with updated legal drafting	Content Concluded on in this document with updated legal drafting to follow with SEC 4B Response	Additional Consultation content in this document, expected to be concluded on in SEC 4B
3:Communications Hubs (CH) SEC Section F unless stated	<ul style="list-style-type: none"> • CH Support Materials • CH Forecasting • CH Ordering • Transitional requirements in relation to Forecasts & Orders 	<ul style="list-style-type: none"> • Parties involved in the provision of CHs • CH Delivery & Handover • CH Installation & Maintenance • CH Removal, Replacement and Returns • CH Returns Categories • Consequential changes to the DCC licence • Provision of CHs for Testing • CH Asset and Maintenance Charges • CH Charging following removal and/or return 	

⁴ Government response to the consultation on New Smart Energy Code Content (Stage 3) – Part B https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/319645/sec_3_b_response.pdf

⁵ This may also result in a change to the definition or timing of ILO (Initial Live Operations) which was referred to in some of the questions in the SEC 4 Consultation

Chapter	Content Concluded on in this Document with updated legal drafting	Content Concluded on in this document with updated legal drafting to follow with SEC 4B Response	Additional Consultation content in this document, expected to be concluded on in SEC 4B
<p>4:Security Governance, Assurance and Privacy</p> <p>SEC section G unless stated</p>	<ul style="list-style-type: none"> • Security Governance • Security Assurance • Privacy Audits (section I) • Consumer consent for connecting consumer devices (section I) • Security Requirements 		<p>13. Security-Related requirements (Sections E & G) & Post-Commissioning Obligations (Sections H5 & M)</p>
<p>5:Smart Metering Key Infrastructure (SMKI)</p> <p>SEC section L and Appendices A, B & C unless otherwise stated</p>	<ul style="list-style-type: none"> • Further Restrictions on Parties Eligible to Subscribe for Certain Certificates • Requirements on DCC to Issue Live Certificates and to Establish its Certificates to Facilitate the Installation Process • Requirements for Certain Certificates to be Placed onto Devices • SMKI Compliance Policy (SEC Appendix C) • Requirements on Subscribers and Relying Parties 		<p>12. Additional Public Key Infrastructures and SMKI-related changes:</p> <ul style="list-style-type: none"> • Infrastructure Key Infrastructure (IKI) (Sections A & L) • DCC Key Infrastructure (DCKI) (Sections A & L) • Further SMKI related changes (Sections A, B, E, L, H4 & Appendices A and B) • Compliance Policy Independence Arrangements (CPIA) (Appendix C)
<p>6:DCC Services</p>	<ul style="list-style-type: none"> • Provision and Use of DCC Gateway Connections (section H & E) • Connections between the DCC and RDPs (section H & E) • Problem Management (section H) • Service to allow consumers to find out which Users have accessed their consumption data (section I) 		<p>14. Movement of some Technical Arrangements into Subsidiary Documents (H4, 5 & 6 and O3) and Providing for Some SEC Milestones to be Turned into Dates (DCC Licence & SEC Section X)</p>
<p>7:Charging and Registration Data</p> <p>Section E, J & K and DCC Licence</p>	<ul style="list-style-type: none"> • Explicit Charging for Certain Other Enabling Services • Charging Thresholds and Scope for a Zero Explicit Charge • Facilitating Charging for Meters where there is a Live Supply of Energy only • Registration Data – Text Alignment 		
<p>8:Miscellaneous Changes to the SEC</p>	<ul style="list-style-type: none"> • Additional Changes not captured elsewhere (SEC Schedule 2, 3 & 5) • Definition of a Large/ Small Supplier Party for 	<ul style="list-style-type: none"> • Remote Testing and Testing Services (Section H, T and Schedule 7, associated charging changes are also made 	<p>15. Test Services to Support System Providers</p>

Chapter	Content Concluded on in this Document with updated legal drafting	Content Concluded on in this document with updated legal drafting to follow with SEC 4B Response	Additional Consultation content in this document, expected to be concluded on in SEC 4B
	the purposes of Interface Testing (section T)	in Section K). • Proving Testing of Shared Systems (Section H and Schedule 7).	
9:Enrolment and Adoption of SMETS1 meters SEC section N	<ul style="list-style-type: none"> • Enrolment of SMETS1 Meters Installed During Foundation • Charging Arrangements for SMETS1 Meters Installed During Foundation 		
10:Provisions Supporting Non-Standard Operations SEC section X	<ul style="list-style-type: none"> • User Supplier to Non-User Supplier Churn 		
11:Transition Consultation	<ul style="list-style-type: none"> • Service management • Re-designation of subsidiary documents 		

Note: As a result of the split approach to SEC 4A and 4B conclusions, there are some definitions set out in Section A of the SEC which capture items in columns one and two above. Some definitions are therefore being laid but will be dormant until such time as the associated SEC provisions are laid. See paragraph 17 below for further detail.

PART 1: Conclusions on Smart Energy Code legal drafting

3 Communications Hubs

3.1 The SEC 4 consultation

31. Part A of the SEC 4 consultation set out additional detail on the roles of the Data and Communications Company (DCC) and Suppliers in relation to Communications Hubs. Communications Hubs, which will be provided by the DCC and installed by Suppliers, form the interface between the Smart Meter Wide Area Network (WAN) and the devices on the Smart Metering Home Area Networks (HAN). The consultation sought views in areas including requirements for forecasting, ordering, delivery, installation, removal and returns. Sections 3.2 to 3.12 below provide our conclusions on these areas.
32. In Part B of the SEC 4 Consultation, conclusions on policy for the charging arrangements for Communications Hubs (which had been consulted on in the SEC 2 Consultation⁶) were set out alongside a consultation on the associated legal drafting. Section 3.13 below provides our conclusions on this legal drafting.

3.2 Parties involved in the provision of Communications Hubs

Summary of Issue under Consideration

The SEC 4 consultation included proposals for how the DCC should be required to consult SEC parties on its approach to procuring and financing Communications Hubs.

The consultation also proposed that any SEC Party should be able to order and receive deliveries of Communications Hubs, such as meter operators, who offer meter installation services to Suppliers.

The consultation asked two questions on these areas:

Consultation by DCC on future procurement of Communications Hubs: question 1 sought views on the requirement for the DCC to consult SEC Parties on future tranches of Communications Hubs procurement; and

Ordering and return of Communications Hubs: question 2 sought views on the proposed approach to allow SEC Parties to forecast, order, take delivery and return uninstalled Communications Hubs.

Government Consideration of Issue

Requirement for the DCC to consult on future procurement of Communications Hubs

33. All respondents agreed that there should be a requirement for the DCC to consult SEC Parties on future Communications Hubs procurement. Some respondents drew attention

⁶https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/251280/A_Consultation_on_New_Smart_Energy_Code_Content_-_SEC2.pdf

to the importance of consultation on the introduction of new Communications Hub variants. It was also suggested that the SEC should set out how the consultation should be undertaken, including a requirement for the DCC to take account of the responses in reaching its conclusions.

34. We recognise that Suppliers and other SEC Parties have a legitimate interest in issues concerning Communications Hubs in addition to the specifications that are set out in the Communications Hub Technical Specifications, particularly the physical dimensions of Communications Hubs. However, having considered the responses to the consultation, including from the DCC, on the potential administrative burden of triggering consultations on every change, we have concluded that we will constrain this obligation.
35. We will require the DCC to publish the physical dimensions of each of the Communications Hubs that it initially offers as part of its Communications Hub Service. The DCC would be required to consult on the physical dimensions of Communications Hubs after an appropriate period of time in which the initial models had been operational. The DCC would also be required to consult where:
 - it intends to procure Communications Hubs with different dimensions; or
 - it is procuring a new Communications Hub variant for the first time.
36. A requirement will be included to ensure that due consideration is given by the DCC to any consultation responses received.
37. It should be noted that any change to the Communications Hub Technical Specifications (CHTS) that are proposed by SEC parties, once the CHTS is incorporated into the SEC, will be consulted upon under the SEC modifications process.
38. We will also add an on-going obligation for the DCC to publish the physical dimensions of any new Communications Hubs to be offered as part of the Communications Hub service.
39. Separately we will also require the DCC to consult SEC Parties on any changes to the future financing regime for Communications Hubs where these changes could affect Parties materially. During such a consultation, the DCC would set out how it intends to meet its obligations under its licence and the SEC. For example, setting out how the proposals were consistent with its General Objectives (Licence Condition 5) which require the DCC to carry out its activities in a way that ensures an efficient, economical and co-ordinated system for the provision of services.

Right for any SEC Party to forecast, order, and return uninstalled Communications Hubs

40. The majority of respondents agreed that SEC parties, including meter operators, should be able to forecast, order, take delivery and return uninstalled Communications Hubs. One respondent highlighted that this will be important for Small Suppliers as they are likely to employ agents to order Communications Hubs on their behalf. We confirm that any SEC Party will be able to forecast, order, take delivery and return uninstalled Communications Hubs.
41. Some respondents advised that consideration should be given to how stockpiling could be avoided and it was suggested that a stock balancing exercise could be carried out at the end of the roll-out to minimise surplus stock. We believe that Parties will be able to manage stocks of Communications Hubs by planning their deployment effectively and through efficient ordering. There will also be a natural incentive not to stockpile due to the burden of storage costs as well as the applicable DCC charges. It should also be noted that Parties can make their own commercial arrangements for the transfer of stocks of Communications Hubs to other Parties, helping them to avoid unwanted surpluses.

Responsibilities for meeting SEC requirements in relation to these assets (including payment of charges) will be reallocated to the Party to which they have been transferred on their installation, whereupon the relevant SEC requirements (including charging) will apply to any registered supplier at the premises.

Summary of Government Conclusion

Parties involved in the provision of communications hubs (covering questions 1 and 2)

Legal drafting will be provided in SEC 4B which will require the DCC to publish the physical dimensions of Communications Hubs and to consult SEC Parties on the physical dimensions of Communications Hubs and after an appropriate period of time in which the initial models have been operational. The DCC would also be required to consult where:

- it intends to procure Communications Hubs with different dimensions; or
- it is procuring a new Communications Hub variant for the first time.

The DCC will be required to consult SEC Parties on any changes to the financing of the procurement of Communications Hubs where these changes could affect SEC Parties materially.

3.3 Communications Hub Support Materials

Summary of Issue under Consideration

Further detail on processes for handover, installation, maintenance and returns of Communications Hubs will be set out in the Communications Hub Support Materials. We consider that the DCC (working with the Communications Service Providers (CSP)) is best placed to develop these materials in consultation with interested parties. The DCC is already developing the Communications Hubs Support Materials (the "Support Materials") as listed below:

- Communications Hub Handover Support Materials (CHHSM);
- Communications Hub Installation Support Materials (CHISM); and
- Communications Hub Maintenance Support Materials (CHMSM).

To allow Parties the opportunity to propose changes to improve the clarity, accuracy and comprehensiveness of the Support Materials, the SEC 4 consultation proposed that the Support Materials should ultimately form part of the SEC (as subsidiary documents) and also ultimately be subject to the SEC modification process. Furthermore it was proposed that the support materials should be incorporated into the SEC sufficiently in advance of the first Communications Hubs orders being placed.

The consultation asked one question on this area:

Approach for developing Communications Hub Support Materials: question 3 sought views on the proposed approach and legal drafting in relation to the development of the Communications Hub Support Materials.

Government Consideration of Issue

42. The majority of respondents agreed with the proposed approach and legal drafting in relation to the development of the Communications Hub Support Materials. Some respondents drew attention to the need for a governance process to be put in place which

would ensure robust change control. As subsidiary documents of the SEC, we can confirm that the Communications Hub Support Materials will be subject to the SEC change control process (already set out in the SEC) which will ensure that SEC Parties are consulted on any changes.

43. A number of respondents expressed concern that the Support Materials have not already been completed. The DCC will be required to undertake a formal consultation on the Support Materials before submitting them to the Secretary of State for incorporation into the SEC. DECC will work closely with the DCC in developing the support materials and we recognise the importance in making them available in sufficient time. The SEC will require that the DCC provides a post-consultation draft of the Support Materials to the Secretary of State no later than 1 March 2015, subject to a power for the Secretary of State to incorporate them at a later date. Note that transitional arrangements will be provided by the DCC for the submission of forecasts and access to WAN coverage data until the enduring solution is available (see section 3.10 below).

Summary of Government Conclusion

Question 3: The DCC will be required to develop and consult on the Communications Hub Support Materials so that they can be in an appropriate form for incorporation by the Secretary of State into the SEC in advance of when the first orders for Communications Hubs are submitted.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
Section X	<ul style="list-style-type: none"> X8.3 requires the DCC to develop and consult on drafts of the Communications Hub Support Materials so that it submits its final draft to the Secretary of State no later than 1 March 2015 (or by such later date as the Secretary of State may direct). The drafting no longer refers to the Communications Hub Fault Diagnosis Document as a separate document as it will form part of the Communications Hub Support Maintenance Support Materials. X1.15 requires the DCC to publish on the DCC website the draft subsidiary documents that it submits to the Secretary of State, together with further information setting out the material comments received and its rationale for associated changes.

3.4 Communications Hub Forecasting

Summary of Issue under Consideration

The SEC 4 consultation proposed that Supplier Parties and other Parties intending to order Communications Hubs should submit forecasts, on a rolling basis, to the DCC on the number of Communications Hubs they will be requesting. This is to enable optimisation of the manufacturing, financing and logistics costs associated with their production, and to ensure they have procured sufficient numbers of Communications Hubs to meet the demands of Parties. In addition the consultation proposed that a Party's forecast should state the number of WAN and HAN variants (collectively the "Device Models") where the forecast is submitted within 10 months of the delivery date. It was also proposed that there would be links between forecasts and the quantity of Communications Hubs that a Party can order (see Communications Hub Ordering below).

The consultation asked two questions on these areas:

Approach to forecasting: question 4 sought views on the proposed approach and legal drafting in relation to forecasting of Communications Hubs; and

Numbers of Device Models in forecasts: question 5 sought views on the proposal that forecasts that are submitted from the 10th month before a delivery month should include the numbers of Device Models to be delivered in that month in each region, and these should be subject to the specified tolerance thresholds outlined in the consultation document.

Government Consideration of Issue

44. Respondents broadly supported the proposed approach to forecasting Communications Hubs, but a number expressed concerns. Several pointed out it would be difficult for Parties to make accurate predictions for the proposed forecast periods, with some making the point that this would be dependent on factors outside their control, including the performance of the DCC.
45. We believe that it is important that 24 month forecasts are submitted that are as accurate as is reasonably possible in order to ensure that manufacturers of Communications Hubs can plan production to meet demand and so minimise costs. Forecasts are not binding on Parties until 10 months before the delivery date and orders can vary from the forecast amount by the proposed tolerance margins. We believe that this strikes a reasonable balance between the need for the DCC to be provided with information on future demand with the need for Parties to be able to order flexibly.
46. Concern was expressed, particularly by the Large Suppliers, that accurate forecasts of WAN variant numbers could not reasonably be expected in advance of a complete and precise WAN coverage database. It was also pointed out that it will not be clear whether there is a case for requiring forecasts of HAN variant Communications Hubs⁷ until they become available.
47. We agree that Parties could encounter difficulties in providing estimates of the number of WAN variants in forecasts and, following discussion with the DCC, consider that the inclusion of this information is not essential. Numbers of WAN variants will not therefore be required in forecasts and will only be required when ordering.
48. A number of respondents expressed the view that it was also unreasonable to require that forecasts include numbers of HAN variant Communication Hubs, particularly due to the uncertainty about when they will be made available.
49. We believe a requirement for forecasts of HAN variants should be included in the SEC as the availability of this data could potentially be used in future procurement negotiations to enable efficiencies which could secure more favourable prices. The requirement, however, would only have practical effect from when HAN Variants are available to Parties from the DCC.
50. It was also suggested that where a Party fails to submit a forecast for a particular month, the forecasts that had been submitted in the previous month in relation to that month should remain unchanged and not set to zero as the previous drafting would have required. We agree with this suggestion and will amend the SEC drafting so that previously submitted forecasts will remain the same where a forecast is not submitted for a particular month. Only the final month in the rolling 24 month forecast would be set to

⁷ Initially all the Communications Hubs that will be made available by the DCC will be of a standard HAN variant type (2.4 GHz), but we expect that further variants will be introduced to enable connectivity in more premises.

zero and this could be updated in future submissions; the forecasts for the other months would remain as per the Party’s previous forecast submission.

51. We confirm that each forecast should be submitted no later than five working days before the last working day of the month, and that forecasts should start from the month which is five complete months after the end of the submission month.

Summary of Government Conclusion

Communications Hub Forecasting (covering questions 4 and 5):

Each Supplier Party and any other SEC Party wishing to order Communications Hubs must submit a Communications Hub Forecast to the DCC on a monthly basis, covering a rolling 24 month period and must use reasonable endeavors to ensure that the forecast is accurate.

Each forecast must include a breakdown of the total quantity of Communications Hubs to be delivered each month in each CSP region.

Where a Party omits to submit a Communications Hub Forecast for a Region during any month, it will be deemed to have submitted a forecast of zero for the last month of the 24 month forecasting period; the forecasts for the other months for this period will remain the same.

Each forecast will be submitted no later than five working days before the last working day of the month. Each forecast should start from the month which is five complete months after the end of the submission month.

When HAN variant Communications Hubs are introduced, forecasts that are submitted from the tenth month before a delivery month should include the numbers of HAN Variant Communications Hubs to be delivered in that month in each region, and these should be subject to the specified tolerance thresholds outlined in section 3.5 (below).

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
Section F	<ul style="list-style-type: none"> • F5.4 (b) (iii) has been amended such that the numbers of Communications Hubs that are referenced in forecasts (for the first 10 months of the period to which the forecasts relates) should only include the number of Communications Hubs of each HAN variant. The numbers of each WAN variant are not required. • A new F5.6, which replaces the previous F5.12, requires that where a party does not submit a forecast in accordance with Section F5 for a particular month, it will be deemed to have submitted a forecast which specified: for the first 23 months of the period covered by the forecast, the same number of Communications Hubs as the party had forecast for the corresponding month in its previous forecast; for the first 9 months of the forecast, the same number of each HAN variant as the Party had forecast for the corresponding month in its previous forecast; for the 10th month of the forecast, the number of each HAN Variant that results from applying the same proportions of each HAN Variant as applies to the 9th month; and for the 24th month of the forecast, zero Communications Hubs.

3.5 Communications Hub Ordering

Summary of Issue under Consideration

As significant numbers of Communications Hubs will be required during the course of the smart meter roll-out, it is essential that the process for ordering Communications Hubs should maximise delivery efficiency and be as clear for Parties as possible. To achieve this,

the SEC 4 consultation proposed that the SEC should set out clearly the process for ordering Communications Hubs including the timing for orders, the information that should be provided with the order and the location for delivery. In addition, to provide assurance for the DCC when procuring Communications Hubs (through its CSPs), it was proposed that orders for Communications Hubs by Parties must correlate to the order levels set out in their forecasts submitted 7 months (+/- 20%) and 10 months (+/- 50%) before the order date.

The consultation asked one question on this area:

Communications Hub Ordering: question 6 sought views on the proposed approach and legal drafting in relation to ordering of Communications Hubs.

Government Consideration of Issue

52. While respondents generally agreed with the proposed approach and legal drafting in relation to ordering of Communications Hubs, respondents raised concerns with a number of aspects. Some Small Suppliers and a meter asset provider commented that a minimum delivery quantity of a pallet could lead to smaller Suppliers receiving excessive amounts of stock which would have significant cost implications for them.
53. The minimum order quantity will be set out in the Communications Hub Handover Support Materials which is currently being developed by the DCC and will be subject to consultation with relevant stakeholders and designation by the Secretary of State. We agree that it is important for the needs of smaller Suppliers to be considered as part of this process. Two Large Suppliers disagreed with the policy that was set out in the consultation of deeming an order as the minimum quantity of Communications Hubs, based on the relevant previously submitted forecasts, where a Party is required to submit an order but has not done so. They pointed to practical difficulties which may result from this policy, including the risk of Parties receiving delivery of an order that they cannot utilise. We have decided to proceed with the policy as set out in the consultation, as it would be unreasonable for the DCC to bear the costs of stock which it had ordered on behalf of parties in respect of their forecasts. We would expect that Parties would submit orders where they had previously made forecasts and seek to make arrangements with the DCC where they were unable to accept a delivery.
54. There was general acceptance of our proposal to allow for cancellation of orders of Communications Hubs⁸. After further review, we have adjusted the SEC drafting to better reflect our policy intent. The right to cancel will apply to a consignment (i.e. a physical delivery of an order or part of the order). Thus a Party has the right to cancel an element of the order subject to paying the associated costs. We expect consignment cancellations to be exceptional and they will be subject to the Party compensating the DCC. Furthermore, as the DCC will not be able to predetermine standard costs for cancellations, given the range of circumstances that might apply, the level of the cancellation payment will be determined by the DCC on a case-by-case basis. It will reflect the reasonable costs and expenses incurred by the DCC as a result of the cancellation. To help it make an informed decision on whether to cancel, a SEC party will be able to request from the DCC a non-binding estimate of the costs that it is likely to incur in the event that it chooses to cancel a consignment, where the request is made not less than 10 working days from the date that the delivery is due. The DCC shall take all reasonable steps to ensure the estimate is accurate and provide an indication no later than 5 days before the due delivery date.

⁸ The SEC 4 consultation sought views on cancellation in the context of our proposed approach and legal drafting in relation to removal and returns of Communications Hubs, but most respondents expressed their views in their reply to Question 6 on ordering of Communications Hubs

55. The DCC also sought clarification on the process by which Parties would order any Communications Hub Auxiliary Equipment⁹. Auxiliary Equipment can be ordered as part of the monthly overall order for Communications Hubs. Where a Party would like to order Auxiliary Equipment but has no need to order Communications Hubs, it can submit an order purely for Auxiliary Equipment using the same process and timescales as for submitting standard Communication Hubs orders.

Summary of Government Conclusion

Communications Hub ordering (covering question 6)

A Party may submit one Communications Hubs Order in any month for each CSP Region. Each Communications Hubs Order should:

- be submitted no later than five Working Days before the last working day of the Month to allow the DCC time to review and approve order submissions;
- be in respect of Communications Hubs to be delivered in the fifth month after the end of the month in which the order is submitted (i.e. there are four clear months between Communications Hubs Order submission and the relevant delivery month);
- specify delivery date(s) and delivery locations(s);
- specify the quantity of Communications Hubs in relation to each Device Model of Communications Hubs which must be within tolerances of forecasts submitted in the tenth month before (+/- 50%) and the seventh month (+/- 20%) before the Delivery Month;
- specify any Auxiliary Equipment, such as external aerials and packaging; and
- include any further information detailed in the CHHSM.

For each individual delivery, the Communications Hubs Order must at least meet a minimum quantity of Communications Hubs, as defined in the CHHSM.

Where a Party is required to submit an order but has not done so, it will be deemed to have submitted a Communications Hub order to be determined by the relevant forecast with the minimum tolerance threshold percentages applied. The CHSM will set out how the DCC will determine the relevant additional details for any order (for example, delivery date and delivery location) that is deemed to be have been submitted in this way.

The DCC will be required under the SEC to acknowledge receipt of orders and, where the order is compliant with the SEC obligations, to accept the order within five working days.

The SEC will require the DCC to produce and publish a policy to provide further information on the process it intends to follow in deciding whether to accept or reject non-compliant orders.

Parties will have a right to cancel consignments up to within 48 hours of the Delivery Date, but if they choose to do so they will be liable for any associated cancellation costs to the DCC. The amount due will reflect the reasonable costs and expenses incurred by DCC as a result of the cancellation.

⁹ any additional, replacement or spare equipment (including packaging) that may be required in relation to an installation as listed by the DCC

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
Section F	<ul style="list-style-type: none"> F5.7 amends the definition of “Communications Hub Order” such that it can also include, or solely comprise of, Communications Hub Auxiliary Equipment. Corresponding amendments are made in F5.8 and F.9. F5.8 clarifies that the date within the Delivery Month for each Delivery Location will be determined in accordance with the Communications Hub Handover Support Materials. F5.9 stipulates that for each order relating to a Region, the Communications Hubs and/or Communications Hub Auxiliary Equipment to be delivered to each Delivery Location on each Delivery Date shall be a "Consignment". Corresponding amendments are made in F5.10, F5.12 and F5.19. F5.10 amends the requirements for orders to meet threshold tolerance requirements, based on forecasts, such that these thresholds only apply to HAN variants. F5.19 amends the requirements relating to cancellation of orders of Communications Hubs. The right of parties to cancel will apply to consignments of Communications Hubs and Auxiliary Equipment arising from orders. Parties must notify the DCC of any cancellation at least 48 hours in advance of the Delivery Date. A party which cancels consignments must pay the DCC for all reasonable costs and expenses that it incurs due to the cancellation. The DCC will notify the Party of such costs and expenses as soon as reasonably practical after notice of cancellation is given. The DCC will provide a non-binding estimate, which it will take all reasonable steps to ensure is accurate, where requested not less than 10 working days in advance of the delivery date. Such an estimate will be provided to the Party by the DCC not less than five working days in advance of the delivery date.

3.6 Communications Hub Delivery and Handover

Summary of Issue under Consideration

The DCC (via the CSPs) will be responsible for delivering Communications Hubs and any additional Auxiliary Equipment to SEC Parties. It is important for all the organisations involved that there is clarity about the rights and responsibilities for all Parties in the delivery of Communications Hubs.

We therefore proposed in the SEC 4 consultation that the SEC should set out:

- the assignment of responsibilities for delivering Communications Hubs;
- the circumstances when a Party may reject all or part of a delivery;
- a requirement for the DCC to replace any rejected Communications Hubs; and
- the points at which the risk in relation to loss, destruction or damage of Communications Hubs transfers to another Party.

The consultation asked one question on this area:

Communications Hub Delivery and Handover: question 7 sought views on the

proposed approach and legal drafting in relation to delivery and handover of Communications Hubs.

Government Consideration of Issue

56. There was broad agreement with the proposals relating to delivery and handover of Communications Hubs, but a number of detailed issues were raised. Many of these concerned the time that is allocated for Parties to confirm that deliveries are in compliance with orders. Several Suppliers remarked that 5 days was too short a period and a number asked for clarification whether these would be working days. We believe that five working days should be adequate for Parties to assess whether deliveries are compliant. A party can choose a preferred delivery date which will provide it with five working days to assess its delivery. The process by which this delivery date is agreed with the DCC will be set out in the support materials.
57. A number of Suppliers also called for the DCC to be given a time limit for resending replacement Communications Hubs where a delivery has been rejected, arguing that the draft SEC could result in delays in deliveries which could prove disruptive. We believe that the requirement in the SEC drafting for the DCC to deliver replacement Communications Hubs as soon as reasonably practical is preferable to setting a precise time limit due to the number of unknown variables which could influence the time by which the DCC could deliver replacement communications hubs, such as the quantities involved and the Delivery Locations in question.

Summary of Government Conclusion

Communications Hub Delivery and Handover (covering question 7)

Legal drafting will be provided in SEC 4B which will reflect the following:

The DCC will ensure that Communications Hubs are delivered in accordance with the order and with the delivery requirements as set out in the CHHSM.

The CHHSM will assign responsibility for unloading Communications Hubs at the delivery location.

Delivery of Communications Hubs shall occur on their removal from the delivery vehicle at the Delivery Location.

Risk of loss, or destruction of, or damage to the Communications Hubs will transfer to the Party which submitted the Communications Hub Order on commencement of their unloading at the Delivery Location (where not unloaded by the DCC) or on completion of their unloading at the Delivery Location (where unloaded by the DCC)

The Party which submitted the Order will confirm whether or not a delivery has been made in compliance with the order within 5 days of delivery. Where a Party fails to submit a confirmation it will be deemed to have confirmed that a delivery of Communications Hub Products has been made in compliance with the relevant order.

A delivery is non-compliant if:

- no delivery was made to the relevant delivery location on the relevant day;
- the delivery contained the wrong amount of Communications Hubs in total or of a particular model;

- any of the Communications Hubs appeared damaged or tampered with; or
- the ordering party is otherwise allowed to reject all or part of the delivery under the CHHSM.

Parties shall make any rejected Communications Hubs available for collection by the DCC. The Party assigned responsibility for doing so under the CHHSM will ensure that rejected Communications Hubs are loaded on to the DCC's vehicle in accordance with the CHHSM. Risk of loss or destruction of or damage to such Communications Hub Products will transfer to the DCC on commencement of such loading (where loaded by the DCC) or on completion of such loading (where not loaded by the DCC).

The DCC will provide replacement Communications Hubs as soon as is practical where Communications Hubs have been rejected or where no delivery was made or fewer were delivered than were ordered.

Each Party which submits a Communications Hub Order may specify non-standard delivery instructions as permitted under the CHHSM. The DCC shall comply with such delivery instructions subject to such Party paying any applicable standard Charges to the DCC.

Ownership of Communications Hubs shall remain with the DCC at all times. Loss or destruction of a Communications Hub, prior to its installation, will be reported to the DCC by the Supplier that ordered it.

3.7 Communications Hub Installation and Maintenance

Summary of Issue under Consideration

We consulted previously¹⁰ on a requirement for Suppliers to install Communications Hubs provided by the DCC as part of a SMETS2 Smart Metering System and a requirement on the DCC to ensure that these Communications Hubs comply with the CHTS.

We proposed in the SEC 4 consultation that remote maintenance of Communications Hubs is undertaken by the DCC and local maintenance (i.e. involving a site visit) should be the responsibility of the Supplier. There may be occasions when the DCC needs to attend premises to install additional equipment (for example, an external antennae or aerial) to enable the effective operation of a Communications Hub. This may occur in premises where difficulties are encountered in making a connection with the WAN which the Supplier cannot overcome.

The consultation asked two questions on this area:

Installation and Maintenance of Communications Hubs: question 8 sought views on the proposed approach and legal drafting in relation to installation and maintenance of Communications Hubs.

Ability of a Communications Hub to also connect with another Supplier's meter: question 10 sought views on an obligation for a first installing Supplier in a dual fuel premises to take all reasonable steps to install a Communications Hub that would work with both the smart meter that it is installing and the smart meter of the other fuel type.

¹⁰ <https://www.gov.uk/government/consultations/changes-to-equipment-installation-requirements-and-governance-arrangements-for-technical-specifications>

Government Consideration of Issue

58. While a majority of respondents supported the proposals for the installation and maintenance of Communications Hubs, some respondents opposed particular aspects of the approach. A large proportion of the issues raised by respondents related to the provisions for the DCC to attend premises where this is necessary for the completion of an installation.
59. Some Suppliers expressed the view that visits to premises by DCC representatives should only be necessary in exceptional circumstances and that the relevant Supplier should always be present at these visits. We confirm that visits by the DCC to consumer premises should only occur where additional special equipment is necessary (for example, an external aerial) where the installer is unable to establish an SM WAN connection in an area of SM WAN coverage. In such a situation, the Supplier should raise an Incident to the DCC which would confirm whether it needs to attend the premises for remedial action. DCC would only be required to do this if the Supplier requested it to do so, and subject to the Supplier obtaining the consent of its customer. When attending a consumer's premises, the DCC would do so as the contractor of that Supplier. The detail of how these arrangements are worked out between the Supplier and the DCC and any additional rules governing DCC's attendance at the premises will be set out in the Communications Hub Support Materials. It is worth noting that the Supplier is free, when obtaining the consent of its customer for DCC's attendance at the premises, also to arrange with its customer that it will attend the premises at the same time. The DCC would require an energy supplier's prior consent to attend a premise without the energy Supplier being present.
60. A number of Suppliers questioned the extent to which the DCC's representatives would have the expertise to ensure compliance with the regulation and legislation that governs visits to consumer premises. The DCC commented that the obligation for their representatives to comply with applicable legislation when attending premises would need to be formulated to avoid a requirement for expertise that was not relevant to the work which they will undertake at the premises. As we agree that the obligation should not be unnecessarily burdensome on the DCC, we have concluded that there should be an obligation on Suppliers to inform the DCC of the relevant legislation that would apply to them when undertaking work at a consumer's premises. This information should be provided in advance and should only be the rules that would apply to the Supplier were the Supplier undertaking the same activity at the premises. It would therefore be limited to what is necessary for them to carry out the required work. The DCC will be acting as a contractor of the supplier in these circumstances. If the DCC has failed to comply with the legislation then the DCC will be in breach of its obligations to the Supplier under the SEC, so if the Supplier suffers any losses due to physical damage caused by the DCC, it can pursue the DCC for these costs under the SEC, subject to the limitations on liability that apply in the SEC.
61. Clarification was sought on the process by which the DCC would coordinate arrangements with a Supplier Party where the Supplier has requested that the DCC visits a consumer premises. We agree that this is important and these procedures should be set out in the Communications Hub Support Materials.
62. The DCC asked for the right to visit the premises of a Supplier's customer to carry out reasonable audits to check for effective compliance of the Supplier with the Communications Hub Support Materials. One other respondent, a large supplier, raised the issue of the possibility of audits being undertaken by the DCC. They commented that the DCC should contact suppliers with any concerns rather than visiting consumer premises which could cause undue inconvenience and concern for consumers. Our

preliminary view is that the SEC should be amended to provide for a process in which the DCC could request permission to conduct reasonable audits of compliance and investigate specific installation issues. The DCC would on the first instance submit any requests for audit visits at consumer premises to the SEC Panel, notifying it of the rationale for doing so. Permission to proceed with a visit would be subject to the agreement of the SEC Panel and the relevant Supplier gaining the consent of the consumer at the relevant premises. The Supplier would be required to take all reasonable steps to gain such consent which the Supplier would be responsible for acquiring. Again, when attending the premises, the DCC representatives would be required to comply with any relevant legislation that would apply to the Supplier were it undertaking equivalent activities at the premises. This issue can be explored further in the development of the Communications Hub Support Materials, including the need to provide for a mechanism whereby the suppliers make the necessary arrangements for any audit visits.

63. A majority of respondents agreed broadly with the proposal for the first installing Supplier in split-fuel premises (where there are separate Suppliers for gas and electricity) to take all reasonable steps to install a Communications Hub that would work with both the smart meter that it is installing and the smart meter of the other fuel type and the responsibility of a different supplier. Some Small and Large Suppliers expressed concerns that the first installing Supplier would encounter difficulties in determining whether or not the smart meter that the second installing party will install will work with the Communications Hub. It was also pointed out that there could be instances of smart installations being cancelled because first installers do not have sufficient confidence that they will be able to meet the proposed obligation, leading to greater levels of consumer dissatisfaction.
64. The wording of the proposed legal obligation requires the Supplier to install a Communications Hub that will work for both smart meters where it is reasonably able to do so; we continue to consider that this is appropriate. We expect that for most installations the first installing Supplier will have sufficient knowledge and expertise to determine which type of Communications Hub will operate with both Suppliers' meters. However, we intend to clarify the SEC drafting to ensure that this obligation should only apply when alternative HAN solutions are available.

Summary of Government Conclusion

Communications Hub installation and maintenance (covering questions 8 and 10)

Legal drafting will be provided in SEC 4B which will reflect the following:

Suppliers will ensure that Communications Hubs are installed in compliance with the Consumer Hub Installation Support Materials.

Where the Communications Hub Support Materials require the DCC to undertake work on behalf of a Supplier Party, and where such works require the consent or agreement of any person other than the Supplier Party or the DCC, the Supplier will use its reasonable endeavours to ensure that such consent or agreement is obtained in advance for the necessary work.

Where the DCC attends any premises it will do so as the contractor of that Supplier Party and in accordance with Good Industry Practice, and in compliance with the applicable Laws and/or Directives. There will be an obligation on the DCC to provide reasonable notice to Suppliers of work that they need to undertake at premises, and on Suppliers to inform them of the relevant legislation that governs visits to consumer premises. The legislation with which the DCC representatives need to comply would be limited to what is necessary for

them to carry out the necessary work. The Communications Hub Support Materials will include a process with which the DCC and Suppliers will comply for the arrangement of any visits by DCC representatives to consumer premises. The Supplier will have the right to arrange with its customer that it will attend the premises at the same time as any visit by the DCC. The DCC would require an energy supplier's prior consent to attend a premises without the energy supplier being present

The detail on which Supplier Party will bear the risk of loss, destruction or damage for the period following completion of its installation and before commencement of its removal will be set out in the SEC 4 B response, following further consideration of which Supplier is likely to notify such loss and/or install the replacement Communications Hub in various scenarios. The DCC and each other Party that is responsible for the risk of loss, destruction of or damage to a Communications Hub shall use reasonable endeavours to ensure that Personal Data held on that Communications Hub is protected from unauthorised access during such period of responsibility.

Communications Hub Auxiliary Equipment that is designed to be installed at consumer premises shall be deemed to form part of the Communications Hub, and the provisions relating to installation, removal, return and categories of Communications Hub responsibility will apply accordingly.

The DCC will have the right to request permission from the SEC Panel to conduct reasonable audits of compliance and investigate specific installation issues.

3.8 Communications Hub Removal, Replacement and Returns

Summary of Issue under Consideration

There are various circumstances where the removal, replacement or return of Communications Hubs may become necessary. The SEC 4 consultation proposed additions to the SEC to set out how arrangements will apply in these circumstances.

Communications Hubs may need to be removed for a number of reasons, for example:

- a fault has occurred which cannot be resolved;
- there is a need to replace a Communications Hub with a different variant (for example at split fuel premises the first Communications Hub installed may not be suitable for both the gas and electricity smart meter); or
- the Communications Hub has reached the end of its life.

The SEC 4 consultation also proposed that any installed Communications Hub which is removed by a Supplier must be returned to the DCC to allow it to carry out secure disposal or reconditioning. It proposed a process for the return of Communications Hubs which would include:

- the DCC identifying no more than two return delivery locations for each CSP region;
- Suppliers notifying the DCC of returns including selecting a return delivery date; and
- the risk in relation to loss, destruction or damage transferring to the DCC once Communications Hubs are returned to the DCC.

We also proposed that the DCC should take all reasonable steps to recondition and redeploy

Communications Hubs to help minimise costs.

The consultation asked one question on this area:

Removal and Return of Communication Hubs: question 9 sought views on the proposed approach and legal drafting in relation to removal and returns of Communications Hubs.

Government Consideration of Issue

65. Although a majority of respondents broadly agreed with the proposals on the removal and returns of Communications Hubs, a substantial number disagreed with particular points.
66. Some Suppliers expressed concern at what they saw as an unrestricted ability of the DCC to request the removal of Communications Hubs in cases of product recall or technology refresh. They pointed out this could have operational and cost implications for them and it was suggested that criteria for determining when the DCC can request removal and a requirement for consultation with affected Parties should be added to the drafting. We do not consider that it is necessary to add these obligations on the DCC as the DCC is already required by its licence to operate in a way which ensures efficiency and cost effectiveness. Furthermore, a requirement for the DCC to consult on product recalls could be impractical where Communications Hubs need to be withdrawn in a short time frame. Furthermore, where the DCC requests removal of Communications Hubs under a product recall or technology refresh it will be liable to each party for their reasonable costs and expenses that are incurred in corrective actions and in notifying consumers.
67. Some larger Suppliers suggested that they should be permitted to diagnose Communications Hubs that they have removed and redeploy them if no fault was found as this would reduce costs. We are considering whether there is any scope for Communications Hubs that have been removed by a Supplier, which the Supplier finds subsequently not to be faulty on closer inspection, to be redeployed without returning them to the DCC. Security and data privacy issues will be particularly important in determining the decision on this matter. We expect to set out decision in the SEC 4B Response.
68. It was suggested by a Small Supplier and a data management business that Suppliers should be able to leave Communications Hubs in place in non-domestic premises where the meter has been opted out of the DCC, as the high rate of churn in the non-domestic market is likely to mean that customers will move regularly between Suppliers who have opted into the DCC and those which have not, leading to frequent de-installation and re-installation of Communications Hubs. We will take this issue into account in our broader consideration of policy for non-domestic premises.
69. A few respondents commented that it would be unreasonable for Suppliers to pay termination fees in the case of Communications Hubs which they have returned as faulty, having followed CHSM processes, but are found to be non-faulty by the DCC. The relevant Explicit Charge in the SEC recovers the DCC's reasonable costs related to the return of a no-fault Communications Hub. These costs are not directly related to CHSM compliance and it is considered inequitable to recover these costs within the fixed per meter charges for Communication Hubs as Suppliers' behaviour in relation to such returns will differ. It is important that the processes that are set out in the Support Materials enable Parties to take the right steps where technical issues with Communications Hubs are encountered and that the Fault Diagnosis process correctly identifies any faults. The SEC will allow for changes to be made to the Support

Materials and the Fault Diagnosis process if this proves necessary. It should also be pointed out that Parties will be able to contest the findings of the Fault Diagnosis Process if they have reason to believe that it has not identified genuine errors.

70. It was also suggested that there should be right of return for Communications Hubs prior to their installation, particularly where an agent loses its contract to supply metering services, with a minimal charge. The SEC will allow Parties to return Communications Hubs prior to their installation, subject to a reconditioning or early termination charge to the DCC in order for the DCC to recover its reasonable costs associated with these meters. Furthermore, Parties will be able to mutually agree transfer stocks of unused Communications to other Parties.

Summary of Government Conclusion

Communications Hub removal, replacement and return (covering question 9)

Legal drafting will be provided in the SEC 4B response which will reflect the following:

The DCC will have the right to request the return of Communications Hubs in the event of a Product Recall or Technology Refresh.

The responsible Supplier is entitled to remove a Communications Hub from premises but must replace it unless any Smart Metering System of which it forms a part is withdrawn.

Where a Communications Hub is removed from premises by a Supplier Party, then the risk of loss or destruction of or damage to that Communications Hub shall rest with that Party.

The Supplier Party that removes a Communications Hubs from a premises shall return it to the DCC within 90 days after the date of its removal. We expect to set out a decision in the SEC 4B Response on whether there will be any circumstances in which Suppliers can redeploy Communications Hubs that they have removed without returning them to the DCC.

We will address the question of whether Communications Hubs should be returned to the DCC where a non-domestic premises is opted out of the DCC as part of our broader consideration of policy for non-domestic premises.

A Party that wishes to return a Communications Hub to the DCC prior to the Communications Hub's installation at a premises shall be entitled to do so, but will be liable for the payment of a reconditioning or early termination charge to the DCC in order for the DCC to recover its reasonable costs.

The DCC will make available information necessary for the return of any Communications Hubs including the addresses of up to two locations in respect of each Region to which Communications Hubs can be returned. A Party required or opting to return Communications Hubs to the DCC will make arrangements with the DCC to return them to one or both of these locations.

The DCC shall take all reasonable steps to recondition and redeploy each Communications Hub that is returned to the DCC.

Where loss or destruction occurs after commencement of the Communications Hub's removal from premises by a Supplier Party, it will be reported by the Supplier Party which undertook such removal.

3.9 Communications Hub Returns Categories

Summary of Issue under Consideration

As Communications Hubs are being provided by the DCC and then installed by Suppliers, it is important that there is a mechanism in place to attribute responsibility for any faults that occur. This will be used to determine allocation of charges for returned Communications Hubs and is intended to provide an incentive for the DCC to procure equipment that is fit for purpose and for Suppliers to replace equipment only where it is faulty.

In our Part 2 response to the consultation on the second version of the SMETS¹¹ we provided further detail on the 'costs lie where they fall principle' in relation to Communications Hubs and what would constitute a type fault and a batch fault. The response outlined that under the SEC, the responsibility for Communications Hub faults will either be allocated to the DCC or the relevant Supplier and the allocation of responsibility results in the Supplier being required to pay an Explicit Charge as set out in Section K of the SEC. Where the number of DCC faults exceeds a set threshold, the DCC will be required to pay a liquidated damage payment for these faults (known as type faults), which provides compensation to the affected Suppliers related to the site visit costs associated with replacing the faulty Communications Hubs. In addition there will be similar liquidated damages where a high percentage of Devices fail within a single delivery (known as batch faults).

The consultation asked one question on this area:

Early Returns of Communications Hubs: question 11 sought views on proposals relating to the processes to determine the reasons for early return of Communications Hubs.

Government Consideration of Issue

71. There was general agreement with the proposals in relation to the processes to determine the reasons for early return of Communications Hubs. Some Suppliers proposed that they should be able to return non-fault Communications Hubs without being subject to a fee, or only being liable for a very minimal fee, as no testing would be necessary. One Large Supplier argued that Suppliers who have followed the processes that are set out in the Support Materials correctly should be not be penalised. It can be reasonably expected that no-fault communications hubs will be reconditioned by the DCC as they would be treated as new devices when re-issued. Also, the expectation is that charging consequences for the Party returning a device that is reconditioned will be lower than for faulty Communications Hubs.
72. It was also suggested that the DCC should pay liquidated damages for Communications Hubs that are returned due to a special WAN variant installation if the information that had been provided in the WAN coverage database had been inaccurate. These instances will be treated as DCC faults and compensation from the DCC would be payable to the Supplier where a threshold is reached (in which case they would be deemed a 'type fault').
73. Some respondents pointed out that they could not comment on policy for the early return of Communications Hubs until the Fault Diagnosis Document is agreed. The

¹¹ Government Response to the consultation on the second version of the Smart Metering Equipment Technical Specifications - Part 2:
www.gov.uk/government/uploads/system/uploads/attachment_data/file/209840/SMIP_E2E_SMETS2_govt_consultation_response_part_2_final.pdf

Fault Diagnosis process, which will be set out in the CHMSM. We do not see any reason why policy in the SEC for the early return of Communications Hubs cannot be confirmed in advance of this process being agreed. It will be drafted by the DCC which will be required to consult on it with SEC parties in advance of its designation by the Secretary of State.

Summary of Government Conclusion

Communications Hub returns categories (covered by question 11)

Legal drafting will be provided in SEC 4B which will reflect the following:

Suppliers will specify a reason for the return of a Communications Hub to the DCC in accordance with procedures set out in the CHMSM.

The DCC will provide notification to the Supplier if it intends to undertake any examinations, tests or investigations to verify the reason given by the Supplier within 10 days of receiving returned Communications Hubs or notification of their loss or destruction. If notification is not provided in this timeframe, the reason given by the Supplier will be deemed to be correct.

The DCC will have a right to investigate returned Communications Hubs in order to test whether they are faulty. The Fault Diagnosis process, to be set out in the CHMSM, will set out the methodology to be applied by the DCC to diagnose faults. The DCC will be required to consult on this process as part of its consultation on the CHMSM. This might include use of representative sample of returned, lost or destroyed Communications Hubs during a reasonable period.

The DCC will produce and distribute a report setting out its analysis and conclusions on whether a fault exists on any returned Communications Hubs. This report should be provided within 35 days of when the Supplier notified the DCC of the fault, otherwise the reason given by the Supplier will be deemed to be correct.

The Supplier has a right to dispute the outcome of the report by referring the matter to the SEC Panel. Unless the Supplier notifies the DCC of an objection to the DCC's analysis within 35 days of receiving the report, the DCC's analysis will be deemed to be correct.

Where the Supplier notifies the DCC of an objection within 35 days of receiving the DCC's report, either party may refer the issue to the SEC Panel for determination, which will be final and binding. The outcome of this process will be used to calculate any charges payable.

The DCC will report to the Panel and other Parties on the number of Communications Hubs that have been returned due to a DCC fault. These reports should be published on a quarterly basis and include a supporting explanation of the circumstances that gave rise to the returns.

Subject to the threshold set out in the SEC, a fault will be designated a Type Fault where a Communications Hub is defective or faulty due to a DCC fault or where the DCC requests (in accordance with the Incident Management Policy) that a Supplier Party replaces an installed Communications Hub with a different WAN Variant. Loss, destruction or damage to a Communications Hub caused by a breach of the SEC by the DCC will also be classified as a Type Fault.

Where a fault occurs, the Supplier will stop paying for the Communications Hubs. Where the number of Faults exceeds a set threshold, the DCC will be required to pay a liquidated damage payment for these type faults to reimburse the affected Suppliers for their field service costs of replacing the faulty Communications Hubs. Liquidated damages will also be paid by the DCC to Suppliers where a high percentage of Devices fail within a single delivery (known as a batch fault).

A fault will be attributed to the Supplier where the loss, destruction or damage to a Communications Hub occurred while the relevant Party was responsible for such risk and which was caused otherwise than by a breach of the SEC by the DCC. A Supplier will also be allocated responsibility where it returns a no-fault Communications Hub.

3.10 Transitional requirements in relation to Forecasts and Orders

Summary of Issue under Consideration

Based on the current Joint Industry Plan, the first date that Suppliers could receive deliveries of Communications Hubs is 1 November 2015. The SEC 4 Consultation set out proposed transitional arrangements in respect of this initial delivery date, which included changes to Section X of the SEC in relation to the timing of Communications Hubs forecasts and orders. The current expected timetable for forecasts and deliveries is outlined below:

Date	Activity
January 2015	Requirement for Suppliers (and any Parties intending to order Communications Hubs) to submit forecasts (+/- 50% tolerance for Initial Delivery Month) to the DCC. Forecasts must then be updated and resubmitted to the DCC on a monthly basis
April 2015	Forecasts +/- 20% tolerance for Initial Delivery Month
June 2015	First month where a Party can submit a Communications Hubs order - for delivery in the Initial Delivery Month
November 2015	Initial Delivery Month

The SEC 4 consultation asked one question on this area:

Communications Hubs forecasts and orders: question 12 sought views on the proposed approach and legal drafting in relation to the transitional requirements for Communications Hubs forecasts and orders.

The transition consultation proposed specific interim measures to support the submission of such forecasts.

Communication Hubs Transition: question 1 of the Transition Consultation sought views on:

- the proposal to submit forecasts via email for an interim period (until June 2015); and
- whether the DCC should provide certain WAN information via spreadsheet (CSV format) in advance of the full WAN information being available in June 2015.

Government Consideration of Issue

74. There was strong support for the approach that was proposed in the SEC Stage 4 consultation for transitional requirements for Communications Hubs forecasts and orders, although respondents expressed concerns about the ability to forecast Communications WAN variants accurately in advance of the full WAN coverage information being made available.
75. As mentioned in section 3.4 above, we have decided that Suppliers will not be required to provide numbers of WAN variants in their forecasts.

76. Respondents to the Transition Consultation broadly agreed with the specific transitional arrangements that had been proposed for the submission of forecasts and access to WAN coverage information. A number reiterated the point that had been made in responses to the SEC Stage 4 consultation that Parties could struggle to forecast WAN variant numbers in advance of full WAN coverage information; we have confirmed that Parties will not be required to provide this data in forecasts. Some respondents to the Transition Consultation also asked for clarification of the DCC's plans for moving from interim to enduring arrangements. DCC have confirmed that they will improve the visibility of their plan which will include the provision of a confirmed delivery date for full coverage database access and provision of full CSP Order Management System functionality. Assurance was sought on the security of the transitional systems for delivering information. We agree that this is important and can confirm that the DCC will put in place secure mechanisms for the submission of forecasts (this may not necessarily be via email).

Summary of Government Conclusion

Transitional requirements in relation to forecasts and ordering (covered by question 12 in the SEC stage 4 consultation and question 1 in the Transition Consultation)

The requirements for the submission of Communications Hub forecasts by Suppliers (and any Party that intends to order Communications Hubs) for the enduring period will come into effect once a date has been designated by the Secretary of State to bring SEC Section F5 provisions into effect.

The Initial Delivery Date for Communications Hubs will be the 1 November 2015, or such later date as the Secretary of State directs. The requirements set out in section 3.4 above (Communications Hub Forecasting) will apply except where varied as follows:

- each Supplier (and any Party which intends to order Communication Hubs) will submit its first Communications Hub Forecast during the month ending nine months in advance of the start of the month in which the Initial Delivery occurs. Forecasts should then be submitted on a monthly period and cover a 24-month period commencing with the month in which the Initial Delivery Date occurs; and
- Communications Hubs Orders should not specify a Delivery Date that is prior to the Initial Delivery Date and should not be before the month ending four months in advance of the month in which the Initial Delivery Date occurs; and
- until 1 June 2015 (or such later date as directed by the Secretary of State):
 - Parties shall submit the Communications Hub Forecasts by a secure means of communication as reasonably determined by the DCC and using the template made available by the DCC;
 - the DCC shall take all reasonable steps to verify that the forecasts so submitted were from the Party by which they are purported to have been submitted; and
 - for each post code area in Great Britain, the DCC will be able to confirm to Parties basic information about the availability of the SM WAN.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
Section X	<ul style="list-style-type: none"> X3.3(d)(ii) has been changed so that forecasts are made by a secure means of communication as reasonably determined by the DCC (the previous requirement was for forecasts via email). X3.3(d)(iv) minor change removing the reference to the DCC website; the DCC must still make information available but not necessarily via its website.

3.11 Consequential Changes to the DCC Licence

Summary of Issue under Consideration

The DCC is obliged, under the terms of its licence, to offer services to SEC Parties on terms prescribed by or in accordance with the SEC (Conditions 6 and 17). Under Condition 20 a failure to agree terms for the provision of certain services can be referred to Ofgem to determine those terms.

Consequential changes are required to the DCC Licence in order to support DCC's provision of Communications Hubs for testing purposes and the provision of Testing Services by the DCC to persons other than SEC Parties. The proposed changes were set out in the SEC 4 Consultation. (Section 7 covers further consequential changes to Condition 20 to allow for certain disputes around Other Enabling Services to be brought to Ofgem – although these disputes are not just limited to those between the DCC and non-SEC Parties.)

The consultation asked one question on this area:

DCC Services to non-SEC Parties: question 13 sought views on proposed changes to the DCC Licence to require the DCC to offer services to non-SEC Parties where required to do so under the SEC.

Government Consideration of Issue

77. A large majority of respondents to this question agreed, or agreed with caveats to our proposal. One Small Supplier disagreed, arguing that non-SEC Parties should raise disputes through SEC Parties rather than directly to Ofgem under licence condition 20. We do not consider that raising a dispute through a SEC Party would provide additional benefits, and would create the risk that no SEC Party would agree to raise a dispute on behalf of a non-SEC Party. A dispute in this context would be specifically in relation to the offer of terms made by the DCC to the non-SEC Party.
78. One respondent queried why non-SEC Parties could not simply become Parties in order to receive services. As set out in the SEC 4 Consultation, there are a limited number of stakeholders such as meter manufacturers who want to use testing services to ensure their meters operate as intended with Communications Hubs and DCC Systems, but otherwise would have no involvement in SEC business. Therefore we consider it appropriate that they should have access to these specific DCC services, to the benefit of the wider smart metering programme, without needing to become SEC Parties. Such participants will, however, be required to enter into a bilateral agreement with the DCC.
79. Another respondent suggested that overall DCC integrity should not be compromised if non-SEC Parties are able to participate in certain SEC services and that these services must be explicitly defined in the SEC so that the broadening of scope does not come at the detriment of service levels. We agree that overall DCC integrity should not be

compromised, and are satisfied in light of these views that the appropriate safeguards exist in the DCC Licence (Conditions 5.9, 6.7 and 8) to protect service levels.

80. One Large Supplier suggested that Ofgem was not best placed to determine disputes if one of the Parties to the dispute was not a licensed Party. It is important to note that the role of Ofgem here would be to determine the terms that the DCC must offer. It would then be for the non-licensed entity to decide whether it accepted those terms, but Ofgem would not, for example, direct it to accept the terms.
81. The DCC made a number of comments in its response, including suggesting that there would be no cost savings for an organisation in not becoming SEC Parties as they would, in any case, need to review the bilateral specimen agreements which refer to many parts of the SEC, and that the DCC was not resourced to manage a large number of bilateral agreements with non-SEC Parties if they were made. We do not expect a large number of organisations who are not SEC Parties to order Communications Hubs for testing, but do not wish to preclude them from doing so by requiring their accession to the SEC, and will retain bilateral agreements in the SEC for those parties which wish to utilise them. The DCC also noted that in order to mitigate the security risks of connecting unknown equipment to the DCC, it would look to include entry criteria in the End-to-End testing Approach Document. We support the DCC's proposal to incorporate any necessary requirements in its subsidiary documents which detail use of the remote testing service and Communications Hubs for testing, but that this should be set out in the Enduring Testing Approach Document (which unlike the End-to-End Testing Approach Document is a SEC subsidiary document that will remain valid beyond the transitional period). We have amended the SEC to reinforce this requirement for Communications Hubs for testing (detailed in the following section).

Summary of Government Conclusion

Question 13: We will implement changes to the DCC Licence set out in the SEC 4 consultation so that the DCC must, under defined circumstances, provide services to non-SEC Parties.

3.12 Provision of Communications Hubs for Testing

Summary of Issue under Consideration

A number of stakeholders, including Suppliers and device manufacturers, have stated that they would like to be able to procure DCC Communications Hubs for the purpose of testing their own smart meters and other devices with their own systems outside of the DCC's test labs.

On that basis, in the SEC 4 consultation we set out new text to cover the provision of Communications Hubs for testing, which would be made available to SEC Parties and other persons, including Device manufacturers. Given that these Communications Hubs would be used for different purposes to other Communications Hubs, we set out different ordering, charging and other arrangements, compared to the standard processes outlined above.

The consultation asked one question on this area:

Communications Hubs for Testing: question 14 sought views on the proposed approach and legal drafting in relation to the provision of Communications Hubs for Testing.

Government Consideration of Issue

82. The majority of respondents agreed in principle with the proposals set out regarding Communications Hubs for testing purposes. Several prospective users of Communications Hubs for testing suggested that the period for being able to return Communications Hubs where they were defective (set at 28 days in the drafting) was too low, and should be extended. On that basis and following discussions with DCC, we are increasing the warranty period for a return of a Communications Hub used for testing, from 28 days to six months which matches the timeframe suggested by some respondents, and is more consistent with existing industry practice.
83. Prospective users also sought further clarity on the extent to which Test Communications Hubs could be used as part of any testing service offered by the DCC, and how any functionality may be limited. This issue was also highlighted by the DCC, who noted that Communications Hubs for testing would be limited in their use outside the DCC testing environment, and noting that this limited usage may have a bearing on the extent to which parties may wish to procure them. The DCC offered general support to the intention to provide Communications Hubs to support testing activities, but that this should go hand in hand with the provision of a remote test service. It noted that there were no commercial mechanisms in its contracts with Service Providers that would allow it to meet these requirements, and changes would need to be made to those to provide this offering under the SEC. DCC also noted that there may need to be a costly configuration and release management system developed to support the use of prototype test Communications Hubs, and that any provision of Test Communications Hubs prior to the establishment of the Communications Hub Ordering System would need to be managed under different rules.
84. In order to ensure that the regulatory framework has sufficient clarity, we will require the DCC to set out any limitations, or terms of use for Communications Hubs for testing purposes in the End-to-End Testing Approach Document and Enduring Testing Approach Document.
85. Prospective users also requested further clarification as to the nature of any prototype test Communications Hubs that were offered, and any limitation on their functionality. The SEC will clarify that further information relating to Prototype Communications Hubs, if there are any, must also be set out in the End-to-End Testing Approach Document and Enduring Testing Approach Document.
86. One Large Supplier queried the requirement to pay for Test Communications Hubs before receipt and that payment should only be required after delivery. Following discussion with DCC and other stakeholders, we have agreed to amend this text so that Communications Hubs can be delivered before a payment to the DCC is made.
87. Finally, the DCC noted that an obligation to provide Communications Hubs for testing within two months of ordering may not be possible, suggesting that four months was a more appropriate lead time. This issue has been raised with the DCC who are examining whether they can fulfil the four month expectation.

Summary of Government Conclusion

Question 14: We will continue to enable the provision of test Communications Hubs to SEC Parties and other persons for the purpose of testing their meters and other Devices with their own systems outside of the DCC's test labs, with the DCC able to describe this provision in its Enduring Testing Approach Document.

The DCC will be required to publish a guide on its website for those seeking to procure such Test Communications Hubs (including non-SEC Parties). The DCC will be required to offer

Communications Hubs for testing to non-SEC Parties with terms and conditions that reflect those that apply to SEC Parties. The DCC charge for these Devices should be cost reflective, with delivery charges also passed on to the procurer.

SEC 4B will provide legal drafting to be incorporated into the SEC for Communications Hubs for testing, with amendments from the SEC 4 consultation text to:

- extend the warranty period to six months;
- extend the delivery period;
- provide for payment after rather than before delivery; and
- require further detail on the nature and intended use of Communications Hubs for testing to be included in the End-to-End Testing Approach Document and Enduring Testing Approach Document.

3.13 Communications Hub Charging

Summary of Issue under Consideration

The SEC 2 consultation sought views on Communication Hub charging covering assets; maintenance; removals and returns. The SEC 4 consultation document set out our conclusions regarding these matters and consulted on the legal drafting.

The consultation asked two questions on this area related to the legal drafting:

Communications Hub Asset and Maintenance Charging: question 59 sought views on the proposed legal drafting in relation to Communications Hub Asset and Maintenance Charges.

Communications Hub Removal and Return Charging: question 60 sought views on the proposed legal drafting on Communications Hubs Removal and Return Charging.

Government Consideration of Issue

88. A large majority of respondents to these questions were supportive of the legal drafting related to charging for Communication Hubs. Some respondents also provided detailed drafting points related to charging for Communication Hubs and these have been addressed in the legal drafting consistent with the concluded policy set out in the SEC 4 document. The legal drafting omitted the inclusion of the fixed costs estimates for Regional Communications Hub Revenue within the indicative reporting budget process and so this term will be included within the reporting requirements in Section J4.5. One respondent indicated that the legal drafting did not confirm that certain explicit charges would be uniform consistent with the 1st charging objective and Section K will be amended to provide this clarity.
89. A number of respondents also sought clarification regarding elements of detail relating to how the charging regime for Communications Hubs is envisaged to operate. For example, one respondent assumed that Communications Hub stock level charging is on a daily basis whereas it will be based on a monthly snapshot of stock levels. We envisage that the DCC will provide this insight via subsequent iterations of its charging statement and thus further SEC amendment is not necessary.

90. Some respondents expressed more general concerns regarding elements of the communications hubs charging policy related to: HAN variant pricing and the return charge for a non-faulty Communications Hub. As policy in these areas was previously consulted upon and concluded on in the SEC 4 Consultation document we are not proposing to make additional changes in these areas. Some respondents also raised concerns in relation to the approach to and non-domestic opted out, which we will take into account in our broader consideration of policy for non-domestic premises.

Summary of Government Conclusion

Question 59 and 60: We will implement the proposed legal text set out the SEC 4 Consultation, subject to the amendments set out in the table below.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
Section J and K	<ul style="list-style-type: none"> • $RCHR_{rt}$ added to table in J4.5 • Explicit charge related to Communication Hub Cancellation removed from K7.5 • K7.6 amended to be clear that certain charges are uniform • There is a consequential change to K7.5 to remove the Explicit Charge for cancelled orders consistent with our conclusions on question 9

4 Security Governance, Assurance and Privacy

4.1 Security Governance

Summary of Issue under Consideration

The security of the end-to-end Smart Metering System is essential for the reliable delivery of communications to and from Smart Meters. The SEC describes the governance, assurance and operational requirements designed to help identify and mitigate security risks on an ongoing basis.

The SEC 4 Consultation set out that members of the Security Sub-Committee (SSC) should have the power to propose SEC modifications, either as individuals or collectively and to have a role in evaluating SEC modifications and advising the SEC Panel as to any impact on security.

We further proposed that the SSC should advise the SEC Panel on issues of non-compliance by SEC Parties identified through the security assurance arrangements alongside a role advising the SEC Panel on technical security disputes amongst SEC parties.

To ensure security assurance arrangements remain proportionate and provide the requisite degree of confidence, the SEC 4 Consultation proposed that the SSC will have a responsibility to keep them under review over time. The SEC 4 consultation proposed membership and powers of the SSC.

The consultation asked one question on this area:

Security Governance: question 15 sought views on the proposed legal drafting in relation to Security Governance.

Government Consideration of Issue

91. A large majority of respondents agreed with the proposed legal drafting relating to security governance, although a number of specific issues for clarification or caveats were raised.
92. Some Suppliers questioned the nature of the SSC membership structure, stating that having only six places for Large Suppliers was insufficient, given that there are now more than six Large Suppliers as per the SEC definition. The role of the SSC is to maintain the security arrangements and ensure they continue to be appropriately balanced against the SEC objectives and the wider threat and risk landscape. Given the extent of their access to the system, and their volume of usage, Large Supplier parties are expected to acquire a large amount of threat information and expertise which will be beneficial for the SSC. Correspondingly they are entitled to nominate a higher number of members to the SSC than any other party. However, the SSC has not been designed to ensure that each individual party is directly represented and thus we do not think it

necessary or appropriate for all Large Supplier parties to be provided with membership. We continue to be of the view that the current makeup of the SSC strikes the right balance between getting the right expertise against the need to ensure the number of members does not impact on its productivity.

93. A small minority of respondents stated that representatives of Other DCC Users and groups representing consumer interests should be capable of nominating SSC members. As a User of the system we agree that Other DCC Users may bring wider expertise and an additional perspective on security risk than otherwise represented on the SSC and have therefore amended the SEC to make provision for Other DCC Users to nominate a member.
94. The smart metering arrangements have been designed with consumer interests at their heart, with the SEC Objectives in place to ensure these are given necessary consideration over time. The SSC will need to consider these Objectives in maintaining the security arrangements. Regarding the need for a consumer representative on the SSC, it must be noted that the SSC is only advisory to the SEC Panel, where wider considerations including consumer interests and challenge are key and where provision is made for consumer members. Further, any modification that materially impacts on the security of the system will automatically be subject to Ofgem consideration, whose principal objective is to protect the interests of consumers. Ofgem are also able to attend and speak at SSC meetings. We therefore do not consider it necessary for consumers to be directly represented on the SSC, though where there is a particular issue under consideration that the Chair considers it would be useful to have consumer representatives present, the Chair has the power to invite other experts as needed.
95. A small number of respondents questioned whether the SEC provisions governing the level of expertise required of SSC members were strong enough, stressing the importance of ensuring that members had sufficient experience to be able to properly contribute to the workings of the group. We agree that getting the right level of expertise is critical. To achieve this we have aligned arrangements with those in place for the SEC Panel, outlined in SEC Section C6.7. This requires that the SSC be composed of persons with suitable experience and qualifications, which members will be expected to demonstrate as part of the nomination process. As with other subcommittees, the Panel will play an important role in determining what sort of experience and qualifications are required.

Summary of Government Conclusion

Question 15: The majority of respondents agreed with the drafting as set out in the consultation, subject to a number of clarifications outlined below the legal text will be implemented as proposed.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
G7	<ul style="list-style-type: none"> • The inclusion of an 'Other User' representative on the Security Sub-Committee and associated provisions (G7.3, G7.10 & G7.11).

4.2 Security Assurance

Summary of Issue under Consideration

For DCC Users the SEC 4 Consultation proposed an approach that will follow a three year rolling cycle of security assessments, with a full-assessment required at the start of the process (at User Entry) and then at a minimum every third year thereafter. The nature of assessment performed during the intervening years will be determined through the SEC role code and a set of risk criteria to be outlined in the SEC.

We have previously concluded that a Competent Independent Organisation (CIO) will be required to perform the security assessment of Users, and the SEC legal drafting outlined the characteristics of this organisation. The SEC 4 Consultation proposed that a central procurement for the CIO would be performed, and that the cost of each security assessment will be met by individual Users.

For the DCC an annual audit against the Service Organisation Control 2 (SOC2) standard will be used to provide assurance over the security of its systems.

Security Assurance: question 15a sought views on the proposals in relation to Security Assurance. In particular on:

- the proposal for the SEC Panel to procure a central CIO on an initial basis;
- the proposal for Users to meet the costs of security assessments that are undertaken at their organisation;
- the proposal for a three year rolling cycle of security assessments to be used to provide assurance on Users;
- the process for identifying and managing non-compliance; and
- the assessment arrangements proposed for the DCC.

Government Consideration of Issue

96. The majority of respondents were in favour of the proposal to centrally procure a CIO to perform the security assessment of Users, and for Users to meet the cost of their own security assessments. Respondents in favour of the central procurement cited the potential for cost efficiencies, and the consistency in assessment which would be provided by procuring a single organisation.
97. Respondents who were not supportive of a central procurement questioned whether a single CIO would increase costs to Users, given the potential for it to exploit a monopoly position. Questions were also raised as to whether one organisation would have the capacity necessary to assess all Users in a short space of time. With regards to costs, we continue to consider that overall costs should be reduced through the competitive tendering process that will be undertaken by SECAS. We have tested and confirmed this assertion with the administrators of other industry codes where similar arrangements are in place.
98. Regarding concerns about the need for cost transparency, as part of their Invitation To Tender (ITT) for the CIO, SECAS has outlined the need for prospective bidders to provide day rates for personnel that will be involved with the assessment process. In line with their transparency objectives we expect these rates to be made clear to Users.
99. We recognise the importance of ensuring the CIO has the necessary capacity to perform the assessment of Users, in particular in advance of User Entry. We have

discussed the associated risk and possible impacts with SECAS on a number of occasions and as a result prospective bidders for the CIO contract will be expected to detail their approach to managing capacity challenges within their response to the ITT.

100. There were mixed views expressed by respondents regarding the proposed three-yearly cycle for User assessment. A large majority of network operators and Small Supplier respondents were in favour of the proposals. However, a number of larger Suppliers were not supportive, being concerned by the burden annual assessments on them may place against the additional assurance it would offer. Most of the Suppliers who disagreed with the proposal suggested that the model which underpins ISO 27001 whereby the results of the initial assessment are taken into account when deciding upon the nature of subsequent assessments, could helpfully ease this.
101. In considering the arrangements for User security assessments we have been mindful to ensure that the likely impact on Parties is necessary, proportionate and where possible aligned to established good practice. Given their role and capability under the SEC we continue to consider it proportionate for Large Suppliers to be independently assessed each year. We have made provision within the SEC for the CIO to place reliance on existing certifications or accreditations, including previous assessments performed under the SEC assurance arrangements. Where a User can demonstrate they have maintained effective security arrangements over the course of the year, and that they have appropriately addressed any increases in security risk since the previous assessment, we expect the annual review itself to take less time. The use of a single CIO, who will have performed the previous SEC security assessment, should further ensure this is the case.
102. A number of respondents raised concerns with regards to the confidentiality of User security assessment reports, highlighting the need for recipients to take due care to ensure that the information contained within such reports was not disseminated to unauthorised individuals. We understand the concerns of Users in this regard, given the sensitivity of such reports. Security assessment reports will only be shared with the SEC Panel and then considered as 'confidential', under which the SEC already includes arrangements for dealing with. We also expect detailed handling arrangements to be established by the SEC Panel and its SSC, once established, to ensure these the arrangements for managing such data are met. The SEC Panel is already required to define such arrangements under M4.13 of the SEC.
103. A small number of respondents queried the need for the CIO to develop a Security Controls Framework to guide the assessment, asserting that the ISO 27001 standard would serve as a suitable guide for the auditor. Our view is that the SEC obligations are aligned to ISO 27001, there are a number of areas where the SEC obligations are necessarily more specific, including the requirements falling to specific User Roles. The Security Controls Framework is expected to ensure the assessment is tailored more directly to the SEC obligations to ensure a proportionate and consistent assessment is completed, that provides an appropriate level of security assurance for each User Role. The Security Controls Framework is not intended to increase the scope or detail of obligations that Users are subject to.
104. With regard to the management of non-compliance, a large majority of respondents expressed broad agreement with the proposals; however some respondents requested greater detail regarding the process to be followed in the event that a User disagreed with the findings of the CIO report. In considering whether any evidence of non-compliance has been identified the SEC Panel, advised by its SSC, will need to consider both the report submitted by the CIO and the response of the User. Through this response the User will outline the steps it is planning to take to address any

concerns raised in the report, including where it has a difference of opinion. Any resulting disputes that relate to compliance with security obligations can be referred by the User to the Authority.

105. Support was strong for the proposed DCC assurance arrangements, with a large majority of respondents offering comments on this in favour of the proposals.

Summary of Government Conclusion

Question 15a: The majority of respondents agreed with the drafting as set out in the consultation, subject to a number of clarifications outlined below the legal text will be implemented as proposed.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
G8	<ul style="list-style-type: none"> • Removal of the provision for CESH CHECK to act as a qualifying certification for the role of User Independent Security Assurance Service Provider (G8.5). • Changes to the manner in which Users utilising Shared Resources are assessed for the purposes of which assurance regime they should be assessed under such that the number of domestic properties served, rather than MPxNs operated, is the determining factor (G8.39 – G8.41, G8.44 – G8.45 & G8.49 – G8.50). • G8.44 has been amended so the security assurance arrangements give consideration to Electricity Distributors and Gas Transporters who use Shared Resources.

4.3 Privacy Audits

Summary of Issue under Consideration

The Smart Metering arrangements will enable consumers to share their energy consumption data easily with third parties, such as energy services companies and switching sites, should they choose to do so. However, a successful roll-out will depend on consumers being reassured that they will retain control over who accesses their data and how it is used.

In April 2012 we consulted on a proposed framework for smart metering data access and privacy for smart meters, and set out our response to that consultation in December 2012. The key conclusions were that:

- Data privacy protection requirements for Suppliers accessing their consumers' data via the DCC would be established in licence conditions as would requirements for network parties; and
- the SEC would define the requirements both for Users who may not be licensed and Suppliers accessing data for consumers not registered to them (referred to as 'relevant Users').

In the April 2013 SEC consultation response we confirmed that the SEC would include requirements for relevant Users to:

- obtain explicit consent from consumers before requesting data via the DCC;
- put in place and maintain arrangements designed in accordance with good industry practice to ensure that the person from whom they have obtained consent is the energy consumer; and

- remind consumers about the data that is being collected, the purpose for which it is being obtained, and their right to withdraw consent.

In April 2013 we also set out our intention to tighten the proposal to require the SEC Panel to arrange audits to check compliance with the data requirements. We also recognised the potential parallels between privacy and security requirements, and committed to considering further the case for closer alignment of these two assurance processes. The SEC 4 Consultation set out proposals and legal drafting in these two areas, which would apply to relevant Users.

The consultation asked four questions on these areas:

Privacy Assessments: question 16 sought views on the proposed approach and legal text for the SEC in relation to Privacy Assessments;

Random Sample Compliance Assessments: question 17 sought views on specific proposals for undertaking random sample compliance assessments;

Costs of Privacy Assessments: question 18 sought views on the proposal for Users to meet the costs of the privacy assessments that are undertaken at their organisation; and

Potential Future Changes to the SEC: question 19 sought views on the potential future changes to the SEC to provide for reporting the results of privacy assurance assessments bodies such as Ofgem, DECC, ICO and Parties generally.

Government Consideration of Issue

106. The majority of responses were supportive of the proposals for Privacy Assessments, though a number of these sought further clarity on the detail. Three respondents questioned or disagreed with the proposal that security and privacy audits be carried out by the same organisation. One view was that parallels between the two processes, including the qualifications required, were not sufficient to deliver an effective and efficient approach. Another concern was that the privacy auditor would not be sufficiently independent.
107. We recognise that there is a clear distinction between the requirements for privacy audit and security assurance. These are reflected in our separate requirements for each process, including the requirements for the single organisation undertaking the assessments to have staff qualified to carry out both processes. As explained in more detail in Section 4.2 above in relation to the procurement for security assurance, we remain of the view that the benefits of an initial single procurement for both processes outweigh the risks. On an enduring basis it will be at the SEC Panel's discretion to decide whether best value for money would be achieved by procuring the services of one or more organisation to carry out the Audits.
108. We are mindful of the risk that the privacy auditor would not be sufficiently independent of the organisation it is assessing. However we believe this is substantially mitigated by the existing SEC conditions I2.4 and I2.5, which set out detailed requirements and require that the Auditor is able to demonstrate to the satisfaction of the SEC Panel that it has in place arrangements to ensure that it will act independently at all times.
109. One respondent pointed to ambiguity in the legal drafting regarding which category of User would need to undergo a privacy audit and, more generally, there was some confusion among respondents about which SEC Parties the audit would apply to. We have, accordingly, amended the legal drafting to make clear that only those SEC Parties

seeking or holding “Other User” status will need to undergo an audit. For the avoidance of doubt, this will apply to Suppliers applying for or holding Other User status, but will not apply to Suppliers not wishing to become Other Users and who therefore have direct access only to their own customers’ data as a Supplier. The SEC I1.2a requires that Suppliers in the latter category meet their supply licence conditions regarding consumer consent (i.e. to obtain appropriate consent) for accessing smart meter data, but it does not require them to meet the requirements set out at I1.2b since this only applies where Suppliers are accessing the data of consumers who are not their own customers. Monitoring and enforcement of Suppliers standard licence conditions will be undertaken by Ofgem in the usual way.

110. One respondent thought that the requirements to seek consumer consent before accessing data were not a sufficient protection. While we recognise that the privacy audit arrangements do not eliminate the risk that consumption data will be accessed without consumer consent, we consider that the robust upfront and on-going audit requirements (and relevant compliance penalties) provide safeguards and incentives that are a proportionate mitigation of this risk. These arrangements will also not preclude the use of established verification services or a commercial service that best meet customer needs.
111. All but one respondent were in broad agreement with the proposals for undertaking random sample compliance assessments against privacy requirements. Three respondents thought that the random sample compliance testing should not apply to Suppliers since they are subject to security assurance assessments and have specific privacy requirements in their licence conditions. We do not accept this argument: the security assurance assessments, which all Users will be subject to, are designed to address the specific risks of non-compliance with SEC condition I1.2 (b), which include the risk that Users with no contractual relationship with a consumer will access consumption data without consent. This risk is the same for all those with Other User status, regardless of whether or not they are also Suppliers. Therefore all Other Users should be subject to the same privacy audit processes, including to random sample compliance testing.
112. One respondent thought that the proposals would not provide a sufficient deterrent to Users breaching the privacy requirements, and that a fixed system of penalties should be in place from the start. We have concluded that the existing regulatory framework provides safeguards that are an adequate deterrent to breach of the SEC privacy requirements. All SEC Parties will be subject to sanctions which can include suspension of services and, for more serious breaches, expulsion from the SEC. Licenced parties are also subject to Ofgem enforcement action under their standard licence conditions, which require them to adhere to the SEC as well as the detailed requirements in licence conditions. The obligations set by the Data Protection Act 1998 will also continue to apply.
113. We have decided to retain a provision requiring the SEC Panel to develop and maintain a Privacy Controls Framework. This will set out the arrangements for privacy assessments and make provision for determining the timing, frequency and selection of Other Users for the purposes of Random Sample Privacy Assessments. We think it right that the SEC Panel take responsibility for establishing the detailed arrangements, which may need to be adapted according to early practical experience. The arrangements will need to deliver the SEC requirement that the privacy audit provides assurance that Other Users are complying with the relevant obligations.
114. The majority of respondents supported the proposed approach for Users to meet the costs of privacy assessments undertaken at their organisations. Two objected but did

not provide supporting evidence. A number commented that it would be important to ensure that there was transparency of charging and a demonstration of best value for money in procurement. As explained in Section 4.2 in relation to security assurance, we consider that the costs should be reduced through the competitive tendering process that will be undertaken by SECAS. We also explain that SECAS has made clear that prospective bidders will need to provide day rates for personnel that will be deployed to carry out the assessment processes, and we expect these rates to be clear to Users.

115. One respondent asked for clarification on how the costs associated with the establishment of the audit function would be recovered. These costs will initially be recovered by SECAS from the DCC, thereafter as with other fixed DCC costs, they will be recovered from Suppliers and energy networks on a per meter basis. Additionally DCC noted that it would require information on costs for budgeting purposes and that a requirement should be placed on the SEC Panel to provide this in a timely fashion. We consider that the DCC and SEC Panel should be able to reach agreement to share the required information bilaterally.
116. Respondents provided useful views on the potential future changes to the SEC to provide for reporting the results of privacy assurance assessments. We will consider these in developing any proposals for providing information to regulators and transparency to the public.

Summary of Government Conclusion

Question 16: We will implement the proposed legal text set out in the SEC 4 Consultation, subject to changes that will make clear that the privacy audit processes will apply to DCC Users with Other User status. This will provide for privacy audits to be undertaken on a three year rolling cycle, starting with a full assessment at User Entry, after which there will be annual self and independent assurance assessments. The SEC Panel will be required to appoint a single organisation to carry out the security assurance and privacy audit process. After the initial contract term concludes, it will be for the SEC Panel to decide on the most efficient way to manage the procurement process.

Question 17: We will implement the proposed legal text set out in the SEC 4 Consultation, to require the SEC Panel to develop and maintain a Privacy Controls Framework that will make provision for determining the timing, frequency and selection of Users for the purposes of Random Sample Privacy Assessments.

Question 18: We will implement the proposed legal text set out the SEC 4 consultation to require Users to meet the costs of audit processes individually, with individual bills for each User's audit. The exception to this will be for Random Sample Privacy Assessments, which will be included in fixed DCC costs.

Question 19: We will give further consideration to what future changes to the SEC might be made to provide for the reporting of privacy assessments.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
Section I	<ul style="list-style-type: none"> • I1.2 has been updated to be clear that it applies to Other Users only. • I2.3(f) and I2.34 updated to align with wording used in Section G in relation to disagreements with decisions of the Panel. • I2.26 updated to show that the time period for action by the Privacy Auditor to respond

	<p>to receipt of a Privacy Self-Assessment Report will be set out in the Privacy Controls Framework.</p> <ul style="list-style-type: none"> • I2.37(c) added covering documenting and submitting the outcome of the Privacy Self-Assessment.
Section H8	<ul style="list-style-type: none"> • H8.16(c) has been amended to clarify that access to the record of which Users have accessed consumption related data should be available to the Responsible Supplier and all Other Users.

4.4 Consumer consent for connecting consumer devices

Summary of Issue under Consideration

A Consumer Access Device (CAD) is any device which a consumer can connect to their Smart Metering System via the HAN (this is known as CAD pairing). Consumers will be able to connect their CADs by asking a User to set-up CAD pairing via a DCC Communication Service (known as 'remote CAD pairing'). The extant version of the SEC does not permit a DCC User to request a communications service to pair a CAD that returns consumption data to the DCC User unless:

- it has a consumer's explicit consent; and
- it has put in place and maintained arrangements designed in accordance with Good Industry Practice to ensure that the person from whom it has obtained consent is the Energy Consumer.

Consistent with the conclusion reached in the Government response to the SMETS2 consultation, the SEC 4 Consultation sought views on extending the privacy requirements in Section I to encompass all instances of remote CAD pairing including where CADs either display information or provide consumption information directly to a consumer (e.g. on a laptop or to local storage). In conjunction with these proposals we also reviewed the scope of the privacy-related licence conditions of licensed Users to determine whether their scope needed to be extended to cover these matters.

The consultation asked one question on this area:

Connecting consumer devices: question 20 sought views on whether the proposed legal drafting reflected SMETS2 consultation response position that Users should be required to obtain consent and to verify the identity of the energy consumer from whom they have obtained the consent prior to pairing a CAD.

Government Consideration of Issue

117. The majority of responses agreed that the drafting reflected policy positions with some seeking clarification on which Users were included. In line with the approach taken in Section I generally, the requirements in relation to CAD pairing set out in the SEC apply to Other Users and the legal drafting has been updated to reflect this. It should be noted that this applies to a Supplier acting in the capacity of an Other User (that is when not acting in the capacity of a supplier when undertaking CAD pairing for one of its customers).

118. Consistent with the conclusion reached in the Government response to the SMETS2¹², the legal drafting has been updated to place the same requirements to gain consent and verify the energy consumer prior to issuing a request to unjoin a CAD.

¹²

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209840/SMIP_E2E_SMETS2_govt

119. Similar provisions will apply in licence conditions to Suppliers for customers where they are the registered Supplier. We intend to update supply licence conditions to place requirements on Suppliers to only issue commands to set-up pairing or unpairing of a CAD when they have the consent of the relevant energy consumer (with the exception of IHDs provided at install).

Summary of Government Conclusion

Question 20: The proposed SEC legal text set out in the consultation will be implemented with amendments to make it clear that the SEC requirements apply only to Other Users.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
Section I	<ul style="list-style-type: none"> Section I1.3 has been updated to apply to CAD pairing in relation to Other Users only. Section I1.3 has been updated to apply to CAD unpairing in addition to CAD pairing.

4.5 Security Requirements

Summary of Issue under Consideration

As industry design and build systems in advance of ILO, the need to clarify security requirements in additional areas has emerged. We have continued to work with industry, most notably the Transitional Security Expert Group (TSEG), to consider these areas. The SEC 4 Consultation outlined a range of proposals to address these new security considerations.

In addition, whilst not included in the draft legal text for SEC 4, we proposed in the covering consultation to place a restriction on the timescales associated with future dated Service Requests.

The consultation asked two questions on these areas:

Security Requirements: question 21 sought views on the proposed updates to the Security Requirements and the associated legal drafting.

Future Dating of Commands: question 22 sought views on whether we should also include in the SEC obligations on the DCC and Users which limit the future dating of commands to 30 days.

Government Consideration of Issue

120. On question 21, a large majority of respondents, comprising organisations from a variety of different sectors, expressed broad agreement with the proposed updates to the Security Requirements. A number of respondents caveated their agreement, querying a range of issues and requesting tweaks to the drafting. There was little convergence between the respondent's remarks and so we have addressed these concerns bilaterally with the parties concerned.

[consultation_response_part_2_final.pdf](#) page 37 - Government Conclusion: "The SEC schedule of core communication services has been updated to allow any DCC User to use a DCC service to initiate remote CAD pairing and de-pairing. Users of this DCC service will be subject to a general requirement to verify the identity of the energy consumer[...]"

121. Some respondents expressed concern that while operational processes were still being developed it was difficult to determine whether the SEC security content provided the right level of coverage and detail. We agree that the SEC security arrangements will need to be reviewed over time to ensure they remain proportionate and achievable. The responsibility for ensuring this will sit with the SSC which will review security arrangements both as a result of changes to threats and risks as well as a result of changes to operation process and system design expectations.
122. Some respondents commented on the definition of the DCC User’s ‘User System’, arguing that the inclusion of systems used to communicate over the DCC’s Self-Service Interface was no longer appropriate. Respondents were concerned that this could lead to the need for additional controls to be applied to back office support services including customer helpdesks and that this would be disproportionate given the limited functionality available over the Self-Service Interface. We have discussed and agreed the need for this change with our TSEG and have therefore amended the definition of ‘User System’. A compensatory obligation will be placed on Users to ensure that all communications links established with the DCC Total System are considered as part of their risk assessments.
123. With regards to question 22, a large majority of respondents expressed support for the proposal to place a limit of thirty days on the period in which commands can be future-dated.
124. A small minority of respondents considered a 30 day limit to be overly restrictive, arguing that it could cause issues for Suppliers in instances where they need to update a large number of meters within a short timeframe, and would otherwise like to send them over a long period of time (e.g. a price update as a result of a VAT change). Other respondents highlighted the need to keep the length of the time limit imposed under review as meters were rolled out, to ensure that it remains fit for purpose. We agree that it is important to ensure that the time limit imposed is kept under review to ensure that it remains fit for purpose.
125. Further changes to the SEC security arrangements are also being consulted on as part of this document, and can be found in Part 2.

Summary of Government Conclusion

Questions 21 and 22: The majority of respondents agreed with the drafting as set out in the consultation, subject to a number of clarifications outlined below the legal text will be implemented as proposed.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
Sections G5 and G6	<ul style="list-style-type: none"> • Inclusion of communications links established with the DCC within the scope of the risk assessments conducted by Users (G5.14). • Inclusion of a description of the services being provided by third parties within the obligation for Users to notify the Security Sub-Committee that they are using Shared Resources provided by third parties (G5.27). • A change to the process for determining how Users communicate Anomaly Detection thresholds to the DCC, such that the level of security is to be defined in the relevant SEC subsidiary document (G6.1).

5 Smart Meter Key Infrastructure (SMKI)

5.1 Introduction

126. This response concludes on elements of SEC 4 content required in relation to SMKI. This includes conclusions on content set out in Part A of the SEC 4 Consultation:
- further restrictions on which parties are eligible to subscribe for certain Certificates;
 - requirements on the DCC to establish certain Certificates to facilitate the installation of Devices including the point from which the DCC will be required to make live Certificates available;
 - requirements for certain Organisation Certificates to be placed onto Devices, including an obligation on Network Parties to establish SMKI Organisation Certificates and on Suppliers to establish SMKI Organisation Certificates; and
 - further minor changes to the SMKI Compliance Policy.
127. This document also concludes on requirements in relation to the DCC, Subscribers for Certificates and Relying Parties (parties relying on Certificates), which were set out in Part C of the SEC 4 Consultation document.
128. Further changes to the SEC 4 SMKI arrangements are also being consulted on as part of this document, and can be found in Part 2. These include changes to the SEC to accommodate a DCC Key Infrastructure (DCCKI) and Infrastructure Key Infrastructure (IKI) arrangements as developed by the DCC. They also include changes to modify the checks the DCC must apply when deciding whether a Subscriber can become an Authorised Subscriber for Device Certificates and changes to the Organisation Certificate Policy in relation to Organisation Certificate fields. Furthermore, changes to the Compliance Policy are being proposed, in addition to a proposal to require Registered Data Providers to sign registration data with an SMKI key. The consultation closes on Wednesday 31st December 2014, and we will conclude on the supporting drafting as part of the SEC 4B consultation response, to be published in the new year.

5.2 Further Restrictions on Parties Eligible to Subscribe for Certain Certificates

Summary of Issue under Consideration

In the SEC 3 Consultation, we consulted on legal text covering which parties are eligible to subscribe for certain types of Certificate from the SMKI Service. Certificates play a vital role in determining the identity of organisations and devices within the smart metering arrangements. In order to provide a secure environment specific types of Certificate should only be issued to those organisations who have the rights and responsibilities under the SEC associated with that type of Certificate.

The SEC 4 Consultation proposed that further requirements are needed to restrict eligibility to subscribe for specific Organisation Certificates, to ensure that only the relevant parties can subscribe for Certificates associated with certain Remote Party Role Codes (RPRCs)¹³.

The consultation asked one question on this area:

Eligibility for Organisation Certificates: question 23 sought views on the proposed approach and legal drafting in relation to which parties are eligible to subscribe for specific Organisation Certificates.

Government Consideration of Issue

129. The majority of the 16 respondents to this question agreed with our proposals. A third of respondents expressed the view that the proposed arrangements should be amended or required clarification. We have clarified text where needed, and provide an explanation of where we amend policy or the rationale below.
130. The SMKI PMA commented that storing all versions of the Certificate Revocation List (CRL) and Authority Revocation list (ARL) could potentially lead to storage issues, and suggested that only the current versions of the CRL and ARL should be stored on the SMKI Repository. We agree that there is no security risk from storing only the current CRL and ARL versions and that this could avoid potential storage issues and increased costs, and have updated the legal drafting to reflect this view (however the OCA shall retain a copy of the information contained in all versions and make it available to the Panel, PMA, Subscribers or Relying Parties upon request).
131. A further view expressed by the SMKI PMA was that there is a need to amend the SEC to allow for separate PKI arrangements to be established by the DCC. We recognise that the DCC technical solutions require two additional PKI arrangements covering first, the Transport Layer Security (TLS) to secure DCC Gateway communications (to be referred to as DCC Key Infrastructure, or DCCKI) and second, the security of information exchange with the SMKI Registration Authorities (to be referred to as Infrastructure Key Infrastructure, or IKI). We agree that the SEC will need to be amended to allow for these two additional PKIs, and we have presented our amended provisions at Part 2 of this document for further consultation.
132. The DCC suggested that whilst the constraints on who could become a Subscriber for Device Certificates should remain as proposed, they would be unable to carry out all of the checks that would be necessary to enforce these constraints. Proposals on how we intend to deal with this issue are set out further in Part 2 of this document and views are invited on these proposals.
133. Another respondent expressed the view that there was ambiguity in relation to the last two rows of the OCA Certificate and Organisation Certificate Eligible Subscriber table presented at paragraph 179 of the SEC 4 Consultation. We have updated these sections of the drafting to provide further clarity on who are Eligible Subscribers for Organisation Certificates with the Remote Party Role of “otherUser”, i.e. to add Registered Supplier Agents and Export Suppliers. Please note that the Remote Party Role in the Certificate is not the same concept as “User Role” and that Organisation Certificates used for a number of different User Roles are expected to have the Remote Party Role of “otherUser”, essentially those that are linked to requests from “unknown remote parties” from the perspective of the relevant device.

¹³ RPRs, as set out in the GB Companion Specification, identify a number of different roles (e.g. Supplier, network operator).

134. Furthermore, Part 2 of this document sets out proposals which would require Registration Data Providers also to become Subscribers for Organisation Certificates. We are inviting further views upon this proposal, but were it to be implemented we would envisage that their Certificates would also have a Remote Party Role of “otherUser”. The respondent identifying the ambiguity also stated that further consideration should be given to Registered Supplier Agent (RSA) roles, as some import Suppliers may prefer to utilise such agents to process meter tariff changes. We remain of the view that we do not extend the ability of RSAs to be able to send critical commands in their own right in line with our policy that Suppliers remain responsible for their own actions.
135. A further respondent outlined the view that Suppliers should be able to outsource their Organisation Certificates to a third party, provided that the third party is a SEC Party appropriately qualified to act on the Supplier’s behalf (for it to effectively become a “proxy Supplier”). We remain of the view that it is the responsibility of Suppliers to manage the use of their private keys within the constraints of the Code (for example Section G and L11.6). Working within these obligations there is flexibility for Suppliers to appoint third parties to operate on their behalf, however Suppliers retain overall responsibility for the security of the systems. It is not proposed to create a specific role of proxy Supplier since this would be inconsistent with the principle that Suppliers retain direct responsibility for their own actions.
136. A Gas Network Operator sought confirmation that the outlined approach will enable GNOs to obtain an Organisation Certificate that can be placed on the Gas Meter by the registered Supplier post-commissioning, without the need to become a DCC Service User. We can confirm that it is possible to become a SMKI Subscriber without becoming a DCC User, for those user groups not otherwise required to become DCC Users.
137. Lastly, a respondent requested clarification on the extent to which RDPs fall within the scope of the Certificate arrangements. In light of the new proposal to require RDPs to sign Registration Data with an SMKI-related private key, we have amended the drafting of the SEC to clarify that RDPs will be able obtain Organisation Certificates as an “RDP User” with a Remote Party Role of “Other User. This legal draft is open for consultation at Part 2 of this document.

Summary of Government Conclusion

Question 23: We will implement the proposed legal text set out in the SEC 4 Consultation, with the following updates;

- updated provisions governing the storing of CRLs and ARLs to reflect that only the latest versions should be stored; and
- clarifications with regard to the Eligible Subscribers presented in paragraph 179 of the SEC 4 consultation.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
Section L	<ul style="list-style-type: none"> • L5.1 is updated to only require that the most current version of the Certificate Revocation List and the Authority Revocation List be stored on the SMKI Repository; • L3.18 has been updated to clarify which User Roles correspond to the Remote Party Role Code of “Other User”; • Further drafting changes have been made and are open to consultation at Part 2 of this

	document.
Appendix B	<ul style="list-style-type: none"> • 2.2 has been updated to only require the OCA to lodge the latest version of the Organisation CRL and ARL in the SMKI Repository; • 4.9.7 has been proposed to require the OCA to retain a copy of the information contained in all versions of the CRL and ARL and make it available to the Panel, PMA, Subscribers or Relying Parties upon request.

5.3 Requirements on DCC to Issue Live Certificates and to Establish its Certificates to Facilitate the Installation Process

Summary of Issue under Consideration

Suppliers will need live Organisation Certificates so that these can be placed on Devices as part of the manufacturing process prior to delivery and installation. There are a number of options for which Organisation Certificates may be placed on Devices which were set out in Section H5.17.

The SEC 4 Consultation set out proposals for when live Certificates should be made available and the type of DCC Organisation Certificates that should be established by DCC to facilitate installation. This included details of which Certificates are required in order to provide greater certainty and clarity for the DCC and other SEC Parties.

The SEC 4 Consultation also proposed that the DCC will be required to provide live Certificates by the start of Interface Testing, but that this wouldn't include obligations on the DCC to conform to the Target Response Times and Code Performance Measures (in SEC L8.1-6) until Stage 2 of the assurance process has taken place.

The consultation asked two questions on this area:

DCC Certificates: question 24 sought views on whether respondents agreed to the proposed approach and legal drafting in relation to which Certificates the DCC must subscribe for in order to support the installation of Devices.

DCC Certificate Dates: question 25 sought views on whether respondents agreed with the proposed approach and legal drafting in relation to the date on which the DCC must provide live Certificates, in particular the proposal to turn off the DCC's response time obligations until the Stage 2 Assurance Report (section 6.6 of the SEC 4 Consultation) has been produced.

Government Consideration of Issue

138. All respondents agreed to the proposals for the Certificates that the DCC must subscribe for in order to support the installation of devices.
139. Respondents generally agreed with the proposed timings for when DCC would be required to provide live Certificates. Some respondents raised concerns with the proposal not to require the DCC to be bound by the Code Performance Measures before the Stage 2 Assurance report has been published. One respondent suggested that a more appropriate approach would be to cap the service levels, or reduce the penalties associated with non-compliance. Other respondents suggested that the DCC's obligations should continue to have effect during this period, with others suggesting that the DCC should provide the service levels as described in the SEC even if it was not bound by them. We broadly agree with the last approach, and have specified that the

DCC must use its best endeavours to meet the service levels and performance measures as specified in L8.1-6 from the start of Interface Testing.

Summary of Government Conclusion

Question 24: We will implement the proposed legal text set out the SEC 4 Consultation

Question 25: We will implement the proposed legal text set out in the SEC 4 Consultation, with the exception of requiring the DCC to use its best endeavours to meet the provisions specified in L8.1-6 during the period of Interface Testing.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
Section X	<ul style="list-style-type: none"> Updated provision in Section X3.5 to reflect the requirement that the DCC use its best endeavours to meet the target response times and code performance measures as specified in Section L8.1-6 during the period between Interface Testing and the publication of Stage 2 of the Assurance Report.

5.4 Requirements for Certain Certificates to be Placed onto Devices

Summary of Issue under Consideration

The SEC 4 Consultation outlined three separate scenarios that related to obligations for certain SMKI Certificates to be placed on Devices to support the install and commissioning process. These related to Network Parties, Non-User Suppliers and general clarifications of the specific SMKI Certificates to be placed on specific devices.

The consultation asked three questions on this area:

Network Party Organisation Certificates: question 26 sought views on the proposed approach in relation to requiring Network Parties to have established Organisation Certificates.

Non-User Supplier Organisation Certificates: question 27 sought views on the proposed approach for Non-User Suppliers to have established Organisation Certificates.

Organisation Certificates on Specific Devices: question 28 sought views on the proposed approach for and legal drafting in relation to specific Organisation Certificates placed on specific Devices.

Government Consideration of Issue

140. The majority of respondents agreed with the proposed approach to require Network Parties to establish relevant Organisation Certificates by the start of ILO.
141. Another respondent asked whether the DCC holds the Certificate keys. We can clarify that it is not proposed that the DCC will hold (or transfer) any private keys of other parties. Instead, Subscribers have a duty to generate and securely stored their own private keys.
142. A respondent stated that it was unclear from the SEC by which date Network Operators will be required to establish their Organisation Certificates. We had confirmed in paragraph 194 of the SEC 4 Consultation document that the legal obligation on Network Operators to establish their Organisation Certificates in time for ILO had not yet been drafted. The revised SEC 4 conclusions text now includes this drafting, and states that

Network Parties need to subscribe to Organisation Certificates prior to the commencement of Enrolment Services by the DCC pursuant to Section H5.

143. The majority of respondents to this question agreed with our proposed approach to require all Suppliers to establish their Organisation Certificates by the time they acquire a consumer who has a Smart Metering System which has been enrolled with the DCC. One respondent asked for clarification on how the secure Non-Gateway Interface would operate. Further details can be found in Section X9 and O of the SEC and more information on the operation of the interface is expected to be included in DCC’s forthcoming consultation on the Non-Gateway Interface Specification.
144. The majority of respondents agreed with our proposals requiring specific Organisation Certificates to be placed on specific devices. One suggested expanding the legal framework to include provisions that support meters that do not have a specific Supplier Organisation Certificate installed before installation, since Suppliers may outsource the installation to a MAM. If these Suppliers have low customer density, we expect it would be more efficient for a MAM to carry a number of these meters in their installation vans, rather than meters assigned to specific Suppliers. Section H5.17 of the SEC sets out the Certificates that need to be placed on a Device prior to the commencement of the commissioning process. We believe that the options available under the SEC provide for a significant degree of flexibility that Devices do not have to be tailored to be Supplier specific on installation.

Summary of Government Conclusion

Question 26: We will implement the proposed legal text set out the SEC 4 Consultation, with the following amendments:

- Section X now includes the obligation for Network Parties to establish their Organisation Certificates in time for ILO.

Question 27: We will implement the proposed legal text set out in the SEC 4 Consultation.

Question 28: We will implement the proposed legal text set out in the SEC 4 Consultation.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
Section X	<ul style="list-style-type: none"> • Section X3.5 has been updated to require that Network Parties subscribe to Organisation Certificates prior to the commencement of Enrolment Services by the DCC pursuant to Section H5

5.5 SMKI Compliance Policy

Summary of Issue under Consideration

The SMKI Compliance Policy (‘Compliance Policy’) was introduced as part of SEC 3. As set out in the SEC Stage 3 Consultation the purpose of the Compliance Policy is to set out:

- the characteristics of an independent SMKI assurance scheme and its operation;
- what the DCC (acting in its role as SMKI Service Provider and SMKI Repository Provider) must do to comply;
- any compliance rules for Subscribers; and

- how the SMKI Policy Management Authority (PMA), the SEC sub-committee responsible for overseeing the SMKI arrangements, will monitor and enforce that compliance.

The SEC 4 Consultation proposed minor changes to the Compliance Policy to reflect that two distinct stages of assurance assessment will be undertaken on the DCC's SMKI Service. Stage 1 will be an initial review, to be carried out prior to the SMKI Service going live. The second Stage will be an assessment against a live and stable SMKI Service, 12 weeks after the start of Interface Testing.

The consultation asked no specific questions on this area.

Government Consideration of Issue

145. No comments were received in relation to the proposals set out in the SEC 4 Consultation. We are consulting on a further amendment to the independence requirements of the Independent SMKI Assurance Service Provider stated within the Compliance Policy. This further consultation can be found at Part 2 of this document.

Summary of Government Conclusion

We will implement the proposed legal text set out the SEC 4 Consultation.

Further proposed changes to the Compliance Policy are being consulted on in Part 2 of this document.

5.6 Requirements on Subscribers and Relying Parties

Summary of Issue under Consideration

The SEC 4 Consultation set out detailed proposals in relation to Subscriber obligations, Relying Party obligations, DCC obligations and any arising liabilities. These obligations relate to the management of information (accuracy, confidentiality), verification of information, the requirement to follow procedures and liability claims.

The consultation asked one question on this area:

Obligations and Associated Liabilities: question 62 sought views on the proposed legal text with respect to the DCC's, Subscriber and Relying Party obligations and associated liabilities.

Government Consideration of Issue

146. The majority of respondents agreed to the proposals for the DCC's Subscriber and Relying Party obligations and associated liabilities, although the DCC raised some technical issues. Some of these issues have been resolved without the need of further drafting changes, however in response to the DCC's comments in relation to the Subscriber and Relying Party Agreement we have amended the legal drafting to add the SMKI PMA to the list of Parties to be notified when Recovery Procedures are invoked. We have also clarified that Organisation Certificates are considered to have been accepted by a subscriber unless the subscriber rejects the Certificate, rather than having to positively accept each following its issuing.

Summary of Government Conclusion

Question 62: We will implement the proposed legal text set out the SEC 4 consultation, and include a requirement on the DCC to notify the PMA when Recovery Procedures are

invoked.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
Section L	<ul style="list-style-type: none"> Section L10.1 has been amended to specify that the SMKI PMA must be notified when Recovery Procedures are invoked.
Appendix A&B	<ul style="list-style-type: none"> 4.4.1 (in both): The conduct constituting Certificate acceptance has been clarified, stating that a Certificate has been accepted by a subscriber unless the subscriber rejects the certificate.

6 DCC Services

6.1 Provision and Use of Gateway Connections

Summary of Issue under Consideration

The DCC will be required to provide Parties which interface with the DCC the means by which they can connect to the DCC Systems. The SEC describes the processes to be followed in establishing, maintaining and terminating these DCC Gateway connections, including the way charges are levied, and any rules regarding situations where connections are shared between Parties. Two types of connections will be offered: either a low-volume connection, with an estimated connection of 10Mbps, or a high volume connection with a range from 10Mbps to up to 100Mbps. The recovery of DCC's costs associated with the establishment of either of these connection options will be through explicit charges to the Party that requests the connection.

A Party seeking a DCC Gateway Connection will need to indicate which type of connection they require: high volume or low volume.

Many of the technical and procedural requirements governing a DCC Gateway Connection will be set out in the DCC Gateway Code of Connection, which is being developed by the DCC and will be incorporated into the SEC as a subsidiary document. Related higher level rights and obligations are set out in amended text in Section H of the SEC. These include requirements covering the provision of a DCC Gateway Connection, setting out that a Party can request either a high or low volume connection, and the rights and obligations for the DCC and other Parties applying during the progressing of these requests. The drafting we proposed also set out requirements covering the ongoing use of these connections, and their termination. Finally, new provisions were added to the draft SEC to recognise that there may be circumstances where Users wish to share the use of a connection to the DCC.

The SEC 4 Consultation proposed that, due to the range of installation and running costs for different types of connection, the DCC will not smear connection charges across all Users, but instead will pass costs of individual connections on to the individual Parties requesting them via explicit charges set out in Section K of the SEC. These would take into account:

- where terms are accepted by a requesting Party, that requesting Party will pay for costs of installing the means of connection;
- additional costs where a Party wishes to increase the type of connection; and
- how charges would apply where a Party wishes to terminate its connection before the end of a specified length of time.

The SEC 4 Consultation also sought views on proposed legal drafting in section H3, and on the extent to which this drafting meets the needs of both DCC and Users in establishing, maintaining and terminating connections.

The consultation asked two questions on this area:

Connection to DCC Gateway: question 33 sought views on whether the proposed legal drafting accurately reflects the process by which the DCC will provide connection to the DCC Gateway.

Establishing, Maintaining and Terminating Connections: question 34 sought views on whether the proposed drafting meets the needs of both DCC and its Users in establishing, maintaining and terminating connections. And requested a rationale for views, including any supporting evidence.

Government Consideration of Issue

147. All respondents, with the exception of DCC, agreed with the proposed new drafting in Section H3. Several larger Suppliers noted the need for further amendments as the process for ordering connections is finalised, stressing the importance of being able to access a connection in good time to undertake necessary testing. One smaller Supplier noted it was important that the provision of a high-volume connection should not be prohibitive and so unfairly impact smaller Suppliers.
148. One Supplier and Ofgem questioned the reason for a different dispute process for each type of connection, with the Supplier also noting a range of differences between the proposed SEC drafting and the code-of-connection that the DCC is currently developing. As the process for establishing a connection with the DCC has been developed we now consider there is only a need for a single dispute process.
149. The DCC did not agree with the proposed changes, and offered a range of suggestions and points of clarification to improve and refine the drafting in line with its contractual arrangements. We recognise that the DCC is in the process of developing and finalising its codes of connection, (which were issued for consultation on 6 October 2014¹⁴) and that the drafting initially set out in H3 needs to change to align with the provisions in the Codes of Connection Document covering DCC Gateway Connections. In collaboration with DCC we have revised content relating to the provision of a connection to the DCC, relocating it to a stand-alone section (Section H15 of the SEC), in recognition of the fact that the rules regarding the physical connection to the DCC the DCC Gateway Connection will apply to a variety of parties interfacing with the DCC (including for the purposes of sending registration data, and for SMKI). In making these revisions we have set out a single disputes process. We would encourage all of those respondents to Section 6.1 (Provision and Use of Gateway Connections) of this document to consider their responses to the DCC's consultation on its Codes of Connection which is scheduled to close on 21 November 2014 in light of the conclusions to the SEC provided here.

Summary of Government Conclusion

Question 33 and 34: We have made significant revisions to the proposed legal text set out the SEC 4 consultation in relation to the process for establishing a means of connection between the DCC and its service Users. These are set out in the table below.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
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¹⁴ <http://www.smartdcc.co.uk/documents-and-publications/consultation-on-codes-of-connection>

H15 – DCC Gateway Connections	<ul style="list-style-type: none"> • This section is new and replaces drafting in section H3, as well as some drafting in section E3 of the SEC. It describes: <ul style="list-style-type: none"> - Obligations to maintain a DCC Gateway Connection; - How requests for connections are made and requirements relating to any survey necessary in establishing a connection; - The initial, and ongoing requirements relating to the provision of a connection; - Requirements relating to DCC Gateway equipment; and - How disputes relating to DCC Gateway connections are managed. • There are also consequential changes to section K7 of the SEC to reflect the charging for DCC Gateway connections
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6.2 Connections between the DCC and RDPs

Summary of Issue under Consideration

Connections will need to be established between the DCC and each RDP to exchange data between them. The DCC will be required to provide these connections free of charge to each RDP. Requirements governing the provision and use of these connections, and the location of connection equipment in RDP premises, were included in the SEC. These mirrored the equivalent requirements in H3 relating to DCC Gateway Connections.

Unless a Network Party acts as its own RDP, RDPs will not be Parties to the SEC. Each Network Party is responsible for ensuring that its RDP complies with the requirements of the SEC relating to that Network Party. It is recognised that the same organisation may be nominated to act as an RDP on behalf of more than one Network Party. In the case of connections between the RDP and the DCC where an RDP is acting on behalf of more than one Network Party the SEC 4 Consultation proposed that all Network Parties using the same RDP should be jointly responsible for matters relating to its connection with the DCC.

The consultation asked two questions on this area:

RDP/DCC Connections: question 43 sought views on the proposed approach to RDP/DCC connections and the associated legal drafting.

Network Parties: question 44 sought views on the proposed approach that Network Parties using the same RDP should be jointly and severally liable for failure of that RDP to comply with provisions relating to the RDP's use of the connection provided to it by the DCC.

Government Consideration of Issue

150. The majority of respondents agreed with our proposals relating to the provision of a means of connection between the DCC and RDPs and regarding the shared liability should a network operator choose to use the same RDP. One respondent suggested instead that RDPs should become SEC Parties. We do not propose to amend our position on the status of RDPs as we have concluded on these arrangements previously, but recognising the changes set out above that have been made to Section H3 (and the newly incorporated text in H15), we have significantly revised the drafting in section E3 of the SEC.

Summary of Government Conclusion

Question 43 and 44: We will implement the proposed legal text set out the SEC 4 consultation, in accordance with amendments covered in Section 6.1 whereby requirements for all parties seeking to connect to the DCC are now set out in Section H15, with remaining

provisions specifically relating to RDPs' connection to the DCC set out in Section E3.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
E3: DCC Gateway Connections for Registration Data Providers	<ul style="list-style-type: none"> E3 describes specific requirements relating to the provision and use of DCC Gateway Connections by RDPs. This includes: <ul style="list-style-type: none"> that DCC must provide a connection that is sufficient for the needs of each RDP in discharging its responsibilities regarding the passing of registration data; and that where an RDP is shared between Network Parties, those Network Parties are jointly liable for any failure of that RDP to comply with the requirements relating to DCC Gateway Connections.

6.3 Problem Management

Summary of Issue under Consideration

The legal text provided as part of the SEC 2 response set out Incident Management provisions but did not include Problem Management provisions. A Problem is the root cause of one or more Incidents. Some Incidents may be resolved by developing a work-around (a different way of undertaking a task to deliver the same outcome). In these cases the Incident record will be closed and a Problem record opened with the objective of identifying the underlying cause of the Incident(s) and leading to the development of a permanent solution. The SEC 4 Consultation set out our proposed approach to Problem Management.

There was one question in this area:

Problem Management: question 37 sought views on the proposed approach and legal drafting in relation to Problem Management.

Government Consideration of Issue

151. Respondents to this question all broadly agreed with the approach to Problem Management. Some respondents suggested amendments and this section sets out our response. Some Large Suppliers requested that more detail on the approach should be provided. We consider that the current level of detail for Problem Management is appropriate to the SEC, which sets out the core rights and obligations. The further detail requested will be included in the SEC Subsidiary document, the Incident Management Policy.
152. One Large Supplier suggested that Problem Management should be separated from Incident Management in the SEC. We have considered the separation of Problem Management from Incident Management. Whilst we acknowledge that these are discrete processes, they are interdependent and we consider that the clarity and readability of the SEC is not impacted by maintaining them in one section.
153. One respondent suggested some terminology changes to bring SEC into alignment with the ITIL¹⁵ standards. We agree with this suggestion and have amended the legal text to align the terminology with the ITIL standards.

¹⁵ The Information Technology Infrastructure Library – a registered Trade Mark of the Cabinet Office; it provides a framework of Best Practice guidance for IT Service Management which includes Incident Management, Business Continuity and Disaster Recovery. For further information: <http://www.itil-officialsite.com/home/home.aspx>

Summary of Government Conclusion

Question 37: We will implement the proposed legal text set out the SEC 4 Consultation with some updates to the drafting to align the SEC with ITIL standards.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
Section H: DCC Services	<ul style="list-style-type: none"> Minor amendments to Section H9 to align the SEC with ITIL standards which refers to Problems being closed but Incidents being resolved.

6.4 Service to allow consumers to find out which Users have accessed their consumption data

Summary of Issue under Consideration

Audit arrangements are being put in place to provide consumers with assurance that Users obtain consent before retrieving consumption data. However, the consultation recognised the value of also putting in place arrangements enabling consumers to query the identity of Users who have obtained consumption data from their Smart Metering Systems. To facilitate transparency for consumers we proposed that the SEC should allow Users to access details of all 'read profile data' and 'retrieve daily consumption log' service requests for their Smart Metering Systems from Service Audit Trail data (the "transparency service"). It was proposed that this service would only be available to Users with the explicit consent of the relevant energy consumer and, where the User was participating using the "Other User role", the activity would be audited alongside the audit of other privacy provisions in the SEC. We proposed that the SEC should allow Users to access this service with the same required response timescales as for other requests to retrieve records of other Service Requests held by DCC. We proposed that Users should not be required to offer a transparency service at this stage.

There were two questions in this area:

Transparency Service: question 38 sought views on the proposed approach and legal drafting to facilitate the provision of a service to consumers to allow them to find out which Users have accessed consumption data from their meters.

Transparency Service: question 39 asked for views on the proposed approach of not requiring any User to offer a transparency service to consumers at this stage.

Government Consideration of Issue

154. The majority of responses to these questions agreed with the proposed approach and legal drafting provided for consultation. There was widespread backing for developing a framework which supported transparency for consumers regarding who has accessed their consumption data; and general agreement that Users should not be explicitly required to offer such services to consumers at this stage.
155. However, two respondents (Ofgem and Consumer Advice) disagreed with the proposed approach of allowing Users to decide whether to offer a transparency service at this stage. They argued that leaving provision to the market was not a satisfactory approach; and that the Government should ensure that a service is available to consumers. Another respondent also argued that making provision of the service a requirement was necessary to ensure that consumer trust in the system is built and

maintained. Whilst we agree it is important that a service is available to those consumers who want it, it is not yet clear how many consumers will want to use the service, nor is there any evidence that a service will not be provided by either Suppliers or Other Users. A number of respondents (including Suppliers) stated in their responses that they will want to offer this service to their consumers as part of their normal relationship with the customer. Given that this service will be accessed via the DCC’s Self Service Interface, the cost of providing such a service should be very low for existing Users. On balance, we do not consider it necessary to explicitly require any User(s) to offer this service at this stage.

156. A number of respondents stated that thought should be given to how the availability of the transparency service could be explained to consumers. One respondent said that there could be a role for Smart Energy GB or Citizens Advice. Another respondent said that the steps a consumer needs to take should they discover a User has accessed their data without their permission and the sanctions that a User would face in such an event should be made clear. We agree it is important that consumers who wish to access transparency information can easily find out which parties are offering services. We will consider with Citizens Advice, Smart Energy GB and Suppliers how best to ensure consumers are aware of the availability of the DCC service and how Suppliers and Other Users will be able to provide a transparency service to their consumers. Additionally, as set out in section 4.3, we are of the view that the existing regulatory framework provides safeguards that are an adequate deterrent to breach of the SEC requirements in this area.
157. Finally a respondent said that the SEC should be clear that DCC Users can only use the transparency service to provide the information on who has accessed data to the consumer; and for instance that Users may not use the data for other purposes such as marketing. It will be important that consumers can be confident that any information that they give permission for Users to access is used for the purposes stated – that is to provide information about which Users have accessed consumption data. We have therefore updated the legal drafting to reflect this.

Summary of Government Conclusion

Question 38: We will implement the proposed legal text set out the SEC 4 Consultation with some updates to the drafting to make clear the use that can be made of information obtained through the transparency service.

Question 39: We do not intend to make it a requirement on Users to offer a transparency service.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
Section I	<ul style="list-style-type: none"> Section I1.3 of the consultation version of the legal text covered two distinct areas. For clarity these have been separated creating a new section I1.4. I1.3 covers Service Requests and I1.4 covers Access to Records. Under the new I1.4 the previous drafting is supplemented with an undertaking to access information solely for provision to the consumer.

7 Charging and Registration Data

7.1 Explicit Charging for Certain Other Enabling Services

Summary of Issue under Consideration

The DCC is obliged under its licence to provide certain Enabling Services. These are services that fulfil an enabling role relating to the provision of Core and Elective Communications Services. Enabling Services comprise the Enrolment Service, the Communications Hubs Service and 'Other Enabling Services' as further defined in the DCC Licence and/or the SEC. Other Enabling Services include the provision of Parse & Correlate software and SMKI services.

In line with the Charging Methodology, the DCC will recover the cost of providing some Other Enabling Services within its fixed charges. For example, the cost of the SMKI service will be included within the fixed charges because the costs of providing the services are broadly fixed and therefore incorporating it within the per meter fixed charge is broadly cost reflective. It is also far more practical and therefore has lower implementation costs.

However, in line with the charging policy objective that charges should be cost reflective, we consider it is appropriate for an explicit charge to be made for different Other Enabling Services. Where an explicit charge is required, it must be expressly provided for in the SEC.

The SEC 4 Consultation consulted on the drafting required to provide for these charges.

There were two questions in this area:

Provision of Explicit Charges: question 45 sought views on the proposed approach and legal drafting in relation to provision of Explicit Charges for Certain Other Enabling Services.

Others Enabling Service Disputes: question 46 sought views on broadening the scope of DCC Licence Condition 20 (determination of disputes by the Authority) to include the Other Enabling Services which attract an explicit charge.

Government Consideration of Issue

158. Respondents were broadly supportive of the proposed amendments to the SEC in relation to Explicit Charges. One objected to the existing approach for transparency of elective services. Transparency of elective services was concluded upon before DCC licence award and there are no plans to review or amend this policy. It was also suggested that descriptive titles are included within the list of Explicit Charges to aid comprehension given that there is now an extensive list in K7.5; we consider that this will provide greater clarity for the legal draft and will take forward this suggestion.

159. All respondents to this question were supportive of the proposal related to determination by Ofgem of disputes related to Explicit Charges. Ofgem agreed with the proposed changes to the DCC Licence but suggested that any dispute from a non-SEC Party

relating to the terms of the offer should be considered by the SEC Panel in the first instance. We do not agree with this, as the issue primarily relates to the monopoly provision of services where we consider the sector-specific regulator is best placed to make judgements as to the suitability of terms.

160. However, we have concluded that there is merit in making the criteria under which Ofgem considers such disputes clearer and have amended the licence drafting accordingly so that explicit consideration is given to whether the proposed terms are consistent with the DCC’s General Objectives.
161. We have also made provision for Ofgem to dismiss a referral of terms for dispute on the grounds that it is trivial or vexatious. We have considered further the services which are subject to this provision, and have concluded that they should be specifically listed in the SEC rather than generically described in the licence. As a consequence, Section M7.2 of the SEC will list the services. We have concluded that these should be the Other Enabling Services which will attract an Explicit Charge and whose price is not pre-determined in the DCC’s Charging Statement and so will require further negotiation between the DCC and its service user. This currently includes the provision of DCC Gateway Connections (H15), the detailed evaluation of potential Elective Communications Services (H7), additional support for Parse & Correlate (H11), various testing services (H14) and various services associated with the provision of Communications Hubs for testing (F10). Where the price is pre-determined we don’t consider that there is scope for a dispute over the terms for the service – this is because in effect the SEC itself sets out the terms.
162. A number of queries were also raised related to the level and exact nature of future charges. One respondent expressed concern about the DCC’s ability to estimate charges accurately and questioned whether the DCC was overly cautious when setting a prudent budget within the terms of Licence Condition 36. This is a price control issue and we’ve highlighted the respondent’s concern to Ofgem for their further consideration.
163. Once SEC 4 is in place, the DCC’s subsequent Charging Statements will provide further detail and insight into the various Explicit Charges set out in K7.5 of the Charging Methodology as the legal provisions related to the DCC’s Charging Statement requires an appropriate degree of transparency and insight.

Summary of Government Conclusion

Question 45: We will implement the proposed legal text set out the SEC 4 Consultation, subject to amendments to provide titles for the Explicit Charges.

Question 46: We will implement the proposed legal text set out the SEC 4 Consultation, subject to amendments that include criteria against which Ofgem may judge disputes arising under Condition 20.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
C20 DCC Licence	<ul style="list-style-type: none"> • Additional text in C20.4 and C20.11 allowing Ofgem to dismiss a dispute on the grounds that it is trivial or vexatious. • Additional text in C20.7 to make it clear that Ofgem will consider whether a proposed agreement for services is consistent with the DCC’s General Objectives. • Changes to C20.3 and consequentially to SEC M7.2 to set out exactly which Other Enabling Services will be subject to the provisions of C20.3.

Section K	<ul style="list-style-type: none"> • K7.5 and K7.6 amended to include a descriptive title for each Explicit Charge.
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7.2 Charging Thresholds and Scope for a Zero Explicit Charge ("Charging Matters" in the SEC 4 Consultation)

Summary of Issue under Consideration

Following implementation of the charging regime, the DCC highlighted two minor matters where it considers that SEC amendments are appropriate based on its operational experience, and also a minor SEC amendment to provide clarity related to the determination of Explicit Charges. We also proposed a minor amendment to the SEC to ensure that charges apply to SEC Parties rather than Users.

The SEC 4 consultation proposed that a minimum monthly threshold of £25 (including VAT) be applied to prevent the circumstances where the cost of processing the invoice is greater than the value of the invoice itself.

Within the Credit Cover Calculation, section J.3.3 of the SEC includes a threshold against the 'Value at Risk' (the money at risk to the DCC should a Party not make an expected payment), below which the Value at Risk is deemed to be zero. The SEC 4 Consultation proposed that the SEC is amended to reflect the DCC's assessment of the cost reflective administrative threshold such that the value is increased from £500 to £2,000 and applied to the Credit Cover Requirement determined in J3.2. This will reduce the number of participants that are required to provide credit cover to the DCC.

The charging objectives in the DCC Licence require the DCC to be mindful of the cost of implementation within the overall arrangements. Based on this requirement, the DCC has recently written to all SEC Parties indicating that it is minded to set the Explicit Charges related to Services within the DCC User Gateway Services Schedule to zero, to reflect the cost of implementation consistent with the charging objectives. The SEC 4 Consultation proposed to amend the charging methodology in Section K accordingly to provide further clarity regarding this matter.

Section J of the SEC has been drafted on the basis that Users pay the DCC's charges. However, a number of instances have arisen where SEC Parties will be liable to pay the DCC (e.g. where test communications hubs are provided). The SEC 4 consultation proposed to amend the charging provisions in Section J so that they apply to SEC Parties rather than Users.

There were three questions in this area:

Invoicing Threshold: question 52 sought views on the proposed approach and legal drafting in relation to the invoicing threshold.

Credit Cover Threshold: question 53 sought views on the proposed approach and legal drafting in relation to the credit cover threshold.

Scope for an Explicit Charge of Zero: question 54 sought views on the proposed approach and legal drafting in relation to scope for an explicit charge related to Services within the DCC User Gateway Services Schedule of zero

Government Consideration of Issue

164. Respondents were supportive of the proposal to introduce a minimum monthly threshold, however some respondents raised points relating to the detail of the proposal.

165. One respondent suggested the threshold should be increased to £250. The £25 figure was proposed based on the DCC's assessment of an appropriate threshold against the operational costs of processing invoices / payments and seems reasonable; we do not plan to increase this threshold further.
166. A few respondents queried whether the threshold should be expressed as a figure excluding VAT to allow for changes in the tax rate. We do not propose expressing these figures as excluding VAT given the debt exposure related to VAT and the potential for differential VAT rates for different SEC Parties.
167. One respondent questioned whether interest would apply in the circumstance that the invoicing threshold is applicable. The legal drafting sets out that interest is only applied for failure to pay an invoice and reconciliation adjustments, and thus wouldn't apply to the invoicing threshold.
168. The majority of respondents were supportive of the approach for establishing a credit cover threshold, but some points of detail were highlighted.
169. One respondent expressed concern that the change in drafting of Section J to reference charging "Parties" rather than "Users" would introduce a liability on non-domestic Suppliers. There are already liabilities under the SEC for non-domestic Suppliers to pay charges that results from the existing calculations provided for in Section K of the SEC e.g. a fixed per meter charge for each relevant charging group related to the number of enrolled smart metering systems at non-domestic premises. The changes to Section J will not introduce further charges to non-domestic Suppliers.
170. A few respondents suggested the thresholds (credit cover and invoicing) should be subject to an annual inflation adjustment and another respondent suggested the SEC should include a formal review cycle for these thresholds. We consider that an annual inflation adjustment in the thresholds is sensible and the legal drafting has been amended accordingly. We consider that a formal review cycle is not required within the SEC given the inclusion of annual inflation adjustments. In addition there is scope for a SEC Party to bring a modification if they consider that these thresholds should be amended.
171. A large majority of respondents were supportive of the proposal to allow the Explicit Charges for service responses to be set to zero having regard to the cost of implementation. Some respondents did not agree on the basis that setting a zero charge is a fundamental change that would be inconsistent with the charging objectives. We do not agree that this is the case. Charges will continue to be calculated on a cost reflective basis, however, this change would ensure that the DCC could specifically approximate each of the relevant Explicit Charges to zero if the costs of billing these very small amounts are disproportionate e.g. not requiring the DCC to spend £25 to add £0.01 to an invoice as an Explicit Charge. For transparency we encourage DCC to share any on-going and updated analysis with SEC parties.
172. Two respondents highlighted the need for reporting to provide assurance that there is no significant cross subsidisation between SEC Party Groups from a zero Explicit Charge. However, the existing provisions related to the form of the DCC's Charging Statement allow for transparent reporting of such information and thus we do not consider further legal changes are required.

Summary of Government Conclusion

Question 52: We will implement the proposed legal text set out in the SEC 4 Consultation subject to including an annual inflation adjustment to the threshold and reporting of the

figure.

Question 53: We will implement the proposed legal text set out in the SEC 4 Consultation, subject to including an annual inflation adjustment to the threshold and reporting of the figure.

Question 54: We will implement the proposed legal text set out in the SEC 4 Consultation.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
Sections J	<ul style="list-style-type: none"> Fixed thresholds in Section J replaced with an annual adjustment by CPI for each Regulatory Year. DCC will set out the thresholds in the charging statement.

7.3 Facilitating Charging for Meters where there is a Live Supply of Energy only

Summary of Issue under Consideration

Section K of the SEC allows the DCC to recover charges for a certain period, making calculations based on the number of 'Mandated Smart Metering Systems' (as defined in K11.1) registered to each Supplier. This reflects the general policy intent that fixed charges are payable for each Domestic Premises where a smart meter has been, or is required to be, installed, pursuant to the Roll-Out Licence Conditions¹⁶.

Data presently used for charging can be summarised as follows:

- Electricity:** Under the Master Registration Agreement, charges for electricity meter points are based on 'registered' and 'traded' MPANs. An MPAN with the status of 'traded' means that a Supplier is registered, all MPAN data is populated and the MPAN has an energised status. A status of 'registered' for an MPAN means that the MPAN is registered pursuant to the Master Registration Agreement, but not all MPAN data, including whether or not the MPAN is energised, is populated. The data sent to the DCC includes both 'registered' and 'traded' MPANs without differentiating between them and DCC charges are based on this information.
- Gas:** Under the Uniform Network Code, charges are based on live confirmations. A confirmation ties a shipper (Supplier) to a supply point. Any supply meter point belonging to the supply point is chargeable, regardless of its meter point status (live or dead). If a supply meter point is live but the supply point is unconfirmed, the meter point is not charged as there is no shipper to assign the charges to. The report the DCC receives for charging purposes reflects this.

Existing transitional variations in Section X allow the DCC to rely on this information for charging purposes until September 2015.

¹⁶ Condition 39 of the Electricity Supply Standard Licence Condition, Condition 33 of the Gas Supplier Standard Licence Conditions, available at: <https://www.ofgem.gov.uk/licences-codes-and-standards/licences/licence-conditions>

The DCC has sought clarity on the status of electricity and gas meters which should be used for charging purposes in the UITMR period. We understand that the data provided and currently used by the DCC for charging purposes relates to live or energised MPANs, or MPRNs with a confirmed shipper (Supplier).

The SEC 4 Consultation proposed to amend the legal drafting to clarify the data which is and will be provided to the DCC, in such a way as to avoid imposing changes to other industry codes, new system build requirements or cost.

The SEC 4 Consultation also sought views on whether the DCC should only charge for 'traded' MPANs during the UITMR period and set out that the basis for calculating charges after the UITMR period changes would not be amended.

There was one question in this area:

Mandated Smart Metering System: question 55 sought views on the proposed amendment to the definition of 'Mandated Smart Metering System'. Views were also welcomed on whether this change had a material impact.

Government Consideration of Issue

173. All respondents to this question were supportive of the approach proposed and a few points of detail were highlighted related to the exact status focused on the MPAN data related to electricity registration. Many respondents did not consider the proposed change would have a material impact.

174. Some respondents suggested amending the definition of a Mandated Smart Metering System (in relation to MPANs) to refer to those MPANs that have the status of 'Traded and Energised' only. We do not propose to further restrict the definition in the way suggested as on an enduring basis an enrolled Smart Metering System may also have a 'de-energised' status.

Summary of Government Conclusion

Question 55: We will implement the proposed legal text set out in the SEC 4 Consultation

7.4 Registration Data - Text Alignment

Summary of Issue under Consideration

In the SEC2 Conclusions document we noted that several respondents highlighted inconsistencies in the terms used in the SEC in Section E2.1, and those that appear in the Master Registration Agreement (MRA). We undertook to review the relevant sections of the SEC (E2.1 and E2.2) covering the provision of data from RDPs (Registration Data Providers) to the DCC, to ensure that terms are consistent with other codes and accurately reflect the requirements in the DCC's Registration Data Interface Documents.

We organised workshop sessions with RDPs and the DCC, with a view to providing a clear description of the data requirements to be sent to the DCC, and to make them less likely to require any consequential amendments should changes be made to the MRA, the Uniform Network Code (UNC) or the Data Transfer Catalogue (DTC) in the future.

The SEC 4 Consultation set out proposed amendments to Sections E2.1 and E2.2 of the SEC, covering the provision of data from electricity RDPs and gas RDPs to the DCC. Proposed amendments were in plain English wherever possible and relied on SEC definitions as opposed to references to data items in the MRA, UNC or DTC.

One question was asked in this area:

Registration data: question 41 sought views on the proposed approach and legal drafting in relation to registration data text alignment.

Government Consideration of Issue

175. The majority of respondents agreed with the proposed changes, with some providing suggestions to add further clarity to the drafting or reflecting that further changes might be needed as the arrangements for passing registration data between the DCC and RDPs are being finalised.
176. One respondent suggested that clause E2.1(c) should be clarified to make clear that Registration Data from electricity RDPs should include information on the traded status of metering points, as well as their energisation status. The reason for the requirement to capture energisation status was to support the proposed policy position to alter charging arrangements (see section 7.3). We are not proposing to make this change, and therefore it will not be necessary to capture the energisation status in registration data. On that basis we have revised the text in E2.1 (c) to make this clear.
177. Some respondents noted that a revision should be made to E2.1(i) to make clear that objections are not withdrawn, but rather that registrations are withdrawn following an objection. We agree with this proposal and have amended the drafting to clarify this.
178. Two Suppliers noted inconsistencies with the data provided to electricity and gas RDPs, and considered that these should be aligned. However, this was intentional, to reflect the nature of the data being passed from different systems to the DCC. Based on continuing discussions with DCC and RDPs, the drafting will not be changed in this regard.
179. One trade association did not approve of the proposed changes, highlighting an inaccuracy in clause E2.1(c) and noting that overall the drafting was less clear than it had been previously. This comment was also echoed by some participants in the working group session held with stakeholders to review the legal text during the consultation process. To rectify this, we have removed the term Metering Point where relevant, instead referring to MPAN.
180. Finally, it was noted by RDPs and the DCC that the current industry arrangements for the passing of electricity registration data was not compatible with the requirement in the SEC for data to be provided at least once each day (as stated in E2.6), given that industry processes only operate on working days (as opposed to every calendar day). We agree that the most cost-effective option would be to revise the SEC drafting to align with the way the industry operates and that meets the needs of electricity RDPs and the DCC. On that basis we have amended E2.6 so that the timings for the provision of data are described in the Registration Data Interface Documents, which are being developed by the DCC in consultation with RDPs.

Summary of Government Conclusion

Question 41: We will implement the proposed legal text set out the SEC 4 Consultation subject to minor alterations highlighted by respondents and detailed in the legal drafting changes table below.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
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<p>E2 Provision of Data</p>	<ul style="list-style-type: none">• E2 has been amended as per the draft text in the consultation, with references to Metering Point being changed to MPAN.• Text has been amended to reflect revised provisions relating to of DCC Gateway Connections and revised definitions of the Registration Data subsidiary document set.• We have amended the requirement for the frequency of data provision E2.6, setting out that this should be as described in the subsidiary documentation, as opposed to once each (calendar) day.
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8 Miscellaneous Changes to the SEC

8.1 Remote Testing and Testing Services

Summary of Issue under Consideration

SEC 3 requires that DCC must provide remote access to its test environment, including for the purposes of device testing.

The precise nature of the remote test environment is not described in SEC 3, other than that it must facilitate the interoperability and User System Testing described above, and that the Smart Metering WAN (SM WAN) is made available for this purpose.

We have given further consideration to the manner in which information on the enduring testing arrangements will be provided to future test participants and have concluded that the DCC should be required to produce an Enduring Test Approach Document, which should include details of the enduring remote testing service. The SEC has been revised to include a requirement for the DCC to develop this document, which will form part of the enduring SEC as a subsidiary document.

The SEC 4 Consultation set out two options for the manner in which the charges for the remote test service should be applied:

- Option 1: socialise the costs of providing remote access to the SM WAN across all Users;
- Option 2: introduce an explicit charge in section K of the SEC to allow the DCC to charge the Party for remote access to the SM WAN.

There was one question in this area:

Remote Testing and Testing Services: question 58 sought views on whether the costs of remote access to the test SM WAN should be socialised across all Users or charged directly to those test participants who use the service.

Government Consideration of Issue

181. The majority of those who responded considered that each User should be charged individually for connection via the SM WAN to the remote testing service (Option 2 of those proposed). One of the larger Suppliers suggested that any other cost that DCC incurs should then be socialised, with another larger Supplier noting that there were no shared benefits in socialising costs, pointing out that the service could also be used by non-Users.
182. DCC also agreed with Option 2 as they considered that Option 1 would add further complexity to forecast potential usage in order to contribute to setting DCC budgets.

183. Of those who were in favour of Option 1 (costs socialised across all Users), one respondent stated that the assurance of the solution will be to the wider benefit of robust and predictable smart metering and market operations. Two other respondents commented that high individual charges under option 2 could be a barrier to entry for new market participants.
184. We agree with the majority of respondents that explicit charges for connection via the SM WAN to the remote testing service should be introduced. This service is not mandatory and the ability to undertake testing in the DCC test labs is also available. We have asked a further question in this area regarding the extent to which additional components are needed to enable meaningful remote testing to take place using a connection to the SM WAN. This is described further in chapter 15.

Summary of Government Conclusion

Question 58:

The SEC will be amended to introduce an explicit charge in Section K to allow the DCC to charge Parties for remote access to the SM WAN.

Legal drafting will be provided in SEC 4B which will reflect the following:

Costs relating to other activities the DCC needs to undertake to support the remote testing service will be socialised across Users.

It is possible that non-SEC Parties will also be able to make use of this service and we have drafted a pro-forma contract for the provision of testing services to these parties (Schedule 7 of the SEC).

The DCC will be required to produce an Enduring Test Approach Document, which should include details of the enduring remote testing service (T6.4). The DCC must also describe the nature of the remote testing service during End-to-End Testing in the End-to-End Testing Approach Document (T4.4).

8.2 Proving Testing of Shared Systems

Summary of Issue under Consideration

Some SEC Parties may wish to share systems used to interface with the DCC's System either because they are part of the same corporate group (as in the case of some companies who have multiple licence holding subsidiaries, each of which is a SEC Party), or because they are using the same third party to carry out functions on their behalf. Where systems are shared by Parties, then subject to the detailed testing arrangements, it may not be necessary for one Party to test elements of that shared system if they have already been proven by another Party.

The SEC 4 Consultation proposed amendments to H14.20 and H14.29 so that once a system has been proven to meet the requirements of the Code as part of a Party's successful completion of User Entry Process Tests (UEPT) or SMKI and Repository Entry Process Tests (SREPT), then the person assessing compliance with those tests may rely on this as proof that any other Party with common use of those systems has met the requirements of the Code in relation to those systems.

One question was asked in this area:

Proving Testing of Shared Systems: question 57 sought views on the proposed approach and legal drafting in relation to the testing of shared systems.

Government Consideration of Issue

185. A large majority of respondents agreed or agreed with caveats to the proposed approach and legal drafting for proving testing of shared systems. A number of respondents commented that there is a balance to be struck between providing a cost-effective approach which avoids duplication of testing and one which proves that a shared system and each of its Users meet testing requirements. Some respondents considered that the proposed drafting delivered this balance and emphasised the importance of these provisions, others asked for additional detail, or noted that this would come in documents being developed by the DCC.
186. It is important to note that the drafting we consulted on in H14 does not exempt Parties who wish to become Users from undertaking UEPT nor does it exempt Parties seeking to become an Authorised Subscriber or access the SMKI Repository from undertaking SREPT.
187. Rather, where part of an entry process test is testing the ability of a system to do something and that system functionality does not change from Party to Party, then the effect of the amendments we proposed in H14 is to allow additional Parties who are using the same system to rely on part or all of that system's previous test results obviating the need to repeat the same tests. However, the extent to which this is possible is dependent on the nature of the shared system (and whether its rollout to additional Parties changes how it works) as well as the nature of the tests being undertaken. It is possible that in some circumstances the nature of the testing requirements will be such that no tests are obviated by these provisions.
188. Clearly these factors need to be taken into account prior to entry into UEPT or SREPT. To make this clearer we have amended the text in H14.20 and H14.29 so that a Party who wishes to rely on previous test results for a shared system may submit proof of those test results as part of the entry processes for UEPT and SREPT. We anticipate that this will also be the point at which the Party sets out the remaining tests it is planning to execute. The DCC shall then review such proof together with other test documentation when considering whether the Party satisfies the applicable entry requirements. Where a Party disagrees with the DCC in this matter the SEC already provides for it to refer the matter to the Panel and then to Ofgem.
189. The entry processes for UEPT and SREPT will be set out in the Common Test and SMKI and Repository Entry Process Scenarios Documents which are being developed by the DCC. The DCC will need to review these documents to ensure they appropriately provide for the process set out in H14.20 and H14.29.
190. In this context it is also important to note that where a Party delegates the activities required for UEPT or SREPT to a third party provider of its systems, as far as the SEC is concerned this is only possible if the Party is deemed to be undertaking those tests (notwithstanding that in practice, it is a third party that is actually performing those tests).
191. In its consultation response the DCC suggested that where a Party makes changes to its systems following completion of UEPT (including because it ceases to use a shared service provider), then it should be required to re-run aspects of UEPT. UEPT tests the capability of a Party's system to interface with the DCC to the extent necessary to establish a connection between them, exchange certain types of communications (Service Requests, Service Responses etc.) and use the Self Service Interface. It is in a User's own interests to test changes to its systems to ensure compliance with code requirements, and we do not consider that any further amendments to the SEC are required in this regard.

192. The DCC also noted that third parties who wish to provide services to prospective Users are prevented from undertaking User Entry Process Testing in their own right prior to offering that service to a SEC Party. We recognise that facilitating the running of the tests that a Party would have to undertake for User Entry Process Tests by third party providers of systems could remove barriers to entry and promote competition in the market. In Chapter 15 we consult on further amendments to H14 that would provide for this.

Summary of Government Conclusion

Question 41: We have amended the text in H14.20 and H14.29 so that a Party who wishes to rely on previous test results for a shared system may submit proof of those test results as part of the entry and/or exit processes for UEPT and SREPT. We are including these amendments in the consultation on proposals in Chapter 15 to facilitate the running of tests that a Party would have to undertake for UEPT and SREPT by third party providers of Systems.

8.3 Definition of a Large / Small Supplier Party for the purposes of Interface Testing

Summary of Issue under Consideration

The SEC legal drafting published alongside the SEC 3B Consultation response defines a Large Supplier party as “someone who supplies either or both fuels to 250,000 or more domestic premises”. The SEC also specifies that Large Supplier parties should take all reasonable steps to be ready to commence User Entry Process Testing at the start of Interface Testing and that it is for the DCC to assess whether Large Supplier Parties meet the entry criteria for User Entry Process Testing in accordance with the Interface Testing Approach Document.

The SEC 4 Consultation set out our intention to provide clarification about the date upon which a Supplier shall be determined to be a Large Supplier for the purposes of such subsequent assessment. We therefore proposed:

- to set the date in the SEC which defines the point at which a Supplier will be considered to be Large or Small for the purposes of such assessment. This was proposed to be the moment the SEC 4 text is brought into effect, at the end of 2014; and
- to include drafting in the SEC that provides for the DCC to be made aware of which Suppliers are considered to be Large Suppliers for the purpose of Interface Testing.

There was one question in this area:

Small / Large Supplier testing date: question 40 sought views on the proposal to provide for a date in the SEC when any assessment of whether a Supplier is Large / Small for testing purposes is made. And requested further evidence, if appropriate, for why this approach would not work and what alternatives should be used.

Government Consideration of Issue

193. The majority of respondents were supportive of the proposal for a date to be set by which Suppliers should consider whether they were Large Supplier parties for the purposes of complying with Section T of the SEC.
194. Of those who were in agreement, six Large Suppliers were supportive, with those who expressed a view suggesting that the date should be six months in advance of the start of Interface Testing. Several respondents noted that issues may arise should a Supplier cross the threshold between being a Large or Small Supplier, and that a party may not be aware it has become a Large Supplier party on the date at which it would need to comply with Section T. Several respondents sought clarification that it was the responsibility of the Supplier to make that assessment, as opposed to an assessment to be undertaken by the DCC, with one Supplier suggesting the SEC be amended to include a requirement for Suppliers to change their party details within a month of any change taking place. Finally, one larger Supplier suggested the SEC should change its definition of a Large Supplier Party to cover those Suppliers which serve one million or more (as opposed to 250,000 or more) consumers.
195. We do not see merit in amending the definition of a Large Supplier Party in the SEC, and would expect all of those Suppliers who may qualify as a Large Supplier Party for the purposes of Interface Testing to take the necessary steps to ensure they are aware of their classification. The requirement to be ready to start testing is limited to the use of reasonable endeavours to be ready as soon as reasonably practicable. We will add legal text to the SEC to make clear the date by which a Supplier will need to determine whether it is a Large Supplier Party. We expect each qualifying party to notify the DCC accordingly within one month of the provisions coming into effect and this should provide time for the party to ensure that they are aware of their classification at this time.

Summary of Government Conclusion

Question 40: We will implement the proposed legal text set out the SEC 4 Consultation, adding a date in the SEC when an assessment of whether a Supplier qualifies as a Large Supplier Party should be made by that Supplier and a date for this to be notified to the DCC.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
T3	<ul style="list-style-type: none"> T3.32 has been added to set out when a supplier will be assessed as being a large/small supplier for testing purposes T3.33 has been added to place requirements on Suppliers to notify DCC on when they become a Large Supplier

8.4 Additional changes not captured elsewhere

196. The SEC 4 Consultation proposed changed to SEC Schedule 3 (Bilateral Agreement relating to Elective Services) to be changed to delete the reference to Supplier Nominated Agents. As Registered Supplier Agents will be SEC parties, there is no need for the now deleted paragraph 8. It also proposed to amend Schedules 5 (Accession Information) to require that Suppliers, Network Parties and Meter Asset Managers or Meter Operators provide their unique identifiers under the MRA or UNC (as the case

may be) upon accession to the SEC. And an equivalent change to Schedule 2 (Specimen Accession Agreement). We received no comments on these proposals and will implement them as described.

197. In response to the consultation on transitional arrangements in the SEC, the code administrator (SECAS) asked for a point of clarification regarding the scope of testing described in the testing stages set out in Section T of the SEC. Specifically, clarification was sought from DECC as to whether testing activities that would be used as part of prudent release management (e.g. acceptance testing), whilst not explicitly referenced in the SEC, should be incorporated in the Testing Approach documents written by the DCC, and form part of the exit criteria for testing stages. We can confirm that, whilst not explicitly referenced, as part of the requirements in the SEC we would expect testing of this kind to be included in the relevant Test Approach documents. This is consistent with the requirement for Testing Approach document to include a 'Good Industry Practice methodology for determining whether or not the Testing Objective has been achieved' (for example as described for the IT Approach Document in section T3.8(j) of the SEC. We understand that the DCC intends to set out requirements relating to operational acceptance testing in its Interface Testing Approach document and would support this inclusion.

9 Enrolment and Adoption of SMETS1 meters

9.1 Enrolment of SMETS1 Meters Installed During Foundation

Summary of Issue under Consideration

Once DCC live operations have commenced, Suppliers will be able to use DCC provided infrastructure to remotely communicate with smart meters. However, some Suppliers are already installing smart meters which are, or will be, compliant with the first iteration of the smart meter technical specification (SMETS1) and which will be supported by a separate remote communications service operating outside the DCC when the DCC's services become operational. The period before DCC services are available is referred to as the 'Foundation Stage'.

The DCC is required to establish an Initial Enrolment Project to develop or procure systems and services under which the DCC can enrol and operate eligible SMETS1 meters. The SEC 4 Consultation set out legal drafting in relation to the Initial Enrolment Project for SMETS1 meters and the content of the DCC's Initial Enrolment Project Feasibility Report.

There were two questions on this area:

Initial enrolment project: question 63 sought views on proposed legal text in relation to the Initial Enrolment Project for SMETS1 meters installed during foundation.

Initial Enrolment Project Feasibility Report: question 64 asked whether the proposed contents list for the Initial Enrolment Project Feasibility Report set out in the SEC 4 consultation covered the required issues for the DCC to address and asked for any additional areas to include.

Government Consideration of Issue

198. Responses were broadly supportive of the proposed legal text for the Initial Enrolment Project for SMETS1 meters and the proposed content of the DCC's Initial Enrolment Project Feasibility Report (IEPFR). There were some questions in relation to the general policy approach and a number of specific drafting suggestions.
199. Several respondents raised concerns over control of the costs from SMETS1 enrolment. Three respondents suggested the DCC should undertake a cost-benefit analysis of enrolling SMETS1 meters as part of the IEPFR. Our position remains that there are benefits from enrolling all significant populations of SMETS1 meters and we consider the regulatory and governance framework for their enrolment and adoption is appropriate. The DCC will consult on a draft IEPFR, setting out options for enrolment and adoption of SMETS1 meters, including the feasibility and estimated cost of each option. Following the consultation, the Secretary of State will determine which option or options proposed in the IEPFR should be pursued, to best deliver the benefits of enrolling SMETS1 meters.

200. A number of respondents also enquired whether different SMETS1 meter populations would be able to offer different services upon enrolment based on their functionality. The SEC will specify the minimal set of services the DCC should provide, which are a subset of SMETS2 services¹⁷. Where, due to enhanced functionality of all SMETS1 meters, there may be an option for the provision of additional services, DCC will identify this in the IEPFR.
201. Two Suppliers and the DCC commented on the proposed adoption criteria that will be included in the IEPFR, stating that they would like greater certainty on the criteria, by reference to an iteration of the adoption criteria that was consulted upon previously¹⁸.
202. The DCC sought confirmation that it could develop suitable adoption criteria, not necessarily related to previous iterations, if it deemed fit. To provide greater certainty to Suppliers while retaining DCC discretion, we will require the DCC to reference the areas covered by previously consulted upon adoption criteria provisions, without setting constraints on how the provisions should be met. The Secretary of State will consider whether the option(s) proposed using those criteria are reasonable and deliver our policy objectives when determining whether to approve the IEPFR.
203. Whilst we will introduce Appendix F (Minimum Communications Services for SMETS1 Meters) into the SEC at this stage, we will review this text again when we finalise Appendix E (The User Interface Services Schedule) to ensure that the cross references to the relevant services remain correct.

Summary of Government Conclusion

Question 63: We will implement the proposed legal text set out the SEC 4 Consultation subject to minor amendments.

Question 64: We will implement the proposed legal text set out the SEC 4 consultation subject to minor amendments and the addition of adoption criteria which provisions for the reference of the DCC should have regard to.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
Section N	<ul style="list-style-type: none"> • Minor changes for clarification and removing minor drafting errors • Inclusion of adoption criteria provisions as set out in N3.7 of the revised legal text

¹⁷ See Response and further consultation on the regulatory arrangements for enrolment and adoption of foundation meters ' (March 2014), section 7:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/299383/govt_response_enrolment_a_doption_foundatioon_meters.pdf

¹⁸ These were not included in the SEC4 draft legal text in order to retain DCC discretion. For details of the criteria consulted upon previously, see 'Response and further consultation on the regulatory arrangements for enrolment and adoption of foundation meters' (March 2014), section 5:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/299383/govt_response_enrolment_a_doption_foundatioon_meters.pdf

9.2 Charging Arrangements for SMETS1 Meters Installed During Foundation

Summary of Issue under Consideration

Proposals in relation to the charging arrangements for SMETS1 meters installed during Foundation have been addressed in a number of previous consultations¹⁹. The arrangements relating to charging for the on-going communications costs of SMETS1 meters enrolled in the DCC require amendments to the DCC Licence and the SEC and draft legal text was included in the SEC 4 consultation.

There was one question on this area:

Charging for SMETS1 foundation meters: question 65 sought views on proposed legal drafting in relation to charging arrangements for the on-going communications costs of Foundation Meters enrolled in the DCC.

Government Consideration of Issue

204. The majority of respondents were content with the proposed legal text. One respondent sought confirmation that the proposed legal text does correctly deliver the policy intent. We intend to incorporate minor adjustments to the legal text to ensure that the policy intent is correctly captured. One respondent commented that the legal drafting would allow an energy company with several Supply Licences to transfer a customer between subsidiary businesses to avoid any SMETS1 communication premium which would be inconsistent with the policy intent. We intend to incorporate a minor adjustment to the legal text to ensure that the policy intent related to churn within a corporate group is correctly captured.
205. One respondent challenged the overall policy, suggesting that where a Supplier has established a communication contract that is cheaper than the equivalent charge for a SMETS2 meter operated through the CSP then these lower costs should be reflected via a lower charge by the DCC to that Supplier. The Government's view is that whilst the SMETS1 cost may be lower, it is not correct to assume that all of the equivalent CSP communications costs are avoidable in this circumstance. Thus there are no plans to amend this element of policy.

Summary of Government Conclusion

Question 65: We will implement the proposed legal text set out the SEC 4 Consultation, subject to a number of minor amendments to address drafting points raised by respondents.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
DCC Licence & SEC Section C	<ul style="list-style-type: none"> Minor changes to the new Second Charging Objective set out in the DCC licence, replicated in Section C of the SEC.

¹⁹ Foundation Smart Market

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/225055/FSM_Consultation_Response_FINAL_0900__10-05-13.pdf

10 Provisions Supporting Non-Standard Operations

10.1 User Supplier to Non-User Supplier Churn

Summary of Issue under Consideration

There may be a period after DCC live operations have commenced when some Suppliers have completed User Entry Process Tests to become Users, but others have not yet done so. During this period, a domestic consumer with a DCC-enrolled SMETS2 Smart Metering System (SMS) could churn to a Supplier which is not yet a User.

Following a consultation earlier in the year, the SEC 4 Consultation set out a number of proposals for the establishment of a process for Suppliers and the DCC to follow in this scenario. These were:

- A gaining non-User Supplier will be obliged to notify the DCC when it has gained a DCC-enrolled SMS;
- The DCC will be obliged to provide an appropriately secured interface (separate to the main DCC User Gateway) to support interaction with non-User Suppliers;
- The DCC will be obliged to produce and consult on a Non-Gateway Interface Specification (the “NGIS”). The NGIS will be approved by the Secretary of State and incorporated into the SEC as a subsidiary document;
- Every Supplier which is not already a User will be obliged to use the Non-Gateway Interface to change credentials on enrolled Smart Metering Systems for which it is the responsible Supplier, with the credentials to be placed on the SMS to be the Supplier Party’s SMKI Organisation Certificate;
- All DCC development and operational costs associated with the implementation and operation of the non-Gateway service should be recovered as DCC Fixed Costs under the SEC; and
- Non-User Suppliers should pay all relevant Communications Hub charges under the SEC.

There was one question in this area:

User Supplier to Non-User Supplier Churn: question 66 sought views on the proposed approach and legal drafting in relation to User Supplier to Non-User Supplier churn.

Government Consideration of Issue

206. In total eighteen stakeholders responded to this question. Respondents were broadly supportive of the proposed approach and legal drafting, with several respondents offering specific drafting suggestions or seeking clarifications.
207. On the basis of information provided by the DCC the SEC 4 Consultation stated that the Non-Gateway Interface (NGI) could be developed at a one-off implementation cost of no more than £100k. In their consultation response, however, the DCC stated that final costs have not yet been determined. A larger Supplier was of the view that the NGI should be of proportionate cost and specification. DECC recognises the need for certainty on NGI costs, and we are working closely with the DCC to ensure it is provided at the earliest suitable opportunity.
208. One Small Supplier emphasised the importance of Non-User Suppliers having a straightforward, automated process for inheriting a Smart Metering System. The non-Gateway Interface is expected to be a straightforward method for such Suppliers to submit the necessary requests to the DCC and change credentials on meters as required.
209. The DCC suggested that messages from Non-User Suppliers that exceed the previously notified Threshold Volumes should be rejected rather than quarantined. We agree that this would be a streamlined and effective process, and have updated Section X8 accordingly.
210. The DCC also requested, as part of its development of its testing documentation, that the requirement to testing the NGI should be set out in its Interface Testing Approach Document. We support this view and have revised the SEC to amend the Interface Testing Objective to include demonstrating that the DCC can comply with Section O of the SEC.
211. We consider that the Non-Gateway Interface Specification (NGIS) should be ready for incorporation into the SEC ahead of Interface Testing, and propose a minimum of two months is necessary to ensure participants have sufficient time to understand their obligations. Those obligations in the NGIS relating to testing would be limited to those enduring entry processes that any Non-User may need to prove before they can interact with DCC over the NGI. It should be recognised that in addition to being able to use the NGI, it will be necessary for Non-User Suppliers to become subscribers for the Organisation Certificates such that these can be placed on Devices they inherit on churn. This means that they will need to go through SMKI and Repository entry processes and qualify to become an Authorised Subscriber in accordance with the processes set out in the SMKI Registration Authority Policies and Procedures (RAPP).
212. It should be noted that the DCC are investigating a potential alternative technical solution for User to non-User churn. Although we consider the NGI to effectively deliver the required outcomes, but is proceeding with conversations with the DCC on the potential alternative approach to ensure that SEC parties benefit from the most fit-for-purpose solution possible. An update will therefore be provided in, or prior to, the SEC 4B response if necessary. On this basis, the draft SEC legal text has been amended to allow the Secretary of State to direct the DCC to cease development of the NGIS.

Summary of Government Conclusion

Question 66: We will implement the SEC 4 legal text with the exception of the amendments outlined above and in the summary of changes to the legal drafting. These conclusions apply to the provisions set out in Section X9; we are further considering Section O provisions and

will set-out our conclusions in Part B of the SEC 4 Response.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
X8	<ul style="list-style-type: none"> • Changed requirement so that messages from Non-Gateway Suppliers that exceed the previously notified Threshold Volumes are rejected rather than quarantined • Changed testing arrangements so the NGI is tested as part of Interface Testing with the exception of the equivalent of User Entry processes which remain in the NGI • Amended requirement so the DCC is now required to make the specification available for incorporation into the Smart Energy Code two months ahead of Interface Testing rather than three months in advance of Systems Interface Testing • Removed requirement for alerts to be sent to Non-Gateway Suppliers confirming either that (i) their Organisation Certificates have been placed on a device or (ii) that their Organisation Certificates have been replaced on a Device by those of another Supplier. • Enabled the Secretary of State to direct the DCC to cease development of the NGI • Minor changes for clarification and removing minor drafting errors

11 Transition Consultation

11.1 Service Management

Summary of Issue under Consideration

The consultation on Transitional Arrangements in the Smart Energy Code ('transition consultation') proposed interim service management arrangements that would apply in advance of the enduring arrangements coming into force.

It was noted that a number of support DCC services would be offered prior to the launch of its Core Communications service; these services included communications hubs forecasting and the provision of connections to the DCC User Gateway.

We said that it was important that service management arrangements were in place to support the delivery of these services. We also said that it was important that the arrangements were proportionate to the type of service being provided, the likely nature of any problems that might occur, the interim nature of the service management arrangements and, crucially, the impact on SEC Parties or Registration Data Providers using those services.

There was one question in the transition consultation on this area:

Service management in transition: question 2 sought views proposed transitional measures to support transitional service management for those services that the DCC will be offering prior to the commencement of its full service management arrangements?

Government Consideration of Issue

213. All of the respondents who expressed a view agreed that an interim service management framework was appropriate. A number made detailed comments on specific obligations.
214. Some suppliers disagreed that the DCC should have 3 days to notify relevant Parties that an incident had been resolved, suggesting that 24 hours should be sufficient given the likely limited number and nature of incidents covered by the transitional arrangements. We agree and have concluded that one working day is sufficient time for DCC to notify relevant Parties of an incident's resolution.
215. One supplier suggested that in the event of the Interim Service Desk becoming unavailable a back-up should be in place within one, rather than two days. We disagree and consider that two days remains a proportionate obligation.
216. A supplier asked if testing services were within the scope of the interim service management arrangements. We can confirm that whilst H14 provides for testing issue resolution, any problem with respect to service management would fall within the scope of these arrangements. The same supplier noted that the transitional provisions with respect to Business Continuity and Disaster Recovery only related to the Interim Service Desk and not the transitional services themselves.

217. Whilst the specific Business Continuity and Disaster Recovery procedures in X7 apply to the Interim Service Desk, X7.14 does provide for the DCC to assign reasonable actions to Parties to enable it to resolve Incidents. At the time of drafting the arrangements would only apply to a limited suite of services and for a limited time, ahead of the introduction of the DCC’s full service management framework. However, in the event of significant changes to either the types of services in place before the enduring arrangements go live, or the timeframe over which the interim arrangements remain in place, then we would seek stakeholders views on whether there should be further service management obligations applying to specific services.
218. A supplier suggested that the DCC should be required to use an Incident Management Log as will be required under the enduring service management arrangements. We don’t agree, and consider that the limited nature and scope of the services covered mean that such a requirement would be disproportionate at the current time.
219. A number of suppliers noted the ability of the DCC to determine prioritisation of interim service Incidents (X7.13) and requested that relevant Parties were involved in determining prioritisation. We agree that the relevant Parties should be involved in setting the framework for prioritisation, we don’t consider that legal drafting is necessary to implement this, but would expect the DCC to take forward the matter with the Service Management Design Forum.
220. One supplier was concerned about the lack of weekend coverage, in particular with respect to any impacts on end users. However, these interim arrangements will only apply to DCC’s support services; once end users are receiving enrolment and communication services via the DCC we would expect the full service management arrangements to be enabled.
221. The DCC considered that it should have flexibility with respect to the contact details it may reasonably request from relevant Parties and as to the contact details it provides. We agree and have modified the drafting accordingly, though consider it necessary that, as a minimum, the DCC always provide a contact phone number and email address.
222. The DCC also suggested that the requirement in X7.20 (report on Interim Service Desk unavailability) may not be possible to achieve. This requires that, in the event of the Interim Service Desk being unavailable for more than two working days, the DCC must produce a report within five working days for the Panel and others setting out the causes and future mitigation. We disagree and consider that the likely nature of any failure of the Interim Service Desk should be identifiable within five working days.

Summary of Government Conclusion

Transition Consultation question 2: We will introduce the interim service management arrangements in line with our proposals in the SEC transitional arrangements consultation.

Summary of Changes to the Consultation Legal Drafting

SEC Section	Content
X7	<ul style="list-style-type: none"> DCC required to provide notification of an Incident’s resolution within 1 working day rather than 3 (calendar) days Minor changes to terminology and references to contact details.

11.2 Re-designation of Subsidiary Documents

Summary of Issue under Consideration

The transition consultation proposed that a new power be introduced under the DCC Licence and SEC that would enable the Secretary of State to re-designate SEC subsidiary documents. This power was proposed as an extension of the existing power to designate such documents (Condition 22 of the DCC Licence, Section X5 of the SEC).

The transition consultation explained that such documents that can be incorporated using this power would include those of a technical or procedural nature such that are required to support the fulfillment of rights or obligations already specified in the SEC. It noted that such detailed technical documents are likely to require changes *after* designation for reasons including:

- detailed design elements needing to change as a result of issues arising during testing; and
- when content for a document needs to be introduced into the legal framework before the remaining content is ready; or because some of the content for support services goes live without being tested, and when used in earnest it becomes apparent that changes are required (e.g. communications hub forecasting and ordering processes or DCC gateway connection processes).

There was one question in the transition consultation on this area:

SEC subsidiary documents: question 3 sought views proposals that the DCC Licence and SEC should be modified so that updated versions of SEC subsidiary documents may be re-designated by the Secretary of State and incorporated into the SEC.

Government Consideration of Issue

223. Most of the respondents who expressed a view were content with our proposals, with some additional comments with respect to process. One supplier said its support was conditional on the proposals being a transitional measure only, another supplier was not content and one said it was unclear on the proposals.
224. The supplier who did not support the proposal said this was because it did not believe that the proposed approach facilitates an open and transparent decision making process. It also questioned why the existing Urgent or Fast Track modifications route in the SEC was not suitable for such matters.
225. The supplier who gave conditional support also suggested use of the Urgent modification route in the first instance. It also proposed that the power should be subject to a sunset clause such that they lapse after “DCC Initial Live Operation is achieved, by which time the SEC should be fully implemented”.
226. Other respondents who supported the proposal also made observations around the importance of consultation with stakeholders.
227. We agree that it is important that decision making with respect to re-designation is transparent and open. We consider that the existing drafting that provides for the designation of subsidiary documents is also appropriate for re-designation of these documents. This requires that the content of the document has been subject to such consultation as the Secretary of State considers appropriate to the matter in hand

whether or not under the SEC and whether or not undertaken by the Secretary of State (X5.11). We have concluded that this requirement will ensure that the appropriate level of stakeholder input is taken into account, proportionate to the particular issue being considered.

228. We do not consider that it would be appropriate to rely only on the 'Urgent' modifications route though we would not preclude its use. This is because 'Urgent' modifications are judged against Ofgem's existing urgency criteria.
229. These criteria have been developed for use across existing energy codes, rather than the specific circumstances of the implementation phase of the Smart Energy Code. Therefore, whilst there may be circumstances where an 'Urgent' modification can be raised and considered by Ofgem, there is a risk that necessary changes cannot be made in good time because they don't meet these more general criteria.
230. We note the proposal that the SEC Panel be given the ability to judge whether a modification was Urgent. However, we consider that this would still be subject to the same constraints; that is the SEC Panel would have to consider whether the proposed modification was Urgent against the existing criteria. As set out above, there is a risk that this would not apply to necessary changes to SEC Subsidiary documents.
231. We don't consider that the use of 'Fast Track' modifications would be appropriate in this context either, these are modifications that are raised by the SEC Panel to correct typographical or other minor errors or inconsistencies in the SEC (D2.8).
232. We agree that the ability to use this re-designation power should be time-limited. We do not agree that this should automatically fall away once DCC commences initial services. This is because it is yet to be determined when the full SEC modification process will be turned on (at Completion of Implementation ('COI') in the regulatory framework, and potentially earlier). We have concluded that the power should fall away in October 2018 as this is consistent with the power to designate Subsidiary documents and it is also the date by which COI must have occurred.
233. We will continue to discuss with stakeholders the transition to enduring arrangements under the SEC, including the timeframe for fully enabling the enduring modifications process.

Summary of Government Conclusion

Transition consultation question 3: We will implement the proposal to introduce a power for the Secretary of State to re-designate SEC subsidiary documents.

PART 2: Consultation on further changes to the Smart Energy Code

12 Additional Public Key Infrastructures and SMKI-related changes

12.1 Infrastructure Key Infrastructure (IKI)

Description of the Issue

234. The security architecture relies on a trusted relationship, established via SMKI, between a DCC User and the metering equipment in consumer’s premises. As an essential security control for the wider Smart Metering System, the SMKI was defined and specified as part of the Service Definition Document provided to the DCC to use in procuring a SMKI Service Provider. The associated SEC obligations were subsequently included in SEC Stages 3 and 4.
235. Until the SMKI Service Provider was appointed, it was not appropriate to predict or constrain the technical design of the necessary solution that would incorporate the Registration Authority (RA) elements of the SMKI. The appointed Service Provider has since provided design details of the IKI that will be responsible for the issue of the credentials used specifically for SMKI RA functions. Since it is now clear that this forms an integral part of SMKI, we consider that it naturally falls within the scope of the SMKI governance and assurance arrangements. Since there are these synergies and efficiencies in the practical implementation which would otherwise have to be duplicated, we propose to expand on the SMKI-relevant legal draft to capture IKI-relevant arrangements.

Translation into Detailed Requirements

236. We propose that the SEC should be updated to mirror the existing SEC obligations in relation to SMKI. This will require the production of two new documents by the DCC – the IKI Certificate Policy and the IKI Certification Practice Statement. The remaining elements of the IKI Document Set (i.e. RAPP, Interface Specification, Code of Connection, Subscriber Obligations and Relying Party Obligations) will be incorporated into the existing SEC drafting for the SMKI Document Set and consequently do not require separate subsidiary documents.

Legal Text

Section	Summary of new SEC Provisions
Changes to Section A	<ul style="list-style-type: none"> • Introduction of the following definitions: IKI Authority Revocation List (IKI ARL), IKI Certificate Revocation List (IKI CRL), IKI Certificate Policy, IKI Certification Authority (ICA), and IKI Certification Practice Statement (IKI CPS). • Existing definitions in relation to SMKI have been clarified or expanded upon to allow for the introduction of IKI-equivalent terms.
Section L	<ul style="list-style-type: none"> • L1.17: Amendment to reflect the SMKI PMA must review the IKI

	<p>Certificate Policy (IKI CP) and IKI Certificate Practice Statement (IKI CPS);</p> <ul style="list-style-type: none"> • L3.1: Amendment to reflect that the IKI Certification Authority is defined as a SMKI Service; • L3.20-21: New drafting to define who is an Eligible Subscriber for IKI and ICA Certificates; • L3.23: Amendment to reflect that Root and Issuing IKI ICA Certificates must be placed in the Repository; • L5.1: Amendments to define that the IKI ARL, IKI CRL and all versions of the IKI Certificate Policy must be placed in the Repository; • L9.3: Amendment to reflect that the IKI CPS is defined as being part of the SMKI Document Set; • L9.4: Amendment to specify that the IKI Certificate Policy is part of the SMKI SEC Document Set; • L9.19-24: Introduction of new text (in line with SMKI drafting) to cover the IKI CPS • L11.7: Amendment to the Protection of Private Keys provision to cover IKI Certificates; • L12.1-6: Amendment to the Relying Party agreement to extend to IKI and IKI ICA Certificates.
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Consultation Questions

Additional Public Key Infrastructures and SMKI-related changes	
Q1	Do you agree with the proposed approach and legal drafting in relation to Infrastructure Key Infrastructure?

12.2 DCC Key Infrastructure (DCCKI)

Description of the Issue

237. It is the responsibility of the DCC to ensure that its systems design is appropriately secure. As part of its design, the DCC is proposing that communications relating to a number of its services should be subject to specific additional Transport Layer Security (TLS) protection. This will apply for example to communications between DCC and DCC Users in relation to Service Requests and associated Service Responses. The DCC has specified a DCCKI to be used to establish the TLS security.

238. The DCCKI is separate from the SMKI Service but will use a PKI implementation that will involve a DCCKI Document Set (i.e. Certificate Policy, Certification Practice Statement, RAPP, Interface Specification and Code of Connection). The governance and assurance arrangements in relation to DCCKI therefore need to be defined.

Translation into Detailed Requirements

239. We propose to largely mirror for DCCKI, the existing arrangements applying to SMKI. This includes the production of relevant documentation and provision of Services. However, given the separation of DCCKI and SMKI, we propose slightly differing

governance and assurance arrangements. More generally our proposals in this area have been discussed at a high-level with the Transitional PMA Group (TPMAG) which is broadly content with the proposed approach.

DCCKI Governance

240. SMKI underpins the 'end to end' trust via PKI security from DCC Users through to metering equipment in consumers' premises. If several layers of security controls, including SMKI, were compromised, then there could be an adverse effect on energy supply. The SMKI PMA was therefore established, in line with industry best practice, to provide governance and oversight of SMKI as a specialist sub-committee to the SEC Panel.
241. The DCCKI is a more limited security control. It is specifically to provide secure communications across the interfaces between Parties (including DCC Users) and the DCC. Whilst SMKI was specified by DECC to provide 'end to end' security, the design and implementation of DCCKI remains the primary responsibility of DCC in compliance with its obligations under Section G. All parties have an interest to ensure that PMA governance should not become more onerous than necessary (e.g. to emulate the stricter controls of SMKI), given the more limited role of DCCKI.
242. It can be argued that it will be economic and practicable to bring the governance for all the Key Infrastructures (KI) under a single PMA. Certainly, the knowledge and experience of managing the SMKI Document Sets can be applied across DCCKIs without the DCC having to establish a separate DCCKI PMA and there ought to be greater consistency (e.g. in the application of policies, standards and procedures). However, since DCCKI is separate from the SMKI Service, we do not think it is appropriate for the SMKI PMA explicitly to approve DCCKI relevant documentation. Instead, we propose that the SMKI PMA review the effectiveness of the DCCKI Document Set and proposes changes to the DCC where it considers these must be made for the DCC to meet its obligations as specified in Section G. Given its role as part of the end-to-end solution, and the potential impact of design choices for SEC Parties, we consider it appropriate for the DCCKI Document Set to be moved into the SEC for change management purposes.

DCCKI Assurance

243. The tScheme has been selected by the DCC as the SMKI Independent Assurance Scheme for SMKI that meets the SEC criteria and has been approved by the SMKI PMA. This scheme gives assurance via independent UKAS Accredited Assessors that the implementation of SMKI is in line with tScheme approval profiles for implementation of a Trust Service, and the SMKI Document Set.
244. There is an annual cost associated with tScheme registered applicant status, as well as ad-hoc costs for the independent tScheme assurance provider to conduct audit assessments against tScheme approval profiles.
245. It is proposed that it is unnecessary to apply the tScheme to DCCKI assurance. This is because DCCKI assurance will be included in the scope of DCC's ISO27001 certification and the proposed annual SOC 2 audit for enduring DCC security assurance which is considered appropriate for the DCCKI's more limited role. Furthermore, we are mindful that tScheme assurance of the DCCKI at this stage, could potentially cause a change in the DCCKI architecture, increase costs and cause a delay to the DCCKI delivery timescales.
246. Recognising the limited scope of DCCKI to the DCC User Gateway, we propose that adequate assurance can be provided by existing SEC Section G obligations relating to

ISO27001. Also, we propose that the SMKI PMA receives sight of audit reports generated in relation to ISO27001 certification.

Legal Text

Section	Summary of new SEC Provisions
<p>Changes to Section A</p>	<ul style="list-style-type: none"> • The following definitions have been added: DCC Key Infrastructure, DCCKI Authority Revocation List, DCCKI CA Certificate, DCCKI Certificate, DCCKI Certificate Policy, DCCKI Certificate Revocation List, DCCKI Certificate Signing Request, DCCKI Certification Authority, DCCKI Certification Practice Statement, DCCKI Code of Connection, DCCKI Document Set, DCCKI Design Interface Specification, DCCKI Participants, DCCKI Registration Authority Policies and Procedures, DCCKI Relying Party, DCCKI Repository, DCCKI Repository Code of Connection, DCCKI Repository Interface, DCCKI Repository Interface Design Specification, DCCKI Repository Service, DCCKI SEC Documents, DCCKI Services, DCCKI Service Interface, DCCKI Subscriber; • The definitions of other various PKI-related terms have been amended to accommodate the inclusion of DCCKI.
<p>Changes to Section L</p>	<ul style="list-style-type: none"> • The heading of Section L has been expanded to cover DCCKI, as it is not part of the SMKI Service; • L1.17 has been expanded to require of the SMKI PMA to periodically review the DCCKI Document Set and to notify the DCC where it considers changes should be made in line with continued DCC compliance with its Section G obligations. Furthermore, the SMKI PMA is required to review the DCCKI RAPP and Certificate Policy. Furthermore, the SMKI PMA is required to review the DCCKI RAPP and Certificate Policy following their introduction into the SEC and the CPS following submission. • L13: This new section has been created to introduce for DCCKI largely equal conditions as apply to SMKI. This includes provisions to govern the following: <ul style="list-style-type: none"> ○ DCCKI Services; ○ DCCKI Service Interface; ○ DCCKI Repository Service; ○ DCCKI Repository Interface; ○ DCCKI Document Set; ○ DCCKI Subscriber Obligations; and, ○ DCCKI Relying Party Obligations.

Consultation Questions

Additional Public Key Infrastructures and SMKI-related changes	
<p>Q2</p>	<p>Do you agree with the proposed approach and legal drafting in relation to</p>

12.3 Further SMKI-related changes

Description of the Issue

247. This section outlines three items that are open for further consultation. The first relates to permitting Registration Data Providers to become SMKI Authorised Subscribers for Organisation Certificates (to complement the new proposed obligation in Section E for them to sign registration data with an SMKI Private Key), the second relates to proposed checks the DCC must apply when deciding whether a party can become a Subscriber for Device Certificates. The third proposal relates to specifying size restrictions on a number of fields in the structure of Organisation Certificates and Device Certificates.

Registration Data Providers (RDPs)

248. In extending SMKI to permit RDPs to become subscribers for Organisation Certificates, we propose to specify that where Network Parties nominate persons to act as Registration Data Providers, that these Network Parties are responsible for ensuring that RDPs exercise their duties as specified in the Subscriber and Relying Party Agreements (L11 and L12 respectively). We also propose that where an RDP acts on behalf of more than one Network Party, that RDP will not be required to subscribe to more than one Organisation Certificate.
249. To provide registration data to the DCC, RDPs will have to use the interfaces with the DCC, via either the DCC User Gateway Interface Specification (DUGIS) or the Self Service Interface (SSI). In line with the security controls for the Transport Layer Security (TLS) of DCC interfaces, RDPs would therefore be required to use DCCKI to secure their messages with the DCC and would have to securely store and manage their own private DCCKI keys. It is only a short step beyond that for RDPs to use SMKI Organisation Certificates, especially since DUGIS and SSI Users will confirm their authentication to obtain DCCKI Certificates by dint of having already obtained a SMKI Organisation Certificate. Even when considering an SMKI requirement in isolation (i.e. without a DCCKI baseline) we believe it is justified from a security perspective. In itself, the process of establishing SMKI Organisation Certificates is relatively simple when compared to the process to become a DCC User (note that it is not necessary to be a DCC User to establish the SMKI Organisation Certificate). Whilst there will be some cost and administrative effort involved, the process is not onerous. It should not require significant investment in IT and the DCC SMKI Entry Process Testing should be achieved with minimal effort on the part of an RDP.
250. RDPs, in their own right, are not classified as SEC Parties. However, the SMKI as specified in the SEC is currently exclusive to SEC Parties. Therefore it is important that existing rigour in SEC security arrangements is maintained while opening up the SMKI for the necessary use of RDPs. This requires placing additional duties on Network Parties who nominated the relevant RDP.
251. The SMKI is governed by a number of SEC Subsidiary Documents produced by the DCC. Whilst DCC consulted²⁰ upon these subsidiary documents with all interested parties as part of the development process, including RDPs, it is recognised that at the time, RDPs would not have expected that the content of the documents would have

²⁰ Documents available at: <http://www.smartdcc.co.uk/documents-and-publications/dcc-consultation-on-smki-documents/>

applied to them directly. Now that we are proposing that it should, we wish to give the RDPs a further opportunity to comment on these documents and hence any further comments on these documents are invited as part of the response to this consultation.

DCC Eligibility Checks

252. The second item relates to additional checks the DCC must perform when deciding whether a Party can become a Subscriber for Device Certificates. For the purpose of controlling the issuance of Device Certificates and therefore limiting security risks (e.g. denial of service attacks), we had previously drafted the SEC to require the DCC to apply checks that required verification of both the Device type and the SMI Status. However the DCC has indicated in its consultation response to the SEC Stage 4 Consultation that, for systems design reasons, it will be unable to implement this requirement from ILO. In light of this, we propose to modify the checks the DCC should apply to maintain a secure environment. In line with the policy intent, we will require the DCC to check that an Authorised Subscriber is either a Supplier or the DCC for Devices that are either Commissioned or Installed not Commissioned. This maintains the policy intent and the security control for the DCC to ensure that only those roles that have a responsibility for equipment in the home can regenerate the private keys on devices.

SMKI Certificate Field Sizes

253. We propose to modify the SMKI Certificate profiles to restrict the sizes of fields. As a minimum, it is important that the Organisation Certificate and Issuing Certification Authority (OCA) Certificate fit inside a ZigBee packet to reduce the amount of ZigBee packets being sent, minimising costs associated with this activity. Communication speed would also be improved, which is of importance where credentials need to be updated quickly. We are similarly proposing to limit field sizes in Device Certificates to assist in their storage on devices and again to limit ZigBee packet numbers.

Translation into Detailed Requirements

Registration Data Providers

254. We propose to amend the SEC to make it possible for RDPs to become Authorised Subscribers under the Organisation Certificate Policy. This includes amendments to Section B, E and L, as well as changes to both the Certificate Policies under Appendix A and B. The DCCKI changes also permit RDPs to become subscribers for DCCKI Certificates.
255. To allow for this, we specify that where Network Parties nominate persons to act as Registration Data Providers, that these Network Parties are responsible for ensuring that RDPs exercise their duties as specified in the Subscriber and Relying Party Agreements (L11 and L12 respectively). We also propose that where an RDP acts on behalf of more than one Network Party, that RDP will not be required to subscribe to more than one Organisation Certificate.

DCC Eligibility Checks

256. On requiring additional DCC-checks when deciding if a Subscriber is an Eligible Subscriber for Device Certificates, we propose adding additional provisions that specify that, where a Party other than DCC or a Supplier wishes to become an Authorised Subscriber for Device Certificates, the DCC must reasonably satisfy itself that, in accordance with the Registration Authority Policy and Procedures, the Party's business activities are related to the installation of devices, and it is necessary for that Party to subscribe to Device Certificates as part of such activities.
257. In relation to this activity, we propose to specify an appeals procedure in line with the general appeals procedures specified in the SEC, where the Party disagrees with the

DCC's determination in this matter, it may refer the matter to the Panel for resolution (whose decision will be final and binding for the purposes of the Code).

258. Additionally, we propose that any Party that has been determined to qualify as a Subscriber by the DCC must report to the DCC any change in its business activities which may be likely to materially affect whether it would qualify to become a Subscriber for Device Certificates were it to re-apply to become such a Subscriber in light of such a change. Upon receipt of such notification the DCC shall assess, in accordance with the RAPP, whether the Party will cease to be a Subscriber for the purposes of the Device Certificate Policy.

SMKI Certificate Field Sizes

259. On our proposal to restrict the field sizes of Organisation Certificates and OCA Certificates, we have restricted the "Issuer" and "Subject" field sizes in the Organisation Certificate Policy (Appendix B of the SEC). Similar changes have also been proposed in relation to Device Certificates (see Appendix A of the SEC).

Legal Text

Section	Summary of new SEC Provisions
Changes to Section A	<ul style="list-style-type: none"> • Addition of "RDP" to "Authorised Subscriber", and "Subscriber", to reflect that they are able to become one. • Addition of "RDP ID" definition to describe unique identification number referred to in Section E2.15. • Addition of "RDP Signifier", which describes the identification number which uniquely identifies a RDP under the Code in accordance with Section B1. • Addition of "RDP" in the definition of Secret Key Material.
Changes to Section B	<ul style="list-style-type: none"> • B1.19-20: This provision requires the Panel to issue to a RDP a RDP Signifier if requested, or following receipt of request of a RDP for an RDP ID, and notify the DCC to have done so. • B2: Consequential changes have been proposed throughout this section.
Changes to Section E	<ul style="list-style-type: none"> • E2.15-16: These provisions have been proposed to govern the arrangements that RDPs need to digitally sign Registration Data, and for that purpose propose to the DCC one or more EUI-64 compliant identification number issued to it by the Panel, and that the DCC accept such numbers.
Changes to Section L	<ul style="list-style-type: none"> • Throughout Section L in certain instances where provisions were specific to Parties, references to RDPs have been made where these provisions apply them; • L3.2-3 have been amended to specify that RDPs can become Authorised Subscribers; • L3.6-7 have been introduced to govern the arrangements between Network Parties and RDPs in terms of the SMKI. • L3.7-14 have been proposed to govern DCC eligibility check for

	<p>Authorised Subscribers.</p> <ul style="list-style-type: none"> • L3.18: Provisions governing the issuance of Organisation Certificates have expanded to apply to RDPs.
Changes to Appendix A	<ul style="list-style-type: none"> • 1.4.1: Proposed drafting to require the DCC to undertake additional checks when deciding whether a Subscriber is an Eligible Subscriber. • Annex B: The “Issuer” field of the Device Certificate, Root DCA and Issuing DCA Certificate Profiles have been restricted to be 4 Octets in size. The “Subject” field of the Root DCA and Issuing DCA Certificate Profiles has been restricted to be 4 Octets in size.
Changes to Appendix B	<ul style="list-style-type: none"> • Annex B: The “Issuer” field of the Organisation Certificate, Root OCA and Issuing OCA Certificate Profiles have been restricted to be 4 Octets in size. The “Subject” field of the Organisation Certificate Profile has been restricted to 16 Octets in size, and the Root OCA and Issuing OCA Certificate Profiles have been restricted to be 4 Octets in size.

Consultation Questions

Additional Public Key Infrastructures and SMKI-related changes	
Q3	Do you agree with the proposed approach and legal drafting in relation to allowing RDPs to become Authorised Subscribers for Organisation Certificates?
Q4	Do you agree with the proposed approach and legal drafting in relation to the checks the DCC must apply when deciding if a Subscriber is an Eligible Subscriber?
Q5	Do you agree with the proposed approach and legal drafting in relation to the size restrictions on a number of fields in Device and Organisation Certificates?

12.4 Compliance Policy Independence Arrangements (CPIA)

Description of the Issue

260. The Compliance Policy (SEC Appendix C) requires the DCC to submit to an SMKI Independent Assurance Scheme. The scheme chosen by the DCC to fulfil this capacity (‘tScheme’) has been approved by the SMKI PMA.
261. The independence requirements laid out in the SEC (2.3 and 2.4 of Appendix C) require that the provider of the SMKI Independent Assurance Scheme be independent of the DCC and of each DCC Service Provider. It is specified no director of the scheme must be employed by the DCC or the DCC’s Service Providers.
262. The Independence Arrangements specified in the Compliance Policy outline that no director of a DCC Service Provider becomes director of the Independent SMKI

Assurance Scheme. However, since the tScheme Board membership is drawn from those organisations who operate the Scheme, it is possible that a director or employee of the DCC Trusted Service Provider will also be a tScheme Board member. To avoid the risk of an unnecessary breach of SEC obligations in this scenario, we propose to clarify the independence arrangements in more detail. We propose to amend the independence requirements so that no director or employee of the DCC or the DCC Service Provider can influence the outcome of the SMKI Assessment Reports.

Translation into Detailed Requirements

263. We have amended the Compliance Policy Independent Arrangements (CPIAs) to state that the SMKI Independent Assurance Provider is sufficiently independent of the DCC (and in all cases in this provision, its Service Providers), either if no director or employee of the DCC becomes director or employee of the SMKI Independent Assurance Provider, or where this is the case, that person can have no influence on any decisions made by the provider of the scheme in respect of the approval of any person or the accreditation of any thing in accordance with the scheme.

Legal Text

Section	Summary of new SEC Provisions
Changes to Appendix C	<ul style="list-style-type: none"> 2.3-2.4: These provisions have been amended to effect that the SMKI Independence Assurance Provider is independent of the DCC and its Service Providers so that no director of the DCC or the DCC Service Provider can influence the outcome of the SMKI Assessment Reports.

Consultation Questions

Additional Public Key Infrastructures and SMKI-related changes	
Q6	Do you agree with the proposed approach and legal drafting in relation to the clarified Independent SMKI Assurance Scheme?

13 Security-Related requirements & Post-Commissioning Obligations legal drafting

Changes proposed to protect DCC systems

264. A range of organisations will connect to the DCC via DCC Gateway Connections. Through these connections, the DCC will be exposed to security risks emanating from those connected Parties which if realised, could impact the availability of the DCC Systems. The DCC is obliged to ensure that it implements appropriate security controls on its interfaces to detect and prevent the realisation of these security risks, however, it is vital that connected Parties also implement proportionate controls on their own systems to mitigate the risk of compromise.
265. In developing the contents of its DCC User Gateway Interface Specification for consultation²¹, DCC has identified a range of security obligations that are considered necessary to ensure its systems are appropriately protected from those of connected Parties. The DCC has therefore proposed amendments to be made to the Section G security obligations and associated definitions.
266. This consultation seeks industry views on these changes and the associated legal drafting. These changes broadly fall into the following categories:
- an expansion of the scope of existing Section G obligations onto new User Roles and RDPs;
 - amendments to the definition of systems which connect to the DCC; and
 - the provision of capability for the DCC to take action to protect its systems should a connected Party's systems pose an imminent threat.

Post-commissioning obligations and associated limitation of liability

267. Sections H5 of the SEC outlines the steps that Parties must take following the commissioning of devices. These include the regeneration of device private key material, and the validation of public keys stored on the device. These steps are necessary to provide trust in the security credentials stored on the device. One respondent to the SEC Stage 4 Consultation raised a concern regarding the length of time during which organisations were given to perform these checks, as well as the need to replace the devices following any failure. It was suggested that the obligations were overly onerous and would be costly to comply with.
268. We have considered this challenge in consultation with our Transitional Security Expert Group (TSEG) and reviewed the post commissioning checks as a whole, to ensure they provide the expected security benefit. As a result we propose amendments to this content. This consultation seeks industry views on these changes and the associated legal drafting.

²¹ http://www.smartdcc.co.uk/media/10752/dcc_gateway_connection_and_codes_of_connection_-_for_publication.pdf

Translation into Detailed Requirements

Changes proposed to protect DCC systems

269. The detection and prevention of unauthorised system access or software execution is an important part of an organisation's approach to vulnerability management. Maintaining appropriate event logs of such system activity enables organisations to record anomalous activity and detect system intrusions. The need to consider such controls is outlined within the ISO/IEC 27001:2013 standard to which all Users and RDPs are required to comply. Further detailed obligations are currently in place for certain User Role types and it is proposed that these be extended to RDPs, Export Suppliers and Registered Supplier Agents.
270. It is proposed that the SEC requires all Users and RDPs to implement arrangements to:
- detect and prevent unauthorised software execution, and take appropriate remedial action where such software is installed or executed; and
 - detect and prevent unauthorised system access, and take appropriate remedial action where such software is installed or executed.
271. It is also proposed that all Users and RDPs be required to complete assessments of system vulnerabilities, and take appropriate remedial action where such vulnerabilities are identified. This obligation was previously consulted on in the SEC Stage 2 Consultation. In our response to that consultation we removed network operators from scope given their limited capability to impact on the integrity of data held on smart metering devices. The obligation is now being reconsidered in a revised form, such that the previous need for a CHECK or CREST certified organisation to perform the assessment is only needed for Suppliers. For all Other Users and RDPs the way in which the vulnerability assessment is completed will be down to their organisation to determine in accordance with their risk assessment.
272. Ensuring that staff are regularly made aware of new security threats, or of changes in organisational security policy will reduce the likelihood of Compromise to a system. It is therefore proposed that obligations in this area be strengthened to apply to all organisations connecting to the DCC. Specifically, it is proposed that all Users and RDPs make appropriate provision for training of their personnel in relation to information security. The change will impact RDPs, Export Suppliers and Registered Supplier Agents. As with the changes noted above, such controls must already be considered in order to comply with ISO/IEC 27001: 2013.
273. Appropriate Separation between systems enables more granular control of information exchanges and reduces the potential impact from indirectly connected systems. It is therefore proposed that the definition of User System and RDP System be amended to ensure such Separation measures are put in place. In practice, this means that Users and RDPs will need to implement controls to ensure that the exchange of information between their User Systems/RDP Systems and any other systems to which they are connected is controlled to ensure that these information exchanges are for a legitimate business purpose.
274. Under its SEC obligations DCC is obliged to take reasonable steps to resolve security incidents affecting its systems. In cases where its systems have been, or are imminently likely to be, Compromised due to a breach emanating from a Party connecting to its systems it is proposed that the DCC has the capability to temporarily suspend that connection. This will enable the DCC to support the connected Party in resolving the issue, whilst minimising the impact on service availability. We recognise that the suspension of DCC services could have a significant impact upon a User, and have

proposed measures designed to ensure that this power is only exercised in exceptional circumstances and then subject to oversight of the SEC Panel.

Post-Commissioning Obligations and associated Limitation of Liability

275. We accept there may be a number of reasons that a device fails to complete post commissioning checks within the seven day window allocated, and in many cases the checks may still be capable of being successfully completed at a later date. We therefore agree that it is inefficient to immediately replace a device where it may still be capable of successfully completing the checks. Instead, it is considered more proportionate for the device to be suspended until such a time that the post commissioning checks be completed, or the device be replaced. We therefore propose that devices be suspended, rather than replaced if post commissioning checks cannot be completed within the seven day window.
276. We have considered the additional need to extend the period during which these post commissioning checks may be performed. However, with the move towards device suspension, rather than device removal, we do not consider this extension to be necessary. Seven days should be sufficient in the vast majority of cases, and where it is not the Party will still be able to reconcile from the suspended state with a minimum impact on consumer experience.
277. We are minded to extend these post-commissioning obligations to require that on each relevant device the Recovery Key is validated. However, we recognise there are alternative points at which this validation may be done providing this is subsequent to the manufacture and delivery of the device. This includes validation during or prior to the installation process. We invite views on the legal drafting of this change, and as to when it is most appropriate to perform this check.
278. A range of SEC Parties are reliant on the information that is generated and sent by smart metering devices. While failure to complete these checks will leave the relevant SEC Party (i.e. either Supplier or the DCC depending on the device in question) in breach of the SEC, it is necessary to ensure that Parties that are negatively affected by such a breach are able to claim resultant losses. This might, for example, include a Supplier who inherits a meter on churn and subsequently finds that the relevant checks were not completed prior to or after the original device commissioning process was completed. It is reasonable that the incoming Supplier be able to recoup any losses, such as those arising from the need to replace the device, from the outgoing Supplier. We therefore propose changes to the limitations of liability content to address this issue.

Legal Text

Section	Summary of new SEC Provisions
Changes to Section E, G, H and M	<ul style="list-style-type: none"> • New security obligations for Export Suppliers and Registered Supplier Agents (G1.7). • New security obligations for Registration Data Providers (E2.14). • Capability for DCC to temporarily suspend services (H10.1-H10.3) • New post commissioning obligations (H5.33 – H5.39) and associated changes to limitation of liabilities (M2.7 and M2.8)

Consultation Questions

Security-Related requirements & Post-Commissioning Obligations legal drafting	
Q7	Do you agree that the proposed changes are necessary and proportionate to protect DCC Systems?
Q8	Do you agree with the proposed changes to the post commissioning obligations and associated limitation of liabilities?
Q9	At what point should the Recovery Key on a meter be validated?

14 Movement of some Technical Arrangements into Subsidiary Documents and Providing for Some SEC Milestones to be Turned into Dates

Description of the Issue

Movement of some Technical Arrangements into Subsidiary Documents

279. There are four sections of the SEC (H4, H5, H6 and O3) which deal with highly technical arrangements associated respectively with Processing Service Requests, Smart Metering Inventory and Enrolment Services and Processing Non-Gateway Communications. We consider that, predominantly due to the highly technical nature of these provisions, it would be more appropriate for the content of these sections to be contained within subsidiary documents rather than being within the main body of the SEC. This approach would also provide flexibility to designate these sections of the SEC pursuant to Condition 22 of the DCC licence and Section X of the SEC.

Providing for activities required under the SEC to be tied to dates instead of milestones

280. The SEC requires some activities to be carried out or completed a number of months before a milestone. As an example the DCC is required to submit the draft Common Test Scenarios Document to the Secretary of State “by the date seven months prior to the expected Commencement date of Interface Testing... (or such later date as the Secretary of State may direct)”.

281. Whilst reviewing these requirements we have identified that circumstances may arise where the Milestone moves back in time but we consider that the date on which an activity should be carried out or completed should not move back in time as well. The current SEC Drafting does not provide the flexibility for this to be considered, though in many cases the Secretary of State can direct a later date for when each activity is carried out or completed. To address this we propose amending all parts of the SEC where an activity is required by a point in time in relation to a Milestone so that the Secretary of State can direct that the Milestone is replaced by a date.

Translation into Detailed Requirements

282. In relation to the movement of some technical arrangements into subsidiary documents, we are proposing the following approach to making the necessary changes to the legal drafting:

- We have put forward proposed revised drafting for Sections H4, H5 and H6 which removes much of the detail from the version of these sections consulted upon as part of the SEC 4 Consultation. Subject to any comments on these sections we would propose to incorporate these revised versions of H4, H5 and H6 into the SEC. Similar changes would also be made for Section O3, although we have not put

forward specific drafting in this consultation since we believe that the equivalent changes are solely mechanistic.

- We propose to subsequently incorporate the detailed processing requirements previously included within these sections into the SEC as subsidiary documents: the Service Request Processing Document and the Inventory, Enrolment and Withdrawal Procedures, each of which we intend to produce. In doing so, we will take into account comments received on these processes as part of the responses to the SEC 4 Consultation. We are also consulting on further changes to the proposed post-commissioning obligations in Section H5 as part of this consultation. Views on these will also be incorporated into the drafting of the relevant subsidiary document.
- The precise timing of when the subsidiary documents would be incorporated into the SEC remains to be confirmed. However our current view is that the designation would take place immediately prior to the commencement of the provision of Enrolment and Communications Services by the DCC. If this proposed timing for designation changes to an earlier date, we will consult further on the timing, in the meantime invite comments on the proposals to incorporate the documents as subsidiary documents into the SEC at this time.

Consultation Questions

Movement of some Technical Arrangements into Subsidiary Documents and Providing for Some SEC Milestones to be Turned into Dates	
Q10	Do you agree with the proposal to move four sections of the SEC (H4, H5, H6 and O3) from the SEC into SEC subsidiary documents, and the proposed changes to the legal drafting accommodate this?
Q11	Do you agree with the proposed approach to amending the legal drafting to provide for the Secretary of State to direct that an activity is required to be carried out in advance of a specified date instead of a milestone?

15 Test Services to Support System Providers and Shared Systems, and Possible DCC Gateway Connection Requirements for Remote Testing

Description of the Issue

Testing of systems by third party providers

283. Nothing in the SEC prevents Parties from using sub-contractors, such as third party providers of systems, to perform tests required under User Entry Process Testing (UEPT) and SMKI and Repository Entry Process Testing (SREPT). However where this occurs, under the SEC, the SEC Party itself is deemed to be undertaking those tests (and that Party will need to procure access to the relevant DCC services for such purposes). The SEC does not currently enable third parties who wish to provide services or systems to prospective Users to undertake tests required for these User entry processes “on their own account” prior to offering those services or systems to a SEC Party.
284. Responses to the SEC 4 Consultation and feedback from companies interested in providing systems to interface with the DCC on behalf of prospective Users indicates that they would like to have access to a test environment that provides for them to undertake tests equivalent to those that are required for UEPT and SREPT. This would allow these companies to test their system prior to a Party seeking to use this third party system when undertaking UEPT and SREPT. It could also, subject to the detailed testing arrangements, enable additional Parties who are using the same system to rely on part or all of that system’s previous test results, obviating the need to repeat the same tests when undertaking UEPT or SREPT (see Chapter 8.2).
285. We recognise that providing for companies to undertake these tests should support competition and market entry because it supports the development of alternative ways of utilising systems that interface with the DCC. This should result in greater efficiencies in the way in which parties interface with the DCC and ultimately lower costs. We therefore propose amending the User System Tests requirements, which are provided to enable Parties to test interoperability of User systems, to make it more explicit that this test environment provides for those companies to do this. We expect the End-to-End and Enduring Approach Documents which the DCC produce to set out how Parties can apply to undertake these tests.
286. Under the SEC the costs of User System tests are recovered via the DCC’s fixed per meter charges and we consider that this approach should continue to apply in relation to the proposals outlined here.

Establishing and using Gateway Connections for testing purposes

287. We anticipate that DCC Gateway Connections will be needed to undertake User System Tests. We consider that companies who wish to provide services or systems to

prospective Users and wish to access the DCC test environment to undertake System Tests on their own account should accede to the SEC in order to do so.

288. In discussion with DCC it has become apparent that testing participants using the SM WAN at a remote test facility would need to have a means of generating and then sending service requests via the DSP (which would then be passed to the meter via the SM WAN). This may be technically feasible without a DCC Gateway Connection; however we understand that DCC is not planning to provide an alternative mechanism to enable this. This would mean access to a remote test facility would only be available via a DCC Gateway Connection, which is in turn is only open to SEC Parties. The SEC would therefore have to be amended to make this clear. Whilst we do not consider accession to the SEC to be a burdensome process, we would welcome views from stakeholders, especially those planning on using the remote testing service, on the implications of this approach.

Availability of the Device and User System Test Environment

289. We have received feedback that a number of organisations would like the test environment provided by the DCC to be in place as soon as possible, to give them more time to test different elements of their solutions.

290. The SEC provisions currently provide for the Device and User System test environment to be made available from the commencement of End-to-End Testing which shall follow the completion of Interface Testing. However the SEC provides for the DCC to recommend to the SEC Panel that End-to-End Testing should be provided from the commencement of or from some point during Interface Testing. We consider that this approach remains appropriate as it allows for the DCC to present the benefits and risks of its recommendation and to consult on the matter with Parties.

Translation into Detailed Requirements

291. In relation to testing of systems by third party providers we propose amending the requirements for User System Tests (H14.33) so that any Party is entitled to undertake tests equivalent to part or all of UEPT and SREPT.

292. Supporting this we propose that these Parties may:

- request that the DCC assesses whether they would meet the requirements of part or all of those UEPT or SREPT tests;
- request that the DCC provide written evidence confirming this assessment ; and
- where they dispute the DCC’s assessment, refer the matter to the Panel for its determination.

293. We have made a consequential change to Section M to support this to ensure that a Party who is undertaking tests pursuant to the Testing Services is not deemed to be a defaulting Party for not taking or requesting other DCC Services.

Legal Text

Summary of new SEC Provisions	
Changes to Section H14	<ul style="list-style-type: none"> • H14.20 and H14.29 have been amended so that a Party who wishes to rely on previous test results for a shared system may submit proof of those test results as part of the entry and/or exit

	<p>processes for UEPT and SREPT.</p> <ul style="list-style-type: none"> • H14.33 has been amended so that Parties are entitled to undertake tests equivalent to part or all of the User Entry Process Tests and SMKI and Repository Entry Process Tests.
Changes to Section M8	<ul style="list-style-type: none"> • M8.1(a) has been amended so that a Party will not be a defaulting Party if it has taken DCC Services

Consultation Questions

Test Services to Support System Providers and Shared Systems, and Possible DCC Gateway Connection Requirements for Remote Testing	
Q12	<ul style="list-style-type: none"> • Do you agree with the approach and proposed legal drafting supporting Parties undertaking tests equivalent to UEPT and SREPT on their own account?
Q13	<ul style="list-style-type: none"> • Based on our understanding of the DCC's remote testing offering, it may be that a DCC Gateway Connection is required, which would mean that remote testing would only be available to SEC Parties. We welcome views from prospective testing participants on the impact this may have on their plans.

16 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 consultation document.

Alert

A message from a Device or from DCC and sent 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 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, 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 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

This refers to the SEC Subsidiary Document identified as the 'DCC User Gateway Interface Specification'.

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; (f) an 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 and which is created by the Communications Hub Function.

Initial Live Operations

To realise the benefits as currently planned in the IA, we are expecting key programme participants to have the following minimum set of operational capabilities to support Initial Live Operations (ILO) in December 2015:

- The DCC will have built and tested its data and communication systems for SMETS 2 equipment and be operationally ready (e.g. service desk, call centres, logistics) to serve its users – principally energy suppliers and network companies.
- All of the large energy suppliers will be capable and ready to use the DCC services, start installing SMETS 2 smart meters and offer basic services to both credit and pre-payment customers.
- Gas and electricity distribution network operators will be capable and ready to support the installation of smart meters. Electricity DNO's will also be capable and ready to use the DCC service to improve network management by receiving and responding to alarms and alerts.

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 Communications 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 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 agreed to be bound by the requirements of the SEC.

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.

SEC Panel

A Panel of persons drawn from the energy industry and consumer organisations who oversee governance of the Smart Energy Code, 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 modifications Process.

Service Request

A communication to the DCC over the DCC User Interface (and in a form set out in the DCC User Interface Specification) that requests one of the Services identified in the 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 Specification) 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.

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
Northern Powergrid	

Annex B: Summary of Responses to Questions in the SEC 4 Consultation

Parties Involved in the Provision of Communications Hubs	
Q1	<p>Do you agree with the requirement for the DCC to consult SEC Parties on future tranches of Communications Hubs procurement?</p> <p>All respondents agreed that there should be a requirement for the DCC to consult SEC Parties on future tranches of Communications Hubs procurement. Some drew attention to the importance of consultation on the introduction of new Communications Hub variants. It was also suggested that the SEC should set out how the consultation should be undertaken, including a requirement for the DCC to take account of its findings.</p>
Q2	<p>Do you agree with the proposed approach to allow SEC Parties (which will include MOPs) to forecast, order, take delivery and return uninstalled Communications Hubs?</p> <p>The majority of respondents agreed that SEC parties, including Meter Operators (MOPs), should be able to forecast, order, take delivery and return uninstalled Communications Hubs. It was remarked that this will be important for Small Suppliers as they are likely to employ agents to procure Communications Hubs on their behalf. Some respondents advised that consideration should be given to how stockpiling could be avoided and it was suggested that a stock balancing exercise could be carried out at the end of the roll-out to minimise surplus stock.</p>
Communications Hub Support Materials	
Q3	<p>Do you agree with the proposed approach and legal drafting in relation to the development of the Communications Hub Support Materials?</p> <p>The majority of respondents agreed with the proposed approach and legal drafting in relation to the development of the Communications Hub Support Materials. Some respondents drew attention to the need for a governance process to be put in place which would include a robust change control process. A number of respondents also expressed concern that the Communication Hub Support Materials have not already been completed.</p>
Communications Hub Forecasting	
Q4	<p>Do you agree with the proposed approach and legal drafting in relation to forecasting of Communications Hubs?</p> <p>Respondents broadly supported the proposed approach to forecasting</p>

	<p>Communications Hubs, but a number expressed concerns. Several respondents highlighted it would be difficult for Parties to make accurate predictions for the proposed forecast periods, with some making the point that this would be dependent on factors outside their control, including the performance of the DCC. Some suggested that smaller Suppliers may struggle in particular to make long range forecasts.</p> <p>A number of respondents expressed the view that it was unreasonable to require that forecasts include numbers of Communication Hub Variants, particularly due to the uncertainty about the availability of HAN Variant Communications Hubs. It was also suggested that where a party fails to submit a forecast for a particular month, the forecasts that had been submitted in previous months should remain the unchanged and not set to zero as the current drafting requires.</p>
<p>Q5</p>	<p>Do you agree that forecasts that are submitted from the tenth month before a delivery month should include the numbers of Device Models to be delivered in that month in each region, and these should be subject to the specified tolerance thresholds outlined below (paras 47-48)?</p> <p>Respondents submitted differing views on whether Parties should be required to include numbers of Communications Hub variants in their forecasts. Concern was expressed, particularly by the Large Suppliers, that accurate forecasts of WAN variant numbers could not reasonably be expected in advance of a complete and precise WAN coverage database. It was also pointed out that it will not be clear whether there is a case for requiring forecasts of HAN variant Communications Hubs until they are defined.</p> <p>Some respondents highlighted that a requirement for orders to be linked to forecasts of variants could lead to over-stocking, resulting in higher costs which would be passed onto consumers. Some respondents suggested, however, that forecasts could be required of variants at a later stage in the roll-out, when they would be better able to predict numbers accurately.</p>
<p>Communications Hub Ordering</p>	
<p>Q6</p>	<p>Do you agree with the proposed approach and legal drafting in relation to ordering of Communications Hubs?</p> <p>While respondents generally agreed with the proposed approach and legal drafting in relation to ordering of Communications Hubs, respondents raised concerns with a number of aspects. Some Small Suppliers and a meter asset provider commented that a minimum delivery quantity of a palette could lead to smaller Suppliers receiving excessive amounts of stock which would be damaging for their businesses.</p> <p>Two Large Suppliers disagreed with the policy of delivering the minimum quantity of Communications Hubs, where a Party is required to submit an order but has not done so. They pointed to practical difficulties which may result from this policy, including the risk of Parties receiving deliveries of order that they cannot utilise.</p> <p>Some respondents also raised points related to forecasting which have been</p>

considered as part of question 5.

Communications Hub Delivery and Handover

Q7 Do you agree with the proposed approach and legal drafting in relation to delivery and handover of Communications Hubs?

There was broad agreement with the proposals relating to delivery and handover of Communications Hubs, but a number of detailed issues were raised. Many of these concerned the time that is allocated for Parties to confirm receipt of deliveries. Several Suppliers respondents remarked that five days was too short a period and a number asked for clarification whether the 'five days' refers to working days.

A number of Suppliers also called for the DCC to be given a time limit for resending replacement Communications Hubs where a delivery has been rejected, arguing that the current drafting could result in delays in deliveries which could prove disruptive.

Communications Hub Installation and Maintenance

Q8 Do you agree with the proposed approach and legal drafting in relation to installation and maintenance of Communications Hubs?

While a majority of respondents supported the proposals for the installation and maintenance of Communications Hubs, some respondents opposed particular aspects of the approach. A large proportion of the issues raised by respondents related to the provisions for the DCC to attend premises for the purposes of completing an installation. Some energy suppliers questioned the extent that the DCC's representatives would have the expertise to ensure compliance with the regulation and legislation that governs visits to consumer premises. Some Suppliers expressed the view that visits to premises by the DCC should only be necessary on exceptional occasions. Clarification was sought on the process in which the DCC would liaise with Supplier Parties where visits to premises are necessary, and the allocation of risk during the period between installation and removal of Communications Hubs.

Communications Hub Removal, Replacement and Returns

Q9 Do you agree with the proposed approach and legal drafting in relation to removal and returns of Communications Hubs?

Although a majority of respondents broadly agreed with the proposals on the removal and returns of Communications Hubs, a substantial number disagreed with particular points.

A number of Suppliers expressed concern at what they saw as an unrestricted ability of the DCC to request the removal of Communications Hubs in cases of product recall or technology refresh. This could have operational and cost implications to Suppliers and it was suggested that criteria and a requirement to consult affected parties should be added to the drafting.

Some larger Suppliers suggested that they should be permitted to diagnose Communications Hubs that they have removed and redeploy them if no fault

	<p>was found as this would reduce costs.</p> <p>It was suggested by a Small Supplier and a data management business that Suppliers should be able to leave Communications Hubs in place in non-domestic premises where the meter has been opted out of the DCC, as the high rate of churn in the non-domestic market is likely to mean that customers will move regularly between Suppliers who have opted into the DCC and those which have not.</p> <p>A few respondents commented that it would be unreasonable for supplies to pay termination fees in the case of no-fault found Communications Hubs if they have followed Communication Hub Support Materials (CHSM) processes.</p> <p>It was also suggested that there should be right of return for Communications Hubs prior to their installation, particularly where an agent loses its contract to supply, with a minimal charge.</p>
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<p>Q10</p>	<p>Do you agree that there should be an obligation for the first installing Supplier in a dual fuel premises to take all reasonable steps to install a Communications Hub that would work with both the smart meter that it is installing and the Smart Meter of the other fuel type?</p> <p>A majority of respondents agreed broadly with the proposal for the first installing Supplier in a dual fuel premises to take all reasonable steps to install a Communications Hubs that would work with both the Smart Meter that it is installing and the smart meter of the other fuel type. Some Small and Large Suppliers expressed concerns that the first installing Supplier encountering difficulties in determining whether or not the equipment that the second installing party will install will work with their equipment. It was also pointed out that there could be instances of smart installations being cancelled because first installers do not have sufficient confidence that they will be able to meet the proposed obligation, leading to greater levels of consumer dissatisfaction.</p>
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Communications Hub Returns Categories

<p>Q11</p>	<p>Do you agree with the Governments proposals in relation to the processes to determine the reasons for early return of Communications Hubs?</p> <p>There was general agreement with the proposals in relation to the processes to determine the reasons for early return of Communications Hubs. Some Suppliers proposed that they should be able to return non-fault communications hubs without being subject to a fee, or only being liable for a very minimal fee, as no testing would be necessary.</p> <p>One Large Supplier argued that Suppliers who have followed the processes that are set out in the support materials correctly should not be penalised.</p> <p>It was also suggested that the DCC should pay liquidated damages for Communications Hubs that are returned due to a special HAN variant installation if the information that have been provided in the WAN coverage database had been inaccurate.</p> <p>Some respondents pointed out that they could not comment on policy for the early returns of Communications Hubs until the fault diagnosis process is</p>
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agreed.

Transitional requirements in relation to Forecasts and Orders

Q12 Do you agree with the proposed approach and legal drafting in relation to the transitional requirements for Communications Hubs forecasts and orders?

There was strong support for the proposed approach for transitional requirements for Communications Hubs forecasts and orders, although some respondents expressed concerns about the ability of Small Suppliers to forecast accurately. It was suggested by one Large Supplier that the WAN coverage database should indicate the Device Model that is required at postcode level by end of November 2014, so if further detail is required in the first Communications Hubs forecast, the information will be available.

Consequential Changes to the DCC Licence

Q13 Do you agree with our proposed changes to the DCC licence to require the DCC to offer services to non-SEC Parties where required to do so under the SEC?

A large majority of respondents to this question agreed, or agreed with caveats to our proposal. One Small Supplier disagreed, arguing that disputes should be raised through SEC Parties. One respondent queried why non-SEC Parties could not simply become SEC Parties in order to participate.

For those who agreed with caveats, comments and observations included:

- that overall DCC integrity is not compromised if non-SEC Parties are able to participate in sub-sets of the SEC and related comments that these services must be explicitly defined in the SEC so that the broadening of scope does not come at the detriment of service levels;
- that non-SEC Parties should pay the same base level costs that SEC Parties must; and
- one Large Supplier was not persuaded that Ofgem was best placed to determine on disputes if one of the parties to the dispute was not a licensed party.

The DCC provided a number of comments in response to this question:

- it suggested that there were no significant cost savings for organisations in not becoming SEC Parties as they would, in any case, need to review the bilateral specimen agreements which refer to many parts of the SEC;
- it suggested that the SEC Panel should have a role in verifying requests from non-SEC Parties so as to manage vexatious requests;
- it noted that the managing a significant number of varying contracts has not been factored into the DCC's resource model;
- it raised a concern about the security implications of unknown equipment being connected to the test environments. It said it would manage this by specifying entry criteria in the End to End Test

Approach document and said that it would welcome this being explicitly stated in the SEC/ bilateral agreements as appropriate; and

- it suggested that access to the test environments should only be provided to device manufacturers and parties who wish to act on behalf of Suppliers for the purpose of testing devices and systems. It said that it will define the criteria that must be met by this category of test participant prior to the commencement of testing, including security requirements that must be met. It would like the legal drafting to reflect this and considered that this may be addressed by the obligation on the SEC Panel to verify requests as mentioned above.

Ofgem agreed with the proposed changes to the DCC Licence but suggested that any dispute from a non-SEC party relating to the terms of the offer should be considered by the SEC Panel in the first instance.

Provision of Communications Hubs for Testing

Q14 Do you agree with the proposed approach and legal drafting in relation to the provision of Communications Hubs for testing?

The majority of respondents agreed in principle with the proposals set out regarding Communications Hubs for testing purposes. Several prospective Users of Communications Hubs for testing suggested that the period for being able to return Communications Hubs where they were defective (set at 28 days in the drafting) was too low, and should be extended.

Prospective Users also sought further clarity on the extent to which Test Communications Hubs could be used as part of any testing service offered by the DCC, and how any functionality may be limited. This issue was also highlighted by the DCC, who noted that Communications Hubs for testing would be limited in their use outside the DCC testing environment, and noting that this limited usage may have a bearing on the extent to which Users may wish to procure them.

The DCC offered general support to the intention to provide Communications Hubs to support testing activities, but that this should go hand in hand with the provision of a remote test service. It noted that there were no commercial mechanisms in its contracts with Service Providers that would allow it to meet these requirements, and changes would need to be made to those to provide this offering under the SEC. DCC also noted that there may need to be a costly configuration and release management system developed to support the use of prototype test Communications Hubs, and that any provision of Test Communications Hubs prior to the establishment of the Communications Hub Ordering System would need to be managed under different rules.

Prospective Users also requested further clarification as to the nature of any prototype test Communications Hubs that were offered, and any limitation on their functionality.

One Large Supplier queried the requirement to pay for Test Communications Hubs before receipt and that payment should only be required after delivery.

The DCC noted that an obligation to provide Communications Hubs for testing within two months of ordering may not be possible, suggesting that

four months was a more appropriate lead time.

Security Governance

Q15 Do you agree with the legal drafting in relation to Security Governance?

A large majority of respondents expressed broad agreement with the legal drafting relating to security governance, although there were a number of specific issues raised. Support for the proposals was consistent across different industry sectors, with a clear majority of Large and Small Suppliers and network operators expressing support for the proposals.

Some of those expressing agreement with the proposals noted that the legal drafting reflected the policy intent as discussed with working groups on security.

Some Suppliers, questioned the nature of the Security Sub-Committee membership structure, stating that having only six places for Large Suppliers was insufficient, given that there are now nine Large Suppliers as per the SEC definition.

A small minority of respondents questioned whether the provisions governing the level of expertise required of Security Sub-Committee members were strong enough, stressing the importance of ensuring that members had sufficient experience to be able to properly contribute to the workings of the group.

A small minority of respondents also stated that representatives of Other DCC Users and of consumer interests should be provided with an opportunity to join the Security Sub-Committee.

Finally, a small minority of respondents questioned whether the proposal that the Security Sub-Committee Chair be appointed to a three year term was too long.

Security Assurance

Q15a Do you agree with the Governments proposals in relation to Security Assurance? In particular on:

- **the proposal for the SEC Panel to procure a central CIO on an initial basis;**
- **the proposal for Users to meet the costs of security assessments that are undertaken at their organisation;**
- **the proposal for a three year rolling cycle of security assessments to be used to provide assurance on Users;**
- **the process for identifying and managing non-compliance; and**
- **the assessment arrangements proposed for DCC.**

The majority of respondents expressed broad support for the proposed assurance arrangements. All network operators who put forward a view expressed support for the proposed arrangements. There were some Suppliers who didn't agree with the proposals, although there was a small majority in favour of the proposals across both large and small organisations.

In relation to User assurance, a majority of respondents were in favour of the proposal to centrally procure a Competent Independent Organisation (CIO) to complete the assessment. Respondents in favour of the proposal cited the potential for cost efficiencies, and the consistency in assessment which would be provided by having a single firm performing the assessments.

Some respondents disagreed with the proposals on a number of particular points. Some respondents stated that having a single CIO could increase costs to Users, as it could exploit a monopoly position. Respondents also questioned whether one organisation could be suitably independent and able to provide the resources needed to assess the large volume of Users.

There were mixed views on the proposed three-yearly cycle for User assessment. A large majority of network operators and Small Supplier respondents were in favour of the proposals, but larger Suppliers did not agree with them.

A large majority of respondents were in favour of the proposal for Users to meet the cost of their own security assessments. Of those respondents who disagreed with this proposal some questioned whether it may form a barrier to entry for smaller prospective Users.

Most of the Suppliers who disagreed with the proposal suggested that the model which underpins ISO 27001, whereby the results of the initial assessment are taken into account when deciding upon the nature of subsequent assessments, could be used in this case.

A number of respondents raised concerns with regards to the confidentiality of User security assessment reports, stressing the need for recipients to take due care to ensure that the information contained within such reports was not disseminated to unauthorised individuals.

A small number of respondents queried the need for the CIO to develop a Security Controls Framework in order to guide the assessment, asserting that ISO 27001 would serve as a suitable guide for the auditor.

With regard to the proposals for managing non-compliance, a large majority of respondents expressed broad agreement with the proposals. A small minority of respondents requested greater detail regarding the process to be followed in the event that a User disagreed with the findings of the CIO report.

Support was strong for the proposed DCC assurance arrangements, with a large majority of respondents offering comments on this in favour of the proposals.

Privacy Audits

Q16 Do you agree with our proposed approach and legal text for SEC in relation to Privacy Assessments?

The majority (13 out of 17) of responses were supportive of the proposals as set out, though a number of these sought further clarity on the detail.

Furthermore five respondents made comments about the general approach which links security and privacy audits, questioning whether an accurate parallel could be drawn between the two, and whether this approach would

	<p>ultimately be the most effective and efficient. One respondent disagreed with the proposals on the basis that they did not sufficiently account for the non-domestic market and specific circumstances that Suppliers face in that sector.</p>
Q17	<p>Do you agree with the specific proposals for undertaking random sample compliance assessments?</p> <p>There were 17 responses to this question with 16 supporting the proposed approach. There were a number of requests for further clarity on the methodology for random selection.</p> <p>One larger Supplier agreed with the proposals in respect of random checks, but considered that the costs of these should be met by the "Other Users" party category and not all Users (covered in Q18).</p>
Q18	<p>Do you agree with the proposal for Users to meet the costs of the privacy assessments that are undertaken at their organisation?</p> <p>16 of the 19 responses to this question supported the proposed approach for Users to meet the costs of privacy assessments undertaken at their organisations. A number commented that it would be important to ensure that there was transparency of charging and demonstration of best value for money in procurement.</p> <p>One Large Supplier, whilst agreeing that the cost of privacy assessments should be met by the organisations undergoing them, argued that the costs of random sample compliance checks should not be met by all Users but just by Other User. One Small Supplier disagreed with the proposal and argued that all the costs associated with privacy audits should be met by all Users.</p> <p>Additionally the DCC noted that it would require information on costs for budgeting purposes and that a requirement should be placed on the SEC Panel to provide this in a timely fashion.</p>
Q19	<p>What are your views on potential future changes to the SEC to provide for reporting the results of privacy assurance assessments bodies such as Ofgem, DECC, ICO and Parties generally?</p> <p>There were mixed views in response to this question. Of the 19 responses which addressed the question just over half were broadly supportive of potential future changes to the SEC to allow the reporting of the results of privacy assurance arrangements.</p> <p>Respondents raised a number of issues including further consideration of the organisations that should receive information; the use that could be made of it; and appropriate aggregation and making information in reports anonymous. Some similar points were also made by respondents who did not agree with such reporting.</p> <p>Additionally a number of respondents considered that the arrangements already set out in the SEC were sufficient and provided a route for</p>

	remediation and subsequent escalation to Ofgem if warranted. A number of points were also made about the commercially sensitive nature of such reports and the interplay with other statutory obligations and powers.
Q20	<p>Do you agree that the proposed legal drafting reflects the position reached in the SMETS2 consultation response, that Users should be required obtain consent and to verify the identity of the energy consumer from whom they have obtained the consent prior to pairing a CAD?</p> <p>15 of the 19 respondents broadly agreed that the proposed legal drafting aligned with SMETS2 consultation response. However a number of comments were made about the clarity of the legal drafting, in particular whether it should apply only to 'Other Users' in-line with the obligations regarding service requests to retrieve consumption data. Concerns about including registered Suppliers in the scope of the obligation were twofold: firstly it would place further obligations on Suppliers when installing IHDs – where there are already detailed requirements in the Smart Metering Installation Code of Practice (SMICOP); and secondly – if the requirement were subject to audit then this would mean that all Suppliers would need to undergo a Privacy Assessment. This is contrary to the proposals around Privacy Assessments as they are intended to only apply to Other Users. One Supplier was also concerned that the implications for non-domestic Suppliers were not taken into account and required further consideration.</p>
Security Requirements	
Q21	<p>Do you agree with the proposed updates to the Security Requirements and the associated legal drafting?</p> <p>A large majority of respondents, comprising organisations from a variety of different sectors, expressed broad agreement with the proposals.</p> <p>A large number of respondents caveated their agreement, making points on small issues and tweaks to the drafting which they would like to see. There were a variety of issues covered in these points, with little convergence between respondents.</p> <p>Some respondents commented on the need for the security obligations to be reviewed in line with the business processes being developed to support Suppliers' communications with smart meters.</p> <p>Some respondents commented on the definition of the DCC User's 'User System', arguing that, given the greater clarity which had emerged over the functionality available to DCC Users over the DCC's Self-Service Interface, it was no longer appropriate to include systems used to communicate over that interface within the scope of the definition.</p>
Q22	<p>Do you agree that we should also include in the SEC obligations on the DCC and Users which limit the future dating of commands to 30 days?</p> <p>A large majority of respondents expressed support for the proposal to place a limit of thirty days on the extent in the future to which commands can be</p>

future-dated.

A number of respondents highlighted the need to keep the length of the time limit imposed under review as meters were rolled out, to ensure that it remains fit for purpose.

A small minority of respondents considered a 30 day limit to be overly restrictive, arguing that it could cause issues for Suppliers in instances where they need to perform actions across a large number of meters in a short timeframe (e.g. a price update).

Further Restrictions on Parties Eligible to Subscribe for Certain Certificates

Q23 Do you agree with the proposed approach and legal drafting in relation to which parties are eligible to subscribe for specific Organisation Certificates?

The majority of the 16 respondents to this question agreed with our proposals. A third of respondents have expressed the view that the outlined arrangements should be slightly amended.

One respondent stated that it is unnecessary that all versions of the Certificate Revocation List (CRL) and Authority Revocation List (ARL) must be stored in the SMKI Repository.

Another respondent suggested that the SEC must outline additional provisions that cover Transport Layer Security (TLS) for DCC Gateway Communications and the security of information exchange with the SMKI Registration Authorities (RAs).

A Gas Network Operator sought confirmation that the outlined approach will enable GNOs to obtain an Organisation Certificate that can be placed on the Gas meter by the registered Supplier post-commissioning, without the need to become a DCC Service User.

Requirements on DCC to Establish Certain Certificates to Facilitate Installation

Q24 Do you agree with the proposed approach and legal drafting in relation to the Organisation Certificates the DCC must subscribe for in order to support installation of Devices?

All respondents who expressed a view agreed with the proposals.

Q25 Do you agree with the proposed approach and legal drafting in relation to the date on which the DCC must start providing live Certificates, in particular the proposal to turn off the DCC's response time obligations until the Stage 2 Assurance Report (see section 6.6) has been produced?

The majority of the respondents to this question were supportive of the proposals. Some respondents raised concerns with the proposal to not require the DCC to be bound by the Code Performance Measures before the Stage 2 Assurance report has been published.

One respondent suggested that a more appropriate approach would be to cap the service levels, or reduce the penalties associated with non-compliance. Other respondents suggested that the DCC's obligations should

continue to have effect during this period, and that the DCC should provide the service levels as described in the SEC even if it was not bound by them.

Requirements for Certain Certificates to be Placed onto Devices

Q26 Do you agree with the proposed approach for all Network Parties to have established SMKI Organisation Certificates?

The majority of respondents agreed with the proposed approach to require Network Parties to establish relevant Organisation Certificates by the start of ILO.

One respondent questioned whether a seven day window to install Organisation Certificates was appropriate, suggesting that a window of between 14 and 28 days would not unnecessarily increase the operational overheads for Suppliers and meter operators (MOPs).

Another respondent highlighted that there are risks associated with the proposal for the DCC to hold the Certificate keys, stating that since the private key will have been held by someone other than the DNO.

Q27 Do you agree with the proposed approach for Non-User Suppliers to have established SMKI Organisation Certificates?

The majority of the 15 respondents to this question agreed with our proposed approach to require all Suppliers to establish their Organisation Certificates by the time they acquire a consumer who has a Smart Metering System which has been enrolled with the DCC.

One Small Supplier respondent suggested that the principle of a “safe state” meter should be expanded upon.

A Large Supplier respondent indicated that more information considering how the secure Non-Gateway Interface would operate and provide support to non-Users is needed.

Q28 Do you agree with the proposed approach and legal drafting in relation to specific SMKI Organisation Certificates placed on specific Devices?

The majority of respondents agreed with our proposals to align the SEC with the detailed requirements of the GBCS and for the need to clearly set out what Organisation Certificates need to be held on each type of Device and when they should be installed.

A Small Supplier respondent suggested expanding the legal framework to include provisions that support meters that do not have a specific Supplier SMKI installed before installation (“vanilla meter”). They suggested this would increase the efficiency of MAM operations, as multiple Suppliers could more easily be serviced by allowing a van to hold identical meters, rather than meters with different Organisation Certificates. Also the availability of a vanilla meter would enable networks to continue to offer meter replacements as part of smart Post Emergency Metering Services (PEMS).

SMKI Test Certificates

Q29 Do you agree with our proposal to require DCC to provide Test Certificates to Test Participants (who, in the case of non-SEC parties,

	<p>will have to be bound by an agreement entered into with the DCC) only for the purposes of Test Services and testing pursuant to Section T of the SEC, and to not require DCC to provide a Test Repository? Please provide a rationale for your view.</p> <p>To be provided in SEC 4B Response</p>
<h3>DCC User Gateway Services Schedule</h3>	
<p>Q30</p>	<p>Do you agree with the proposed approach and legal drafting in relation to the DCC User Gateway Services Schedule?</p> <p>To be provided in SEC 4B Response</p>
<h3>User IDs, DCC IDs and Party IDs</h3>	
<p>Q31</p>	<p>Do you agree with the proposed approach to centrally procure a EUI-64 Registry Entry?</p> <p>To be provided in SEC 4B Response</p>
<p>Q32</p>	<p>Do you agree with the intention to create a 'Party ID', enabling access to the Self Service Interface at a Party level?</p> <p>To be provided in SEC 4B Response</p>
<h3>Provision and Use of User Gateway Connections</h3>	
<p>Q33</p>	<p>Do you agree that the proposed legal drafting accurately reflects the process by which the DCC will provider connection the DCC User Gateway?</p> <p>With the exception of the DCC, all respondents who answered agreed with the proposed new drafting in Section H3, with many offering suggested changes and/or seeking points of clarification.</p> <p>Several larger suppliers noted the need for further amendments as the process for ordering is finalised, and the importance of understanding lead-times for ordering connections.</p> <p>One smaller supplier noted it was important that the provision of a high-volume connection should not be prohibitive and so unfairly impact smaller suppliers.</p>
<p>Q34</p>	<p>Do you agree that the drafting meets the needs of both DCC and its Users in establishing, maintaining and terminating connections? Please provide a rationale for your views and include any supporting evidence.</p> <p>The majority of respondents supported the drafting, with many offering suggested changes and/or seeking points of clarification.</p> <p>These included for shared services, with one respondent suggesting a proposal that Shared Service providers have access to categories of incidents which the a DCC User deems appropriate for the Shared Service Provider to perform their job, and another noting that the drafting does not appear to make provision for where equipment is shared, and a defaulting Party could erroneously cause the removal of equipment used by other</p>

	<p>Parties.</p> <p>The DCC did not agree with the proposed changes, and offered a range of suggestions and points of clarification to improve and correct the drafting.</p>
<p>Processing Service Requests</p>	
<p>Q35</p>	<p>Do you agree with the proposed approach and legal drafting in relation to Processing Service Requests?</p> <p>To be provided in the SEC 4B Response</p>
<p>Smart Metering Inventory and Enrolment Services</p>	
<p>Q36</p>	<p>Do you agree with the proposed changes to the approach and legal drafting in relation to Smart Metering Inventory and Enrolment Services?</p> <p>To be provided in the SEC 4B Response</p>
<p>Problem Management</p>	
<p>Q37</p>	<p>Do you agree with the proposed approach and legal drafting in relation to Problem Management?</p> <p>Respondents to this question broadly agreed with the approach to Problem Management set out in the consultation, with Energy Networks, Small Suppliers and 2 Large Suppliers in full agreement with the approach.</p> <p>Five Large Suppliers broadly agreed but four requested more detail and one suggested that Problem Management should be separated from Incident Management in SEC.</p> <p>One respondent agreed with the approach but suggested some terminology changes to bring SEC into alignment with the ITIL standards.</p>
<p>Service to allow consumers to find out which Users have accessed their consumption data</p>	
<p>Q38</p>	<p>Do you agree with the proposed approach and legal drafting in facilitating provision of a service to consumers to allow them to find out which Users have accessed consumption data from their meters?</p> <p>14 of the 15 respondents agreed with the proposed approach and legal drafting. There was widespread backing for developing a framework which supported transparency for consumers regarding who has accessed their data.</p>
<p>Q39</p>	<p>Do you agree with the proposed approach of not requiring any User to offer a transparency service to consumers at this stage?</p> <p>11 of the 13 respondents agreed with the proposed approach. There was widespread backing for not requiring any User to offer a transparency service to consumers at this stage.</p> <p>Some Supplier parties said that they thought that some DCC Users, and specifically Suppliers, will want to offer this service to their consumers as part of their normal relationship with the customer, and as this service will be</p>

accessed via the DCC's Self Service Interface the cost of providing such a service should be very low for existing Users.

Two respondents (Ofgem and Consumer Advice) disagreed with the proposed approach, arguing that, given the importance of the service, leaving provision to the market was not a satisfactory approach; and that the Government should ensure that a service is available to consumers. A respondent argued that this was necessary to ensure that consumers build and maintain trust in the system.

A number of respondents stated that thought should be given to how the availability of the transparency service could be explained to consumers. One respondent said that there could be a role for Smart Energy GB or the Consumer Advice Bureau.

Another respondent said that the Programme should explain the steps to be taken by a consumer should they discover that a User has accessed their data without their permission. The sanctions that would be faced by any User that does access a consumer's data without their consent also need to be made clear within the SEC.

Finally a respondent said that the SEC 4 drafting should be clear that DCC Users can only use the transparency service to provide the information on who has accessed data to the consumer; and that Users may not use the data for other purposes such as marketing.

Definition of a Large/ Small Supplier Party for the Purposes of Interface Testing

Q40 Do you agree with the proposal to provide for a date in the SEC when any assessment of whether a Supplier is Large / Small for testing purposes is made? If not, please provide evidence for why this approach would not work and what alternatives should be used.

The majority of respondents were supportive of the proposal for a date to be set by which Suppliers should consider themselves as Large Supplier parties for the purposes of complying with Section T of the SEC. One respondent disagreed with the proposal.

Of those who were in agreement, six larger Suppliers were supportive, with those who expressed a view suggesting that the date should be six months in advance of the start of Interface Testing.

Several respondents noted that issues may arise should a Supplier cross the threshold between being a Large or Small Supplier, and that a party may not be aware it has become a Large Supplier party on the date at which it would need to comply with Section T.

Several respondents sought clarification that it was the responsibility of the Supplier to make that assessment, as opposed to an assessment to be undertaken by the DCC. One Supplier suggested the SEC be amended to include a requirement for Suppliers to change their party details within a month of any change taking place.

One larger Supplier suggested the SEC should change its definition of a Large Supplier Party to cover those Suppliers which serve one million or more (as opposed to 250,000 or more) consumers.

Registration Data

Q41 Do you agree with the proposed approach and legal drafting in relation to registration data text alignment?

The majority of those that responded agreed with the proposed changes, with suggestions being offered to add further clarity to the drafting.

One Network Operator suggested an alteration to E2.1(i) in order to reflect that an objection itself is not withdrawn, but rather that the registration is withdrawn. Another network operator supported this view.

One Small Supplier suggested that the provision of information from DCC to Electricity and Gas RDPs should align, and the new requirement for passing additional data from DCC should also apply to gas RDPs.

One Network Operator suggested changes to E2.1(c) to make it accurately reflect the structure of the MRA.

One Large Supplier suggested that the list of data items is annexed to the SEC to add additional clarity

One Network trade organisation did not agree with the changes and noted that the drafting was now less clear.

One Large Supplier noted that the requirement to note the electricity Network for registration data has been lost, and should be retained.

DCC requested a new data item: E2.1 (j): details of whether a Metering Point registration has been withdrawn (at the date on which the Registration Data is provided).

Provision of Data for the Central Delivery Body

Q42 Do you agree with the proposed approach and legal drafting in relation to provision of market share information to the CDB including Ofgem determining disputes between the CDB and the DCC?

To be provided in the SEC 4B Response

Connections Between the DCC and RDPs

Q43 Do you agree with the proposed approach to RDP/DCC connections and the associated legal drafting?

All respondents who provided a comment supported the proposed approach, and the associated legal drafting.

Q44 Do you agree that Network Parties using the same RDP should be jointly and severally liable for failure of that RDP to comply with provisions relating to the RDP's use of the connection provided to it by the DCC?

All respondents agreed with our proposals, except one who considered that we should make RDPs become SEC Parties.

Explicit Charges for Certain Other Enabling Services

Q45	<p>Do you agree with the proposed approach and legal drafting in relation to provision of Explicit Charges for Certain Other Enabling Services?</p> <p>All respondents to this question were supportive of the suggested amendments to the legal drafting of the SEC related to Explicit Charges.</p> <p>One respondent set out their objection to the existing approach for transparency of elective services which was not the subject of the consultation.</p> <p>A number of comments and questions were also raised related to matters of detail including queries related to future charges.</p>
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Q46	<p>Do you agree with broadening the scope of DCC Licence Condition 20 to include the Other Enabling Services which attract an explicit charge?</p> <p>All respondents to this question were supportive of the suggested amendments to the legal drafting of the licence related to Explicit Charges. Some comments and questions were raised in relation to matters of detail.</p>
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Confidentiality

Q47	<p>Do you agree with the proposed amendments to the legal drafting which introduce a new controlled category of DCC data, set out guidelines for types of data which may be marked as confidential or controlled and limit liability for breach of the latter category?</p> <p>To be provided in SEC 4B Response</p>
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Q48	<p>Do you agree that liability for disclosure of controlled information should be limited to £1 million per event (or series of events) for direct losses?</p> <p>To be provided in SEC 4B Response</p>
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Q49	<p>Do you think that SEC Parties other than the DCC may have a need to mark data 'controlled'? If so, please outline what, if any, parameters ought to apply?</p> <p>To be provided in SEC 4B Response</p>
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Q50	<p>Do you agree that liabilities if these controls are breached should be limited to £1 million (excluding consequential losses)?</p> <p>To be provided in SEC 4B Response</p>
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SEC Consequential Changes: Alignment to DCC- and Supply Licences

Q51	<p>Do you agree with the proposed approach and legal drafting in relation to the consequential changes to align the SEC with the proposed changes to the DCC and Supply Licences?</p> <p>To be provided in SEC 4B Response.</p>
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Charging Matters

<p>Q52</p>	<p>Do you agree with the proposed approach and legal drafting in relation to the invoicing threshold?</p> <p>All respondents to this question were supportive of the envisaged approach and a few points of detail were highlighted.</p> <p>One respondent suggested the threshold should be increased to £250.</p> <p>Another respondent suggested the threshold should be expressed as a figure excluding VAT to allow for changes in the tax rate and the value should be adjusted by inflation each year.</p> <p>One respondent suggested that it should be clear that interest wouldn't apply in these circumstances.</p>
<p>Q53</p>	<p>Do you agree with the proposed approach and legal drafting in relation to the credit cover threshold?</p> <p>Almost all respondents to this question were supportive of the envisaged approach and a few points of detail were highlighted.</p> <p>One respondent expressed concern that the change in drafting in Section J to reference charging Parties rather than Users to Parties would introduce a liability on non-domestic Suppliers.</p> <p>One respondent suggested the drafting should be clear on whether this value stated was including or excluding VAT.</p> <p>One respondent suggested the amount should be subject to an RPI adjustment and another suggested the need for a formal review cycle.</p>
<p>Q54</p>	<p>Do you agree with the proposed approach and legal drafting in relation to scope for an explicit charge related to Services within the DCC User Gateway Services Schedule of zero?</p> <p>A large majority of respondents to this question were supportive of the envisaged approach and a few points of detail were highlighted such as the need for the DCC to monitor usage and report on the cost / implementation trade off.</p> <p>Some respondents objected on the basis that setting a zero charge is a fundamental change inconsistent with the charging objectives.</p>
<p>Facilitating charging for meters where there is a live supply of energy only</p>	
<p>Q55</p>	<p>Do you agree with the proposed amendment to the definition of 'Mandated Smart Metering System'? Views would be welcome whether this change has a material impact.</p> <p>All respondents to this question were supportive of the envisaged approach and a few points of detail were highlighted. Many said the proposed change would not have a material impact.</p> <p>One respondent stated that the arrangements should only apply until September 2015.</p>
<p>Power Outage Alerts</p>	
<p>Q56</p>	<p>Do you agree with the proposed approach and legal drafting regarding</p>

power outage alerts?

To be provided in SEC 4B Response

Proving Testing of Shared Systems**Q57 Do you agree with the proposed approach and legal drafting in relation to the testing of shared systems?**

A large majority of respondents agreed or agreed with caveats to the proposed approach and legal drafting for proving testing of shared systems. A number of respondents commented that there is a balance to be struck between providing a cost-effective approach which avoids duplication of testing and one which proves that a shared system and each of its Users meet testing requirements. Some respondents considered that the proposed drafting delivered this balance and emphasised the importance of these provisions, others asked for additional detail, or noted that this would come in documents being developed by the DCC.

Citizens Advice suggested it might be preferable to “require a stripped back alternative testing system” rather than “excepting the User from any testing whatsoever”. The DCC noted that where several Parties choose to use the same shared system, it will not be possible for one Party to place reliance on the testing that is undertaken by another Party in all circumstances.

The DCC suggested that where a Party makes changes to its systems following completion of UEPT (including because it ceases to use a shared service provider), then it should be required to re-run aspects of UEPT.

The DCC also noted that third parties who wish to provide services to prospective Users are prevented from undertaking User Entry Process Testing in their own right prior to offering that service to a SEC Party.

Remote Testing and Testing Services**Q58 Do you consider the costs of remote access to the test SM WAN should be socialised across all Users or charged directly to those test participants who use the service? Please provide an explanation for your answer.**

The majority of those who responded considered that each User should be charged individually for connection via the SM WAN to the remote testing service (Option 2 of those proposed). One of the larger Suppliers suggested that any other cost that DCC incurs should then be socialised, with another larger Supplier noting that there were no shared benefits in socialising costs, pointing out that the service could also be used by non-Users.

DCC also agreed with Option 2 as they considered that Option 1 would add further complexity to forecast potential usage in order to contribute to setting DCC budgets.

Of those who were in favour of Option 1 (costs socialised across all Users), one respondent stated that the assurance of the solution will be to the wider benefit of robust and predictable smart metering and market operations. Two other respondents commented that high individual charges under option 2 could be a barrier to entry for new market participants.

Communications Hub Asset and Maintenance Charging

Q59 Do you agree with the proposed legal drafting in relation to Communications Hub Asset and Maintenance Charges?

A large majority of those stakeholders that responded to this question were supportive of the legal drafting related to charging for Communication Hubs. A number of respondents also provided detailed drafting points related to charging for Communication Hubs.

A number of respondents expressed more general concerns regarding elements of the charging policy related to Communications Hubs with regard to HAN variant pricing.

A number of respondents also sought clarification regarding elements of detail regarding how the charging regime for Communications Hubs is envisaged to operate.

Communications Hub Charging following removal and/or return

Q60 Do you agree with the proposed legal drafting on Communications Hubs Charging following removal and/or return?

A large majority of those stakeholders that responded to this question were supportive of the legal drafting related to charging for Communication Hubs; with a number of respondents also providing detailed drafting points related to charging for Communication Hubs.

A number of respondents expressed more general concerns regarding elements of the charging policy related to Communications Hubs covering: (i) the approach to non-domestic opted out; and (ii) the return charge for a non-faulty Communications Hub, however these are comments on concluded policy.

A number of respondents also sought clarification regarding elements of detail regarding how the charging regime for communications hubs is envisaged to operate.

Non-Domestic Supplier Opt Out

Q61 Do you have any views on the operation of SMETS2 meters that are opted out of DCC services in light of:

- the conclusions on SMKI set out above; and
- any other matters, including GBCS, that may affect two-way communications with an opted-out meter?

To be provided in the SEC 4B Response

Requirements on Subscribers and Relying Parties

Q62 Do you agree with the proposed legal text with respect to the DCC's, Subscriber and Relying Party obligations and associated liabilities?

The majority of respondents agreed to the proposals for the DCC's Subscriber and Relying Party obligations and associated liabilities.

A consumer advice body suggested that additional provisions governing liabilities where issues related to the Certificate result in outages or other problems should be included.

A Technology and Communications Provider respondent raised some technical issues in relation to the Subscriber and Relying Party Agreement.

Enrolment of SMETS1 Meters Installed During Foundation

Q63 Do you agree with proposed legal text in relation to the Initial Enrolment Project for SMETS1 meters installed during Foundation?

In total 13 stakeholders responded to this question. Responses were broadly supportive of the proposed legal text for the Initial Enrolment Project for SMETS1 meters, with approximately half offering specific drafting suggestions or queries in relation to the policy.

In particular, three respondents commented on the merits of the DCC undertaking as part of the Initial Enrolment Project Feasibility Report, a full cost-benefit analysis of enrolling SMETS1 meters. One energy network and one Large Supplier supported such an analysis to ensure that the benefits of enrolment and adoption are not outweighed by costs to Suppliers, while the DCC sought confirmation that it would only be required to identify DCC costs and not need to undertake a value for money assessment.

Two respondents queried whether bespoke services can be provided to different cohorts of adopted SMETS1 meters. One Large Supplier indicated its support for such an option while the DCC proposed that to reduce complexity, a single service should be provided to all SMETS1 meters.

Two Large Suppliers and the DCC also commented on the adoption criteria for SMETS1 meters. The two Suppliers set out that they would like greater certainty on the criteria, perhaps by reference to previous iterations consulted upon. The DCC sought confirmation that it had discretion to develop suitable adoption criteria, not necessarily related to previous iterations.

Q64 Does the contents list for the Initial Enrolment Project Feasibility Report (para 401) cover the required issues for the DCC to address? Are there any additional areas which you consider the DCC should be specifically required to include?

Responses were broadly supportive of the proposed legal text for the Initial Enrolment Project for SMETS1 meters and the proposed content of the DCC's Initial Enrolment Project Feasibility Report (IEPFR). There were some questions in relation to the general policy approach and a number of specific drafting suggestions.

Several respondents raised concerns over control of the costs and benefits from SMETS1 enrolment. Three respondents suggested the DCC should undertake a full cost-benefit analysis of enrolling SMETS1 meters as part of the IEPFR.

A number of respondents also enquired whether different SMETS1 meters populations would be able to offer different services upon enrolment based on their functionality.

Two Suppliers and the DCC responded on the adoption criteria that will be

included in the IEPFR. The two Suppliers set out that they would like greater certainty on the criteria, by reference to a previous iteration of the adoption criteria consulted upon, but ultimately not included in the SEC 4 draft legal text in order to retain DCC discretion.

The DCC sought confirmation that it could develop suitable adoption criteria, not necessarily related to previous iterations, if it deemed fit.

Charging for Foundation Meters

Q65 Do you agree with the proposed legal text in relation to charging arrangements for the on-going communications costs of Foundation Meters enrolled in the DCC?

The majority of respondents were content with the proposed legal text. One respondent sought confirmation that the proposed legal text does correctly deliver the policy intent.

One respondent challenged the overall policy, suggesting that where a Supplier has established a communication contract that is cheaper than the equivalent charge for a SMETS2 meter operated through the CSP then these lower costs should be reflected via a lower charge by the DCC to that Supplier.

User Supplier to Non-User Supplier Churn

Q66 Do you agree with the proposed approach and legal drafting in relation to User Supplier to Non-User Supplier churn?

In total eighteen stakeholders responded to this question. Responses were broadly supportive of the proposed approach and legal drafting in relation to User Supplier to Non-User Supplier churn, with several respondents offering specific drafting suggestions or queries.

The DCC noted that while the SEC 4 consultation stated that the Non-Gateway Interface Specification (NGIS) would be provided at the cost of £100k, the final cost would be subject to a full Impact Assessment. A larger Supplier stated that the NGIS should be of proportionate cost and specification.

One Small Supplier proposed that the Non-Gateway Interface process should be extended to the non-domestic meters opt-out for non-domestic Users.

One Small Supplier emphasised the importance of non-Users having a straightforward, automated process for taking on a smart meter system.

Annex C: Summary of Responses to Questions in the Transition Consultation

Transition Consultation	
<p>Q1</p>	<p>Do you agree with the proposed transitional measures to support Communications Hubs forecasting for an interim period?</p> <p>In particular:</p> <ul style="list-style-type: none"> • Do you agree that the proposal to submit forecasts via email for an interim period (until June 2015) is acceptable? • Do you agree that the DCC should provide certain WAN information via spreadsheet (CSV format) in advance of the full WAN information being available in June 2015? <p>Respondents to the Transition Consultation broadly agreed with the specific transitional arrangements that had been proposed for the submission of forecasts and access to WAN coverage information. A number reiterated the point that had been made responses to the SEC Stage 4 consultation that Parties could struggle to forecast WAN variant numbers in advance of full WAN coverage information,</p>
<p>Q2</p>	<p>Do you agree with the proposed transitional measures to support transitional service management for those services that the DCC will be offering prior to the commencement of its full service management arrangements? If you do not agree, please explain your rationale.</p> <p>All of the respondents who expressed a view agreed that an interim service management framework was appropriate. A number made detailed comments on specific obligations.</p> <p>Some Suppliers disagreed that the DCC should have 3 days to notify relevant Parties that an incident had been resolved, suggesting that 24 hours should be sufficient given the likely limited number and nature of incidents covered by the transitional arrangements.</p> <p>One Supplier suggested that in the event of the Interim Service Desk become unavailable a back-up should be in place within one, rather than two days.</p> <p>A Supplier asked if testing services were within the scope of the interim service management arrangements.</p> <p>A Supplier suggested that the DCC should be required to use an Incident Management Log as will be required under the enduring service management arrangements.</p> <p>A number of suppliers noted the ability of the DCC to determine prioritisation of interim service Incidents (X7.13) and requested that relevant Parties were involved in determining prioritisation.</p>

	<p>One supplier was concerned about the lack of weekend coverage, in particular with respect to any impacts on end users.</p> <p>The DCC considered that it should have flexibility with respect to the contact details it may reasonably request from relevant Parties and as to the contact details it provides.</p> <p>The DCC also suggested that the requirement in X7.20 (report on Interim Service Desk unavailability) may not be possible to achieve.</p>
<p>Q3</p>	<p>Do you agree that the DCC Licence and SEC should be modified so that updated versions of SEC subsidiary documents may be re-designated by the Secretary of State and incorporated into the SEC?</p> <p>Most of the respondents who expressed a view were content with our proposals, with some additional comments with respect to process. One supplier said its support was conditional on the proposals being a transitional measure only, another supplier was not content and one said it was unclear on the proposals.</p> <p>The supplier who did not support the proposal said this was because it did not believe that the proposed approach facilitates an open and transparent decision making process. It also questioned why the existing Urgent or Fast Track modifications route in the SEC was not suitable for such matters.</p> <p>The supplier who gave conditional support also suggested use of the Urgent modification route in the first instance. It also proposed that the power should be subject to a sunset clause such that they lapse after “DCC Initial Live Operation is achieved, by which time the SEC should be fully implemented”.</p> <p>Other respondents who supported the proposal also made observations around the importance of consultation with stakeholders.</p>

Annex D: Legal Drafting

The link below includes the following documents, which set out the legal drafting provided with this response, they are:

- the SEC 4 consultation version of the SEC, with the content we are concluding on in this document shown as marked changes in red and the drafting we are further consulting on is shown as marked changes in blue;
- the current DCC Licence with the content we are concluding on in this document shown as marked changes; and
- the current designated version of the SEC including the content we are concluding on and laying in this document.

<https://www.gov.uk/government/consultations/new-smart-energy-code-content-stage-4>

Annex E: Consultation questions

Additional Public Key Infrastructures and SMKI-related changes	
Q1	Do you agree with the proposed approach and legal drafting in relation to Infrastructure Key Infrastructure?
Q2	Do you agree with the proposed approach and legal drafting in relation to DCC Key Infrastructure?
Q3	Do you agree with the proposed approach and legal drafting in relation to allowing RDPs to become Authorised Subscribers for Organisation Certificates?
Q4	Do you agree with the proposed approach and legal drafting in relation to the checks the DCC must apply when deciding if a Subscriber is an Eligible Subscriber?
Q5	Do you agree with the proposed approach and legal drafting in relation to the size restrictions on a number of fields in Device and Organisation Certificates?
Security-Related requirements & Post-Commissioning Obligations legal drafting	
Q7	Do you agree that the proposed changes are necessary and proportionate to protect DCC Systems?
Q8	Do you agree with the proposed changes to the post commissioning obligations and associated limitation of liabilities?
Q9	At what point should the Recovery Key on a meter be validated?
Movement of some Technical Arrangements into Subsidiary Documents and Providing for Some SEC Milestones to be Turned into Dates	
Q10	Do you agree with the proposal to move four sections of the SEC (H4, H5, H6 and O3) from the SEC into SEC subsidiary documents, and the proposed changes to the legal drafting accommodate this?
Q11	Do you agree with the proposed approach to amending the legal drafting to provide for the Secretary of State to direct that an activity is required to be carried out in advance of a specified date instead of a milestone?
Test Services to Support System Providers and Shared Systems, and Possible DCC Gateway Connection Requirements for Remote Testing	
Q12	<ul style="list-style-type: none"> Do you agree with the approach and proposed legal drafting

	supporting Parties undertaking tests equivalent to UEPT and SREPT on their own account?
Q13	<ul style="list-style-type: none">• Based on our understanding of the DCC's remote testing offering, it may be that a DCC Gateway Connection is required, which would mean that remote testing would only be available to SEC Parties. We welcome views from prospective testing participants on the impact this may have on their plans.

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