

APPENDIX C – SMKI COMPLIANCE POLICY

1 INTRODUCTION

1.1 The document comprising this Appendix C:

- (a) shall be known as the “**SMKI Compliance Policy**” (and in this document is referred to simply as the “**Policy**”),
- (b) is a SEC Subsidiary Document related to Section L2 of the Code.

2 INDEPENDENT ASSURANCE SCHEME

DCC: Duty to Submit to an Independent Assurance Scheme

2.1 The DCC shall subject the SMKI Services to assessment against an assurance scheme which satisfies:

- (a) the quality requirements specified in Part 2.2;
- (b) the independence requirements specified in Part 2.3; and
- (c) the approval requirements specified in Part 2.5,

and that scheme is referred to in this Policy as the “**Independent Assurance Scheme**”.

Quality Requirements

2.2 The quality requirements specified in this Part 2.2 are that the Independent Assurance Scheme must be a scheme:

- (a) which is recognised as an accreditation scheme for the purposes of Article 3(2) of Directive 1999/93/EC on a Community framework for electronic signatures;
- (b) which is based on ISO 27001; and
- (c) the provider of which:
 - (i) is used by the United Kingdom Government to provide assurance in

Smart Energy Code Stage 3: Consultation Version

relation to electronic trust services; and

- (ii) requires all its scheme assessors to be UKAS certified.

Independence Requirements

- 2.3 The independence requirements specified in this Part 2.3 are that the provider of the Independent Assurance Scheme must be independent of the DCC and of each DCC Service Provider from which the DCC acquires capability for the purposes of the provision of the SMKI Services.
- 2.4 For the purposes of Part 2.3, the provider of the Independent Assurance Scheme is to be treated as independent of the DCC (and of a relevant DCC Service Provider) only if:
- (a) neither the DCC nor any of its subsidiaries (or such a DCC Service Provider or any of its subsidiaries) holds or acquires any investment by way of shares, securities or other financial rights or interests in the provider of the scheme;
 - (b) no director of the DCC (or of any such DCC Service Provider) is or becomes a director or employee of, or holds or acquires any investment by way of shares, securities or other financial rights or interests in, the provider of the scheme; and
 - (c) the provider of the scheme does not hold or acquire a participating interest (as defined in section 421A of the Financial Services and Markets Act 2000) in the DCC (or in any such DCC Service Provider).

Approval Requirements

- 2.5 Before entering into any agreement with the provider of the Independent Assurance Scheme, in accordance with its obligation under Section L2.2 of the Code, the DCC shall submit to the SMKI PMA for approval:
- (a) its proposed choice of scheme; and
 - (b) the proposed terms and conditions of its agreement with the provider of that scheme,

Smart Energy Code Stage 3: Consultation Version

and shall not enter into any such agreement unless the SMKI PMA has first approved the proposed Independent Assurance Scheme and the proposed terms and conditions of that agreement.

- 2.6 If the SMKI PMA does not approve either the proposed Independent Assurance Scheme or the proposed terms and conditions of the DCC's agreement with the provider of that scheme:
- (a) the SMKI PMA shall provide the DCC with a statement of its reasons for not doing so; and
 - (b) the DCC shall submit to the SMKI PMA for approval, as soon as is reasonably practicable, a revised proposal in relation to the scheme.

3 INDEPENDENT ASSURANCE SERVICE PROVIDER

DCC: Duty to Procure Independent Assurance Services

- 3.1 For the purposes of complying with its obligation under Section L2.2 of the Code, the DCC shall procure the provision of assurance services:
- (a) of the scope specified in Part 3.2;
 - (b) from a person who:
 - (i) is suitably qualified in accordance with Part 3.3; and
 - (ii) satisfies the independence requirements specified in Part 3.4,

and that person is referred to in this Policy as the “**Independent SMKI Assurance Service Provider**”.

Scope of Independent Assurance Services

- 3.2 The assurance services specified in this Part 3.2 are services in accordance with which the Independent SMKI Assurance Service Provider shall:
- (a) undertake an initial assessment of the SMKI Services against the Independent Assurance Scheme in accordance with Part 4;
 - (b) subsequently undertake further assessments of the SMKI Services against the

Smart Energy Code Stage 3: Consultation Version

Independent Assurance Scheme at a frequency:

- (i) recommended by the provider of that scheme; or
 - (ii) where there is no such recommended frequency, specified by the SMKI PMA;
- (c) at the request of, and to an extent determined by, the SMKI PMA, carry out an assessment of the compliance of any SMKI Participant with the applicable requirements of the SMKI Document Set;
- (d) at the request of the SMKI PMA, provide to it advice in relation to the compliance of any SMKI Participant with the applicable requirements of the SMKI Document Set;
- (e) at the request of the SMKI PMA, provide to it advice in relation to a review of this Policy, which shall include in particular:
- (i) recommendations as to the scope and frequency of assessments carried out in accordance with this Policy; and
 - (ii) advice in relation to the suitability of any remedial action plan for the purposes of Section M8.4 of the Code; and
- (f) at the request of the SMKI PMA Chair, provide a representative to attend and contribute to the discussion at any meeting of the SMKI PMA.

Suitably Qualified Service Provider

- 3.3 The Independent SMKI Assurance Service Provider shall be treated as suitably qualified in accordance with this Part 3.3 only if it is recognised by the provider of the Independent Assurance Scheme as being qualified to carry out assessments against that scheme.

Independence Requirements

- 3.4 The independence requirements specified in this Part 3.4 are that the Independent SMKI Assurance Service Provider must be independent of each SMKI Participant and of each service provider from whom that SMKI Participant acquires capability for any

Smart Energy Code Stage 3: Consultation Version

purpose related to its compliance with its obligations under the Code (but excluding any provider of corporate assurance services to that SMKI Participant).

- 3.5 For the purposes of Part 3.4, the Independent SMKI Assurance Service Provider is to be treated as independent of an SMKI Participant (and of a relevant service provider of that SMKI Participant) only if:
- (a) neither that SMKI Participant nor any of its subsidiaries (or such a service provider or any of its subsidiaries) holds or acquires any investment by way of shares, securities or other financial rights or interests in the Independent SMKI Assurance Service Provider;
 - (b) no director of that SMKI Participant (or of any such service provider) is or becomes a director or employee of, or holds or acquires any investment by way of shares, securities or other financial rights or interests in, the Independent SMKI Assurance Service Provider; and
 - (c) the Independent SMKI Assurance Service Provider does not hold or acquire a participating interest (as defined in section 421A of the Financial Services and Markets Act 2000) in that SMKI Participant (or in any such service provider).

4 INITIAL ASSURANCE ASSESSMENT

DCC: Duty to Procure Initial Assessment

- 4.1 The DCC shall ensure that an initial assurance assessment of the SMKI Services:
- (a) against the Independent Assurance Scheme; and
 - (b) in respect of compliance by the DCC with the applicable requirements of the SMKI Document Set,

is undertaken by the Independent SMKI Assurance Service Provider in accordance with Parts 4.2 and 4.3.

Nature of the Initial Assessment

- 4.2 The initial assessment referred to in Part 4.1 shall:
- (a) be undertaken prior to the SMKI Services being provided for any purpose

Smart Energy Code Stage 3: Consultation Version

other than the issue of Test Certificates; and

- (b) result in an assessment report in relation to the SMKI Services being produced by the Independent SMKI Assurance Service Provider at least one month prior to the anticipated start date of Interface Testing.

4.3 The assessment report referred to in Part 4.2 shall:

- (a) clearly identify any failure of the DCC to comply with the applicable requirements of the SMKI Document Set;
- (b) recommend that the assurance status of the DCC in relation to the SMKI Services should be set at:
 - (i) approved;
 - (ii) approved with caveats; or
 - (iii) not approved; and
- (c) be provided to both the DCC and the SMKI PMA promptly upon completion.

PMA: Response to the Initial Assessment

4.4 On receiving an initial assessment report in accordance with Part 4.3, the SMKI PMA shall:

- (a) promptly consider the report;
- (b) determine that the assurance status of the DCC in relation to the SMKI Services is to be set at:
 - (i) approved;
 - (ii) approved with caveats; or
 - (iii) not approved;
- (c) where the SMKI PMA has set the assurance status of the DCC in relation to the SMKI Services at 'approved with caveats', state in writing its reasons for considering that it is acceptable for the DCC to commence the provision of the

Smart Energy Code Stage 3: Consultation Version

SMKI Services for any purpose other than the issue of Test Certificates; and

- (d) provide a copy of the report (being redacted only in so far as necessary for the purposes of security) and a statement of its determination (and of any reasons accompanying that determination) to all Parties.

4.5 Where the SMKI PMA has set the assurance status of the DCC in relation to the SMKI Services at ‘approved with caveats’ or ‘not approved’ it may:

- (a) require that the DCC submit to it as soon as reasonably practicable a remedial action plan; and
- (b) within one month of the submission of that plan, require the DCC to make any changes to it that the SMKI PMA may specify.

DCC: Duty in relation to Remedial Action Plan

4.6 Where the DCC is required to do so in accordance with Part 4.5(a), it shall as soon as reasonably practicable submit to the SMKI PMA a remedial action plan.

4.7 Where the DCC is required by the SMKI PMA in accordance with Part 4.5(b) to make changes to the remedial action plan, it may appeal that decision to the Authority and:

- (a) the Authority shall determine what changes (if any) shall be made to the remedial action plan; and
- (b) the determination of the Authority shall be final and binding for the purposes of the Code.

4.8 The DCC shall implement any remedial action plan subject to any required changes to it specified by:

- (a) the SMKI PMA in accordance with Part 4.6; or
- (b) the Authority in accordance with Part 4.7.

5 PMA: DUTY TO PROVIDE INFORMATION

Initial Assurance Assessment

5.1 The SMKI PMA shall, on request, provide to the Secretary of State and the Authority

Smart Energy Code Stage 3: Consultation Version

a copy of:

- (a) the initial assessment report received by it in accordance with Part 4.3; and
- (b) any remedial action plan that the DCC is required to implement in accordance with Part 4.8.

Subsequent Assurance Assessments

5.2 Following any assessment carried out by the Independent SMKI Assurance Service Provider of the compliance of the DCC with the applicable requirements of the SMKI Document Set, the SMKI PMA's determination as to the extent to which the DCC is compliant with those requirements shall be made available by it to:

- (a) all Parties;
- (b) the Panel;
- (c) the Authority; and
- (d) on request, the Secretary of State.