



Department
of Energy &
Climate Change

Smart Meter Implementation Programme

Government Response to the Consultation on
New Smart Energy Code Content (Stage 3) –
Part A (PMA)

31 March 2014

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This document is also available from our website at www.gov.uk/decc.

Contents

| | |
|---|-----------|
| General Information..... | 4 |
| 1. Introduction | 6 |
| 1.1 The Smart Energy Code | 6 |
| 1.2 This response document..... | 6 |
| 2. PMA Composition, Duties, Appointment and Powers | 8 |
| 2.1 Summary of Issue under Consideration..... | 8 |
| 2.2 Summary of Responses Received..... | 9 |
| 2.3 Summary of Government Conclusion | 10 |
| 3. Securing the Timely Appointment of the PMA..... | 12 |
| 3.1 Summary of Issue under Consideration..... | 12 |
| 3.2 Summary of Responses Received..... | 12 |
| 3.3 Summary of Government Conclusion | 13 |
| 4. PMA and SMKI Assurance..... | 14 |
| 4.1 Summary of Issue under Consideration..... | 14 |
| 4.2 Summary of Responses Received..... | 15 |
| 4.3 Summary of Government Conclusion | 15 |
| 5. Next Steps..... | 18 |
| 6. Annex A: Responses received (Q1, Q2, Q4) | 19 |

General Information

Purpose of this document:

This document sets out the Government's response and policy conclusions to the consultation on the content relating to the SMKI Policy Management Authority (PMA) of the third stage of the Smart Energy Code, which governs the end-to-end management of Smart Metering in Great Britain.

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Territorial extent:

This consultation applied 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:

You may make copies of this document without seeking permission. An electronic version can be found at <https://www.gov.uk/government/consultations/new-smart-energy-code-content-stage-3>.

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

Confidentiality and data protection:

DECC intends to summarise all responses and place this summary on our website at <https://www.gov.uk/government/consultations/new-smart-energy-code-content-stage-3>. This summary will include a list of names or organisations that responded but not people's 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:

DECC Consultation Co-ordinator
3 Whitehall Place
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1. Introduction

1.1 The Smart Energy Code

1. 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.
2. On 23 September 2013, a new licensed entity, the Data and Communications Company (DCC), was established. Together with its Data Service Provider (DSP) and Communications Service Providers (CSPs), the DCC will provide Smart Meter communications services through which suppliers, network operators and others can communicate remotely with smart meters in domestic and non-domestic premises in Great Britain.
3. Following the award of the DCC Licence, the Government designated the first stage of the Smart Energy Code (SEC), including the DCC's charging methodology, on 23 September 2013, which came into effect immediately.
4. The SEC is a multiparty contract, which sets out the terms for the provision of the DCC's smart meter communications services, and specifies other provisions to govern the end-to-end management of Smart Metering.
5. The DCC, suppliers and network operators are required, as a condition of their licences, to become a party 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, must accede to the SEC to do so.
6. Consistent with other industry codes, the SEC will be self-governed, enabling participants to raise change proposals, debate issues, and resolve disputes without the need for day-to-day regulatory intervention. It is managed by a panel drawn from SEC Parties, with oversight where appropriate from Ofgem.

1.2 This response document

7. Following its initial designation, further content for the SEC is being introduced in stages. The Government consulted on content for the third stage of SEC development (SEC3) in December 2013¹. This conclusions document relates to part of this SEC 3 content, namely the policy on the Smart Metering Key Infrastructure (SMKI) Policy Management Authority (PMA).
8. SEC3 will introduce into the regulatory framework the SMKI, the cryptography related services required to ensure a secure environment for smart metering. The documents that define the operation of the SMKI will be set out in the SEC and it is proposed that these should be governed by the SMKI PMA, a sub-committee to the SEC Panel. The policy that

¹ <https://www.gov.uk/government/consultations/new-smart-energy-code-content-stage-3>

is concluded on in this consultation response specifically focuses on the PMA. This is published now to allow the SEC Panel and SECAS² to begin the process for establishing the PMA, including identifying the individuals who will become the PMA members, so that the group can be set up as soon as possible. This document (“Part A”) therefore specifically provides a Government response to questions 1, 2 and 4 of the SEC3 consultation.

9. All other questions will be covered by a second Government response (“Part B”), which we expect to publish in late spring / early summer 2014. The revised legal text concerning the topics covered in this “Part A” response will be delivered as part of the “Part B” response.
10. Questions 1 and 4 concerned the composition, duties, appointment and powers of the PMA, while question 2 asked stakeholders whether they agreed to the proposed approach in securing the timely appointment of PMA members.
11. On those three questions, we received 18 responses from organisations, including:
 - Large and Small Energy Suppliers (serving both domestic and non-domestic customers)
 - Electricity distribution and gas transportation networks (“network operators”)
 - Trade bodies
 - Registration data providers and energy code administrators
 - Ofgem
12. The full responses to the questions covered in this consultation response document will be published on the Government website separately along with the “Part B” response to the SEC3 consultation.
13. A fourth stage of SEC legal text (SEC4) is planned for consultation in summer 2014. We anticipate that this will cover rules related to foundation meters, the provision of Communications Hub Services and further arrangements related to security and SMKI.

² Smart Energy Code Administration and Secretariat, the administrators of the SEC

2. PMA Composition, Duties, Appointment and Powers

2.1 Summary of Issue under Consideration

14. The SEC3 consultation proposed that, in line with standard industry practice for Public Key Infrastructure (PKI) arrangements, an SMKI Policy Management Authority (PMA) will be established to govern the SMKI, in this case as a sub-committee of the SEC Panel.
15. The specification and operation of the SMKI will be set out in the SMKI SEC Document Set, a portfolio of SEC Subsidiary Documents, including the Organisation Certificate Policy, Device Certificate Policy, Registration Authority Policy and Procedures (RAPP), Subscriber Agreements, Relying Party Agreements, Compliance Policy and Recovery Process.
16. It was proposed that the SMKI PMA's duties would include:
 - periodically reviewing the effectiveness of the SMKI SEC Document Set and evaluating whether it continues to contribute to meeting the SEC objectives;
 - proposing modifications to the SMKI SEC Document Set (though the modifications themselves would go through the usual SEC modification process);
 - providing support and advice on proposed modifications to the SMKI SEC Document Set, and other SMKI-related modifications;
 - approving the Certification Practice Statement;
 - ensuring compliance with the SMKI SEC Document Set and Certification Practice Statement, which includes the maintenance of a Compliance Policy, itself setting out the scope of independent assurance of the SMKI Service (see Section 4 below for further detail on SMKI Assurance);
 - supporting the SEC Panel in consideration of action following instances of material non-compliance with the SMKI Document Set; and
 - supporting the SEC Panel with respect to the SMKI arrangements as the Panel or other SEC sub-committees may request.
17. The SEC3 consultation proposed that the PMA be a Sub-Committee as defined in the SEC with the following members:
 - Voting members: the PMA Chair (casting vote only), Large Suppliers (two seats) and Small Suppliers (one seat), and a representative of each the SEC Security and Technical Sub-Committees; and
 - Non-voting Attendees: a PKI Specialist and representatives from each of the DCC, Ofgem and DECC / the Government.
18. The PMA would be subject to all general SEC provisions relating to sub-committees, unless otherwise stated. It was proposed that only the Chair would have an alternate, and this would be the PKI Specialist member by default. If the PKI Specialist member was not available the Chair could nominate another alternate from among PMA members.
19. It was proposed that the PMA Chair would be able to invite additional (non-voting) attendees to a meeting if this is necessary to support the Committee's work. This could include, for example, a specialist Public Key Infrastructure (PKI) legal advisor, a

representative of the assurance body (see Section 4 below) or a representative from smart meter manufacturers.

20. With respect to emergency processes, it was proposed that when the PMA reasonably considers that an immediate threat or compromise to the security or integrity of the SMKI Service has occurred or is likely to occur, it can require the suspension of some or all of the DCC's SMKI Service, or instruct the DCC to suspend the rights of an SMKI Participant to use all or part of the DCC Services. It was noted that this could include the suspension of any or all User Gateway services for a DCC User and that this power is subject to a specific right to appeal to Ofgem under the SEC (although the appeal may be heard retrospectively i.e. after the service(s) had been suspended).
21. The PMA can also require that the DCC place certificates on the Certificate Revocation List, following the process set out in the Organisation Certificate Policy.
22. Question 1 of the consultation sought views on the proposed approach to the PMA and the associated legal drafting.

2.2 Summary of Responses Received

23. A large majority of those who responded to the question— including suppliers, network operators and communications / technology firms – broadly supported the proposals for the SMKI PMA, with a number making additional comments or suggestions around its composition and duties.
24. One network operator and one large supplier did not support the proposal, in both cases citing a potential duplication of resources or overlapping remit with other SEC subcommittees (the technical sub-committee (TSC) and the security sub-committee (SSC) respectively). The large supplier recognised that the duties of the PMA and SSC were different, but said that it was likely that skills and knowledge required would be similar and that it would be sensible to combine the two to reduce costs. The same supplier also questioned the need for a paid-for independent Chair, suggesting that a person with the necessary skills could be found within the group. The consolidation of groups and reduction in the number of paid experts would in turn reduce the costs for industry.
25. Some network operators suggested it would be appropriate for operators to nominate a representative to sit on the PMA as they will use the SMKI service. A large supplier said that all large suppliers should have a place on the PMA.
26. Some respondents questioned whether the Chair alone should be able to nominate an alternate, with one supplier noting that this could have an impact on whether the PMA was quorate – if for example a particular supplier had employees who were a large supplier member, and a TSC and / or SSC member, then any consideration of action against that supplier would need to excuse those members due to a conflict of interest. This would leave the PMA without a quorum and unable to function. This could be managed by requiring TSC/ SSC members to be from different organisations from the supplier members and /or by allowing more alternates.
27. A supplier questioned why the PMA could raise modifications, saying that they should be able to get a SEC Party to do so and that this would help ensure members of the PMA

engage appropriately with SEC Parties. An operator asked for clarity on liabilities if the PMA suspended access to the SMKI service – noting potential knock-on impacts with respect to Ofgem’s regulatory oversight. For example, a suspended SMKI service might lead to network operators being unable to provide certain reporting information to Ofgem. The small suppliers who responded welcomed the proposals, though one noted that representation on the PMA would come at a cost that small suppliers found more difficult to meet.

2.3 Summary of Government Conclusion

28. We recognise that network operators, although less frequent users of the SMKI service, will, along with Suppliers and the DCC, have Organisation Keys on the meters. We therefore consider it appropriate that network operators select a SMKI PMA (network) member and will update the legal text accordingly.
29. Given the relatively limited use of SMKI by network operators (both gas and electricity) we have concluded that two such members would be disproportionate.

Confirmed composition of the PMA

- Voting members: the PMA Chair (casting vote only), Large Suppliers (two seats), Small Suppliers (one seat), Networks (one seat) and a representative of each the SEC Security and Technical Sub-Committees;
 - Non-voting Attendees: a PKI Specialist and representatives from each of the DCC, Ofgem and DECC / the Government; and
 - Other non-voting Attendees to be invited by the Chair as appropriate.
30. We have also considered whether other user types should have a voting member (although no respondents suggested this). However, such users (unlike suppliers and networks) do not place Organisation Keys on meters and so are not bound by the specific set of rules relating to these Keys on meters that will be set out by the PMA to ensure the continued security of meters. Therefore we don’t consider it necessary for such users to be on the PMA. However, it is important to note that in the unusual circumstance that input is needed from both a gas and electricity network perspective, or from other SMKI users, the PMA Chair would be able to invite additional attendees as appropriate.
 31. We recognise that attending the PMA will impose costs on those organisations doing so and that this may have a particular impact on smaller suppliers. In creating the PMA (and other sub-committees) we are mindful of the need to be proportionate and to avoid imposing undue burdens on industry. However, it is clearly also important that the small supplier perspective is taken into account by the PMA and we have concluded that it is appropriate that there is one small supplier Member.
 32. We do not agree with the view from two respondents that the PMA and other sub-committees overlap to such an extent so as to make it unnecessary. The PMA has a very specific policy management role demanding specialist PKI expertise. Whilst there may be some overlap with - in particular - the SSC with respect to the knowledge and experience expected of members, the duties will be different. It will be important that the TSC and SSC are aware and informed of developments with respect to the SMKI and this is why both those groups will select a voting member to attend the PMA.

33. Consistent with the standard industry arrangements for PKI PMAs, it is also important that a sufficiently independent and suitably qualified Chair is available to the PMA to provide a further level of objective oversight. It will be for the SEC Panel to determine the appropriate level of remuneration.
34. We do not agree with the one respondent who suggested that all large suppliers should attend the PMA by default. It is important to note that voting members are required to act independently and not as delegates from their employing organisation. There may be circumstances when the Chair considers that wider attendance is required, in such circumstance he or she can invite further attendees.
35. With respect to the concern raised by a number of respondents about the lack of alternates for members other than the PMA Chair, and the related concern over the impact on the quorum, we agree that the drafting should be changed to accommodate alternates. We will allow voting members to nominate an alternate, so long as that alternate is not employed by the same organisation (or an affiliate). This will help ensure a broad perspective on the PMA. It will also help to address the potential problem identified by one respondent who noted that the PMA could have several voting members all employed by the same organisation. As a consequence any consideration by the PMA of action against that organisation would not be possible as those members would have to excuse themselves from deliberations due to the direct link to their employers (notwithstanding the requirement to act independently), thus leaving the PMA without a quorum. We will not oblige PMA members to find an alternate, so the quorum risk identified above is not completely mitigated, however, we think it unlikely that a majority of PMA voting members will be both employed by the same organisation and unwilling to secure an alternate. The quorum will remain at 4 members (one of which must be the SMKI Chair or his or her alternate).
36. We have concluded that the PMA should be able to raise modifications. This is aligned with good industry practice for PKI governance where a PMA is typically an authoritative body with a clear governance responsibility for PKI documents. It is important to note that it is a power to raise modifications only; consideration of changes would go through the usual SEC modification process and be subject to that governance mechanism.
37. The final legal drafting of the SEC will define the specific areas for which the PMA has oversight and can raise modifications.
38. Following a comment received from one respondent, we will make it clear that the PKI Specialist should be independent of the SMKI Service Provider.
39. Although we do not consider there are any reporting obligations directly impacted by the SMKI arrangements, we note that Ofgem would expect to take into account all relevant factors when considering what, if any, regulatory action to take.

3. Securing the Timely Appointment of the PMA

3.1 Summary of Issue under Consideration

40. In order to ensure that the SMKI governance arrangements are in place as early as possible, we proposed working with the SEC Panel and SECAS to secure the timely appointment of the PMA. This is to enable the identification of the individuals that are intended to become the PMA members and for them to be appointed as such when the relevant SEC3 legal text is implemented.
41. The SEC3 consultation outlined the proposal that the PMA Chair be identified by the SEC Panel / SECAS to act for a period of three years.
42. We proposed that we would facilitate the election of Large and Small Supplier members through an open nominations process, where any individual can be nominated for any seat by anyone. Afterwards, in the case of more nominations than seats, an election would be held where Large and Small Suppliers could vote for the candidates nominated for their respective seats. It was proposed that the initial appointment periods be staggered, but that subsequent appointment periods would be fixed at 2 years. (As noted in paragraph 29 above we have concluded that there should also be a Network member in addition to the members proposed in the consultation.)
43. The TSC and SSC representatives would be identified by the SEC Panel in advance of these Sub-Committees being established. In the event that the appointed members were not to sit on these Sub-Committees after their establishment, the relative Sub-Committees will appoint a new member amongst their number to sit on the PMA after notification to SECAS.
44. As with the Chair, it was proposed that the PKI Specialist will be identified by the SEC Panel / SECAS. Their contract length would be specified by the SEC Panel. The PKI Specialist is to attend the PMA as a non-voting member.
45. The DECC, Ofgem and DCC representatives would be appointed by their organisations.
46. Question 2 of the consultation asked if respondents agreed with our proposed approach to securing the timely appointment of PMA members.

3.2 Summary of Responses Received

47. A large majority of respondents to this question confirmed their support for there to be a process to identify the individuals that are intended to become the PMA members, and for them to be designated as such when the SEC3 is implemented.
48. A third of those who were supportive stressed the importance of the proposed staggering of the appointment periods of supplier members so that expertise is not lost if these must leave their seats at the same time. A question was raised of why the Secretary of State was allocated additional powers at Section L1.6. These powers will enable the Government to specify staggered initial appointment periods upon the incorporation of Section L1 into the SEC.

3.3 Summary of Government Conclusion

49. Following consideration of the responses, we have concluded that the broad policy positions covered in the SEC3 consultation will remain unchanged, with the election process outlined being expanded to take into account the new Network member voted on by electricity distributors and gas transporters.
50. We consider it reasonable to stagger appointment periods in the following manner:
- Large Supplier members: 1 seat will initially be occupied for 12 months, with the other seat initially held for 24 months
 - Network member: the seat will initially be occupied for 12 months
 - Small Supplier member: the seat will be held in line with enduring arrangements for 24 months.

We expect that the process for identifying which of the Large Supplier members will initially sit for 12 months will be set out in the relevant documentation for the first voting member election. After these periods, enduring appointments would last for a period of 2 years for all seats.

51. We understand that the SEC Panel is willing to facilitate the first voting member election, as this aligns with the enduring process as described in the SEC3 drafting. We will work together with the SEC Panel and SECAS where needed to facilitate the election process as soon as possible.

4. PMA and SMKI Assurance

4.1 Summary of Issue under Consideration

52. The SEC 3 consultation explained that the overarching SMKI policy that defines how the DCC and DCC Users must operate the SMKI is described in the Device Certificate Policy (for equipment in consumer premises) and in the Organisation Certificate Policy (for the DCC and other SEC Parties who are Subscribers). The Certification Practice Statement (CPS) is the statement by the DCC to the PMA to confirm how the DCC will apply the two Certificate Policies in practice, and how the DCC will meet its obligations under the two Certificate Policies.
53. It was noted that, given the importance of the SMKI as a security control, the SEC Panel, on behalf of SEC Parties, needs assurance that the SMKI Service is being operated in accordance with the SMKI SEC Document Set and also in line with the Certification Practice Statement.
54. The DCC, acting in its roles as the SMKI Service Provider and SMKI Repository Provider, will be required to comply with the SMKI Compliance Policy, which may also include requirements for Subscribers.
55. The purpose of the SMKI Compliance Policy is to set out:
 - the 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 PMA will monitor and enforce that compliance.
56. The draft first version of the Compliance Policy provided in the SEC 3 consultation set out the need for the DCC to procure an independent assurance scheme. Such a scheme was proposed as necessary to ensure the confirmation of the DCC's (and potentially other users) compliance with the SMKI SEC Document Set. The DCC and Subscribers will be required to co-operate in all assurance assessments, including the provision of data / information reasonably requested and allowing reasonable access to premises and staff.
57. The first version of the Compliance Policy set out the characteristics of that independent assurance scheme (and its associated Assessors) – for example that it be recognised and used by the UK Government to provide assurance of electronic trust services. It also set out the requirement for a pre-operational assessment to be carried out in advance of the SMKI Service issuing certificates for use in live environments.
58. It was proposed that, once appointed, the PMA would review and consider the need for any SEC modifications to the first version of the Compliance Policy, to satisfy itself that it is complete and meets its requirements for compliance with the SMKI policy requirements. The SEC 3 consultation also proposed the scope of revisions that we considered the PMA might deem appropriate for the first full Compliance Policy.
59. The SEC 3 consultation explained that the PMA will also play a role in considering whether there has been a material breach of the SEC with respect to the SMKI SEC Document Set or CPS, whether as a result of an assurance assessment or otherwise. It will advise the SEC Panel accordingly.

60. Following such advice received from the PMA, the SEC Panel will consider what sanctions are appropriate. Where the SEC Panel has required that an SMKI Participant produces a remediation plan, the PMA will advise the SEC Panel as to whether that plan meets the SMKI requirements (insofar as it applies to SMKI compliance).

4.2 Summary of Responses Received

61. A large majority – including suppliers, network operators and communications / technology firms – of those who responded to the question broadly supported the proposals for SMKI Assurance. Many respondents had minor comments or suggestions with respect to the drafting.
62. The DCC suggested that the duty on SMKI Participants to cooperate in PMA assessments should extend to 3rd Party supply chains. It also said that it understood that the initial assessment report (L2.3 in the SEC) would be on the test SMKI Service and Repository and that the legal drafting should reflect this. The DCC asked if audit assessments should be treated as explicit charges or wrapped up in the DCC's fixed costs.
63. A network operator asked that 'routine' assessments (by the DCC and PMA) be co-ordinated to limit the cost to those being assessed (it did however recognise the need for ad hoc assessments). A supplier asked for clarity on the scope of ad hoc assessments, asking if these applied to new users or could include existing ones, and noting that as the first full Compliance Policy had yet to be developed it was impossible for it to comment on whether it was appropriate. Another supplier questioned whether the drafting was necessary as 'ISO Compliance' included SMKI compliance and that the drafting was therefore 'duplicating ISO compliance activity'. A network operator asked for confirmation that the compliance rules would be the same for all Parties regardless of size.
64. A number of suppliers had comments on the role of the PMA, SEC Panel and Ofgem with respect to assurance. These included that the SEC Panel, rather than PMA, should have the ability to suspend services, that Ofgem should be notified before any services are suspended and that when a remedial action plan had been made available to SEC Parties it should be capable of being redacted for reasons of commercial confidentiality as well as security.

4.3 Summary of Government Conclusion

65. We agree with the comment from the DCC that the obligation to comply with assurance audits should extend to relevant parts of an SMKI User's supply chain. However, the current drafting already provides for this.
66. We do not agree with the DCC's view that the first assessment report will be on the test SMKI Service and Repository. There are two SMKI services and two Repository services: one test service and the other live service. The first assessment report will be with respect to the live services in order to give the PMA – and consequently stakeholders – the assurance that the DCC's SMKI arrangements are secure. However, this assessment will, necessarily, take place before the 'live' services are offered to users.
67. In general charges for the SMKI service will be included within the DCC's fixed costs. However, we recognise that where a user's action has necessitated an independent audit, it

may be appropriate that the user concerned should bear the cost of the audit if they are at fault. Therefore, in developing its first full Compliance Policy, we would expect the PMA to consider raising a modification to Section K (Charges) to allow the DCC to recover such costs as an explicit charge.

68. The draft legal text (Section L1.15(d)) already provided for the PMA to raise a modification to certain SEC documents – including e.g. the Compliance Policy -relating to SMKI, as soon as reasonably practicable after the incorporation of those parts into the SEC. (It is important to note that this temporary power over-rides the SEC Section X2 restriction on modification proposals.) The revised SEC drafting will allow for the PMA to raise a modification to Section K, at the same time as its consideration of changes to the e.g. Compliance Policy, but only for the limited purposes of allowing the DCC to make an explicit charge for such audits. In view of the fact that the PMA is unlikely to have a high degree of knowledge about Section K, the drafting will also ensure that SECAS provides the PMA with such assistance as it needs in raising such a modification.
69. With respect to the desirability of having coordinated ‘routine’ assessments from the PMA and the DCC, we note that SEC4 will consider the scope and frequency of security assessments and that further consideration will be given there as to whether it would be appropriate or practical to coordinate ‘routine’ assessments.
70. We do not agree that obliging SMKI Participants to cooperate with the PMA, when the PMA is assessing compliance, is a duplication of ISO Compliance activity. The PMA’s duty is to govern the SMKI specifically, including for example compliance with the RAPP (and subsequent enforcement by the PMA) which is not covered in an appropriate level of detail by compliance with ISO27001. (It will be for the PMA to judge whether existing compliance activity contributes in part to its SMKI specific compliance requirements.)
71. We agree that it is important that the PMA is proportionate and considered in the use of its powers. We remain of the view that it should be the PMA, rather than the SEC Panel, that can order an emergency suspension of the provision of SMKI services to a user or users. The PMA has this delegated power because it is the expert body best placed to make such decisions. We will, however, require that the SEC Panel be notified for information of any emergency suspension of SMKI services, where reasonably practicable to do so before the suspension occurs.
72. We note that it would be desirable for the Authority to receive prior notification of any emergency suspension of SMKI services (Section L2.14-2.16) and recognise that, in practice, any decision to suspend an SMKI user’s service would follow a period of dialogue between the PMA and the user. However, we do not consider it would be appropriate to constrain the PMA by requiring it to give prior notification to the Authority in all circumstances – there may be an unforeseen exceptional security event that requires such a suspension. However, we will update the legal drafting to make it clear that prior notice should be given to the Authority where practicable.
73. We can confirm that the SMKI compliance requirements will apply to all users regardless of size (although clearly the DCC as SMKI Service Provider has a different set of compliance obligations). However, when for example considering the appropriate remedial action to take, it will be for the PMA to judge in each particular circumstance what that action should be in order to maintain the overall integrity and security of the SMKI arrangements.
74. We agree that, in line with the potential publication of an SMKI-specific remedial action plan (subject to the constraints described in paragraph 75) all SEC Parties may be notified in the event of a suspension of a user’s SMKI service, where such notification is necessary to ensure the integrity of the SMKI arrangements. The exception to such notification would be

if the PMA judged that such a notification itself would constitute an unacceptable security risk or security breach.

75. With respect to the concerns raised that a remedial action plan may include commercially confidential material, we will make it clear that the PMA will require the publication of only those parts of the remedial action plan as are necessary to support the overall integrity of the SMKI arrangements.
76. We note that the first full Compliance Policy will be developed by the PMA and that it will allow for ad hoc assessments if the PMA determines they are appropriate. It is important to note that the frequency and scope of these assessments will be based on the considered, expert judgement of the PMA. However, in order to come into force as a subsidiary document any changes will be subject to the SEC modification process and its governance process, including the opportunity for SEC Parties to comment. As per Section L1.15 (d) of the SEC3 draft legal text, the PMA will be able to raise such a modification as soon as reasonably practicable following the incorporation of the relevant sections of the SEC3 text.

5. Next Steps

77. We understand that the SEC Panel and SECAS will facilitate the Supplier and Network member nomination and election process. This will have the purpose of identifying the PMA's members prior to the SEC3 taking effect, in order for the PMA to be established as soon as SEC3 is implemented.
78. We expect to publish the legal text corresponding to the conclusions presented in this "Part A" Government response document as part of the SEC3 Government response "Part B" in late spring / early summer 2014. This "Part B" document will outline further detail concerning the introduction of the relevant parts of Section L into the regulatory framework. It will also provide a Government response to all other parts of the SEC3 consultation.

6. Annex A: Responses received (Q1, Q2, Q4)

| |
|---------------------------------------|
| SEC Panel |
| XOServe |
| DCC |
| EDMI |
| TMA |
| Electricity North West |
| Northern Powergrid |
| Scottish Power Energy Networks (SPEN) |
| UK Power Networks |
| British gas |
| EDF |
| EON |
| Npower |
| Scottish Power |
| SSE/ Scotia gas Networks |
| COOP |
| Good |
| Ofgem |

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Smart Metering Implementation Programme - Regulation

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