



Making a positive difference
for energy consumers

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Direct Dial:
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Date: 11 December 2014

Dear David,

Ofgem's response to the Department of Energy and Climate Change's consultation on Stage 4 Smart Energy Code (SEC) content.

We welcome the opportunity to respond to your further consultation on the fourth stage of the Smart Energy Code (SEC)¹. Ofgem regulates the gas and electricity markets in Great Britain. Our principal objective is to protect the interests of existing and future gas and electricity consumers. This regulatory role will include making decisions on whether to approve certain modifications to the SEC.

We recognise the significant amount of work that you have undertaken in preparing Stage 4 of the Smart Energy Code (SEC) and that further iterations of the SEC lie ahead.

We welcome your continued work on the development of the security framework for Smart Metering Systems. We support the approach set out in Stage 4 SEC Consultation. We agree that members of the Security Sub-Committee should have power to:

- propose SEC modifications,
- evaluate any SEC modification proposals from security standpoint, and
- advise the SEC Panel in this area.

We also support the introduction of security-related requirements and post-commissioning obligations to Sections E, G, H and M.

We agree with the proposal for moving Sections H4, H5, H6 and O3 from the main body of the SEC to become subsidiary documents. These are technical procedures dealing with processing service requests, requirements for the smart metering inventory and processing non-gateway communications. Our view is that this the use of subsidiary documents will make the SEC easier to read and mantain.

¹ The Smart Energy Code is a new industry code which sets out the terms for the provision of smart meter communications services in Great Britain, and specifies other provisions to govern the end-to-end management of smart metering.

We note the proposal to extend the liability of suppliers and the DCC, in sections M2 of the SEC. This is to cover losses resulting from a failure to install a Smart Metering System properly. We consider that this is likely to bring additional benefits in terms of the confidence of SEC parties that all stages of the installation process for Smart Metering Systems will have been completed in accordance with SEC requirements.

Finally, in our response to the SEC consultation in August ² we noted that the SEC drafting refers to different qualifiers for the scope of the obligations. For example: 'all reasonable steps', 'reasonable endeavours', 'reasonable steps', 'best endeavours', 'endeavour'.

It is not clear to us whether you are intending to apply a different level of obligation and why. We consider that this terminology will lead to confusion and misinterpretation around SEC Parties' obligations. We therefore continue to urge DECC to align terminology and use "all reasonable steps" in all cases, in order to avoid any possible confusion and regulatory uncertainty.

If you would like to comment on this response, please contact

Yours sincerely,

² <https://www.ofgem.gov.uk/ofgem-publications/89486/ofgemresponsetosec4draft22jul14.pdf>