



Department  
of Energy &  
Climate Change

# Smart Metering Implementation Programme

**A Consultation on New Smart Energy Code Content (Stage 4) and  
consequential/ associated changes to licence conditions**

30 June 2014

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## General Information

### **Purpose of this document:**

This document sets out the Government's consultation on Stage 4 of the Smart Energy Code and related matters.

**Issued:** 30 June 2014    **Closes:** 25 August 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:**

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-4>

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

### **Quality assurance:**

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

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/60937/Consultation-Principles.pdf](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

The Smart Energy Code (SEC) is a new industry code concerning the arrangements for the provision of the smart metering communication service. It has been created through the DCC Licence, and it was first designated on 23 September 2013. Further content of the SEC is being introduced in stages, and we are now consulting on stage 4 (SEC 4).

This is primarily a consultation on new legal drafting for incorporation into the SEC, following on from previous consultations (Part A). In a number of areas we also set out conclusions on previous consultations, in addition to the associated drafting for the SEC (Parts B to E). Views are also sought in various chapters on a number of consequential and associated amendments to licence conditions. Draft legal text for both the SEC and the DCC licence as revised by these proposals is published in parallel with this document.

Chapter 1 is this executive summary. Chapter 2 provides a general introduction, a more detailed summary of the main content of the consultation, and a description of the next steps. The principal areas covered are described further below.

Part A:

- Communication Hubs – proposals in respect of communications hub forecasting; ordering, delivery; installation, removal and returns; and for testing purposes – Chapter 3
- Security Governance and Assurance and Privacy – requirements for creation of the Security Sub-Committee; security and privacy audits; and joining of consumer access devices – Chapter 4
- Security Requirements – proposals for further security requirements covering separation between DCC and user systems; use of shared service providers by users; and anomaly detection – Chapter 5
- Smart Meter Key Infrastructure (SMKI) – further development covering eligibility to subscribe for certificates; certificates to facilitate smart meter installation; and placing certificates on devices – Chapter 6
- DCC Services – additional rules governing connections to the DCC user gateway; proposed DCC user gateway services schedule; processing service requests, responses and alerts; device inventory; problem management; DCC business continuity and disaster recovery arrangements; and services to consumers facilitating information about access to meters – Chapter 7
- Registration Data Providers (RDPs) – requirements for provision of data to the DCC by RDPs; connections; and provision to the Smart Meter Central Delivery Body (CDB) by the DCC of summary market share information – Chapter 8
- Explicit Charges for certain Other Enabling Services – proposals in respect of charges for the provision of certain elements of the DCC's Services – Chapter 9

- Confidentiality – sets out circumstances in which the DCC can mark information as confidential or controlled; and associated liabilities – Chapter 10
- SEC Consequential Changes – deals with proposed SEC amendments to maintain alignment with DCC and supply licences – Chapter 11
- Miscellaneous Changes to SEC – proposed requirements in respect of charging matters; charging for live meters; power outage alerts; proving testing of shared services; and remote testing facilities– Chapter 12

The remainder of the document sets out our conclusions on previous consultations as well as in some cases providing the associated draft SEC legal text for consultation:

- Part B – communications hub charging arrangements – Chapter 13
- Part C – using the SMKI service – Chapter 14
- Part D – regulatory arrangements for enrolment and adoption of foundation meters – Chapter 15
- Part E – regulatory arrangements to support churn of an enrolled smart meter from a user to a non-user – Chapter 16



## 2 Introduction and Summary

### 2.1 A New Industry 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 the need for 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 sub-contractors, the Data Service Provider (DSP) and Communications Service Providers (CSPs) the DCC will provide a Smart Meter communications service. The DCC will offer a means by which Suppliers, Network Parties and others can communicate remotely with Smart Meters in Great Britain.
- 3 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.
- 4 The DCC, Suppliers and Network Parties are required by licence 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 will also need to become a party to the SEC and comply with its provisions.
- 5 Consistent with other industry codes, the SEC is self-governed, enabling participants to raise change proposals, debate issues, and resolve disputes without the need for day-to-day regulatory intervention. It is managed by a Panel drawn from SEC Parties, and is regulated by Ofgem.
- 6 SEC content is being introduced in stages, so that it is available when the DCC and Users need it. Stage 1 of the SEC (SEC 1) was introduced to deal with matters that were required to support the initial operations of the DCC. Stage 2 of the SEC (SEC 2) addressed a number of important areas required to aid design, build and test of systems in the run up to Systems Integration Testing (SIT). Stage 3 of the SEC (SEC 3) addressed specific issues relating to testing and security including introduction of the Smart Metering Key Infrastructure (SMKI).

### 2.2 Content of this Consultation

#### Stage 4 of the SEC

- 7 This consultation on Stage 4 of the SEC (SEC 4) provides the majority of the remaining content for the SEC. This section sets out the areas covered by this consultation.
- 8 This is primarily a consultation on new legal drafting, following on from previous policy consultations. The key sections of new draft legal text in the SEC which are the subject of this consultation are summarised in the table below and described in further detail in Chapters 3 to 16 of this document. As

identified in the table, relevant conclusions on previous consultations are also included in this document. In addition, reference is also made to changes to the SEC 1, SEC 2 or SEC 3 drafting identified as necessary in the course of SEC 4 preparation.

Chapter	Summary
<b>PART A: Consultation on SEC 4 Legal Drafting</b>	
<b>3: Communication Hubs</b>	<p>Sets out proposals in respect of requirements relating to the provision of Communication Hubs including:</p> <ul style="list-style-type: none"> <li>• forecasting;</li> <li>• ordering,</li> <li>• delivery;</li> <li>• installation,</li> <li>• removal and returns; and</li> <li>• provision of Communications Hubs for testing purposes.</li> </ul>
<b>4: Security Governance and Assurance and Privacy</b>	<p>Sets out proposals in respect of requirements for:</p> <ul style="list-style-type: none"> <li>• creation of the Security Sub-Committee under the SEC Panel;</li> <li>• the undertaking of regular security audits in relation to DCC and Users;</li> <li>• the undertaking of privacy audits for relevant Users; and</li> <li>• consumer consent for connecting consumer devices.</li> </ul>
<b>5: Security Requirements</b>	<p>Sets out proposals in respect of requirements in relation to security including:</p> <ul style="list-style-type: none"> <li>• separation between DCC and User Systems;</li> <li>• use of shared service providers by Users; and</li> <li>• thresholds for anomaly detection.</li> </ul>
<b>6: Further SMKI Obligations</b>	<p>Sets out proposals in respect of further SMKI requirements including:</p> <ul style="list-style-type: none"> <li>• further provisions on which Parties are eligible to subscribe for certain Certificates,</li> <li>• DCC establishment of certain Certificates to facilitate smart meter installation, and</li> <li>• The placing of certain Organisation Certificates on Devices.</li> </ul>
<b>7: DCC Services</b>	<p>Sets out proposals in respect of requirements in relation to:</p> <ul style="list-style-type: none"> <li>• additional rules governing provision of and use of connections to the DCC User Gateway;</li> <li>• the introduction of the proposed DCC User Gateway Services Schedule;</li> <li>• processes that the DCC and Users should follow to successfully process Service Requests, Service Responses and Alerts;</li> <li>• DCC maintenance of an inventory listing all Devices that are commissioned, or intended to be commissioned;</li> <li>• Problem management</li> <li>• DCC having suitable business continuity and disaster recovery arrangements in place; and</li> <li>• Facilitating provision of a service to consumers to find out which Users have accessed their meters.</li> </ul>
<b>8: Registration Data</b>	<p>Sets out proposals in respect of requirements for</p> <ul style="list-style-type: none"> <li>• Registration Data Providers (RDPs) provision of data to the DCC;</li> <li>• Connections between RDPs and the DCC; and</li> <li>• DCC provision to the Smart Meter Central Delivery Body (CDB) of</li> </ul>

	summary market share information each month.
<b>9: Explicit Charges for Certain Other Enabling Services</b>	Sets out proposals in respect of explicit charges for the provision of certain elements of the DCC's Services.
<b>10: Confidentiality</b>	Sets out proposals governing the circumstances in which the DCC can mark information as 'confidential' and 'controlled' and the associated liabilities when such information is not protected.
<b>11: SEC Consequential Changes: Alignment to DCC and Supply Licences</b>	Sets out proposals for additional amendments to the SEC to ensure alignment with the DCC and Supply licences.
<b>12: Miscellaneous Changes to SEC</b>	Sets out proposals in respect of requirements covering: <ul style="list-style-type: none"> <li>• charging matters;</li> <li>• facilitating charging for live meters;</li> <li>• power outage alerts;</li> <li>• proving testing of shared services;</li> <li>• remote testing facilities; and</li> <li>• Changes not covered elsewhere</li> </ul>
<b>PART B: Response to SEC 2 Consultation on Communications Hub Charging and Consultation on Associated SEC 4 Legal Drafting</b>	
<b>13: Communications Hubs Charging</b>	Sets out response to previous consultation and further proposals on legal text for consultation in respect of the specific costs associated with Communications Hub provision and the proposed SEC charging arrangements.
<b>PART C: Response to SEC 3 Consultation on Using the SMKI Service and Consultation on Associated SEC 4 Legal Drafting</b>	
<b>14: Use of the SMKI Service</b>	Sets out response to previous consultation and further proposals on legal text for consultation in relation to the use of SMKI for non-domestic opted-out Suppliers and liabilities warranties and indemnities when using the SMKI service.
<b>PART D: Response to Consultation on the Regulatory Arrangements for Enrolment and Adoption of Foundation Meters and Consultation on Associated SEC 4 Legal Drafting</b>	
<b>15: Enrolment &amp; Adoption of SMETS1 Meters</b>	Sets out response to previous consultation and further proposals on legal text for consultation in relation to the enrolment of SMETS1 meters into the DCC and the adoption of communications contracts associated with SMETS1 meters by the DCC through an Initial Enrolment Project.
<b>PART E: Response to Consultation on the Arrangements to Support Churn of an Enrolled Smart Metering System from a User to a non-User and Consultation on Associated SEC 4 Legal Drafting</b>	
<b>16: Provisions Supporting Non-Standard Operations</b>	Sets out response to previous consultation and further proposals on legal text for consultation on the approach to User to Non-User churn and associated matters.

### Structure of each section

- 9 In general the sections of this consultation covering the above topics are split into four parts as follows:

- the first part (**Description of the Issue**) sets out the policy approach which provides the basis for the proposed legal text. We reference previous consultations where appropriate;
  - the second part (**Translation into Detailed Requirements**) summarises how each policy approach has been translated into the proposed legal requirements to be included in SEC 4 legal text for consultation;
  - the third part (**Legal Text**) cross-references the proposed approach to the appropriate draft legal text of the SEC for ease of use; and
  - the fourth part (**Consultation Questions**) sets out the questions inviting a response. All sections include a general question inviting views on the proposed legal text for the SEC. In addition, some sections include additional questions seeking views on specific topics.
- 10 Annex 3 of this document sets out the legal text proposed in this consultation as it would look combined with all the SEC drafting concluded upon up to this point. Annex 3 also includes a copy of the proposed legal text in change-marked form to show all the insertions, deletions and movements of text for SEC 4, as compared to the combined concluded text of SEC 1, SEC 2 and SEC 3.
- 11 Every effort has been made to ensure that the explanatory text in the main body of this consultation document reflects the legal drafting included at Annex 3. We have sought to ensure that explanatory text provides a clear and simplified overview of our proposals. However, the legal drafting should be treated as the definitive text. Where terms are capitalised in this consultation document they are SEC defined terms.
- 12 The broad requirements of this stage of the SEC are not new, so cost implications have generally already been considered in the Impact Assessment published in January 2014.

### 2.3 Next Steps

#### **Incorporating SEC 4 content into the regulatory framework**

- 13 During the course of this consultation we intend to engage with stakeholders to discuss the proposed legal text for SEC4 (and Licence Conditions) as set out in this consultation.
- 14 We will also work with stakeholders to confirm the approach to the implementation of the proposed legal drafting into the SEC (this includes SEC 4 legal text as well as those areas concluded on in the SEC 3 response where legal drafting was not published at the time).
- 15 We will set out further details when we publish the Government's conclusions to this, the SEC 4, consultation.

#### **Transition**

- 16 SEC arrangements are generally intended to be enduring. Certain transitional variations have been provided for under Section X of the SEC - for example, certain provisions are not effective at designation and / or are varied for transitional purposes.

- 17 Section X.3 of the SEC sets out the status of new Sections of drafting that are introduced into the SEC post the designation of SEC1; that is whether these Sections form part of the SEC but are not in effect, form part of the SEC and are in effect in full or form part of the SEC and are in effect but subject to transitional variations. In relation to the new Sections that it is intended will be introduced into the SEC following conclusions being issued to this SEC4 consultation:
- F5 – F10 (Communication Hub Services) will be in effect once the Code is modified to include these Sections, to enable the forecasting and ordering of Communications Hubs by Parties, however X3.3 provides for variations in terms of the initial submission of Communications Hubs Forecast and Orders and the Initial Delivery Date, as set out in chapter 3;
  - G will be in effect once the Code is modified to include this Section, because it contains provisions covering the development of systems. However the first process to select the Independent Auditor for security audits and for privacy audits will be run concurrently with the intent that the same organisation is appointed to carry out both roles;
  - L3 (SMKI Service) will come into effect at the start of Interface Testing, consistent with the requirement that the DCC should be required to issue live Certificates upon request from the start of Interface Testing. However L8.1-8.6 is varied so that the performance standards in respect of the SMKI Service do not apply until the stage 2 of the assurance report for the live service has been published (as set out in section 6.4);
  - N and Appendix F will come into effect when the SEC is modified to include those Sections; and
  - Schedule 7 (Enabling Services Agreement) will come into effect when the SEC is modified to include it, as this is a bilateral agreement to support provision of test Communications Hubs and Testing Services to non-SEC parties.
- 18 Sections B, C, D, E, I, J, K, M, T and Schedules 3 and 5 are already in effect within the SEC (in the case of Sections D, E, J, K and M, subject to transitional variations set out in X2.3-X2.7), therefore when the SEC4 changes to those Sections are introduced they will also be in effect. The switching on of various parts of H14 and other sections of L (and associated Appendices) are already provided for in X3.2.
- 19 The status of Sections F3-F4, H (DCC Services), Appendix E (DCC User Gateway Services Schedule) and Section O (Non-Gateway Communications), in terms of when they are introduced into the SEC and when they will be in effect, is not set out in the drafting. We will consult in future as appropriate on the timeframe for bringing into force these provisions.
- 20 Even where provisions are not yet in effect, it is important that stakeholders are mindful of them. There are broad obligations on Parties and the SEC Panel (under Section X1 and C1 respectively) to progress towards the Transition Objective, that is the:
- 'efficient, economical, co-ordinated, timely and secure process of transition to the Completion of Implementation' (Sec X1.2).

- 21 These requirements to progress towards the Transition Objective mean that SEC Parties and the Panel should take account of known upcoming SEC Provisions (even if not yet active) – so long as this is a ‘reasonable’ step (X1.6) in order to facilitate the achievement of the Transition Objective.
- 22 Similarly, until the point of Completion of Implementation, the SEC Modifications Process must also assess modification proposals against the Transition Objective. Therefore because of the link between the Transition Objective and Completion of Implementation, any modification proposal would need to also be assessed in the context of the impact on the efficient, economical co-ordinated, timely and secure process of transition to SEC Parties being able to exercise their rights or discharge their duties under the SEC.

### **Aligning SEC 4 and the DCC’s Service Provider Contracts**

- 23 Many of the detailed requirements supporting the DCC’s operational service provision have been developed to support the procurement exercises undertaken to appoint the DCC’s DSP and CSPs. These requirements are now reflected in their contracts with the DCC.
- 24 The DCC must act in accordance with the SEC as a condition of its Licence, and must comply with the SEC as a matter of contract. The DCC fulfils the delivery of many of its SEC obligations through the Service Provider contracts. It is therefore important for the DCC that, where relevant, the SEC, DCC Licence and Service Provider contracts align; any misalignment could cause the DCC to be in breach of the SEC or its Licence, and / or impose costs on Users if changes to DCC’s Service Provider contracts need to be made.
- 25 On closure of this consultation, we will analyse all responses, and may conclude that changes need to be made to proposed SEC legal text, which have consequential impacts for provisions that are already reflected in the Service Provider contracts. In this scenario, the DCC is responsible for ensuring that its Service Provider contracts remain in line with the SEC, and with its Licence obligations.

### **2.4 SEC Subsidiary Documents**

- 26 Over the course of the next year it is planned that a large number of technical documents will be introduced into the regulatory framework as SEC Subsidiary Documents, forming appendices to the SEC. Requirements for these documents are specified in the SEC or DCC Licence. Some of these documents will be developed by the DCC; others will be developed by DECC, working with stakeholders. The SEC Subsidiary Documents will be subject to consultation prior to being incorporated into the SEC.
- 27 With regard to those Subsidiary Documents being developed by the DCC, the DCC Licence and the SEC place obligations on the DCC to prepare and submit those documents to the Secretary of State for their incorporation into the SEC. The DCC is also required to comply with any direction from the Secretary of State to produce and submit any further drafts of the documents that the Secretary of State deems necessary.
- 28 It is important that stakeholders engage with the DCC’s consultations on these Subsidiary Documents in the same manner that they would with Government

consultations, given that the technical and procedural content of these documents is directly linked to SEC requirements and will, in many cases, ultimately form part of the SEC. That is, stakeholders should engage with these DCC consultations in the same way that they would with Government consultations on future SEC content. In this context it should be noted that in determining whether to incorporate the documents into the SEC or to require that the documents are resubmitted, the Secretary of State will consider any issues that arose during the consultation process which remain unresolved.

29 The DCC relevant subsidiary documents that are relevant to this consultation are:

- Common Test Scenarios Document
- SMKI and Repository Test Scenarios Document
- SMKI Interface Design Specification
- SMKI Code of Connection
- SMKI Repository Interface Design Specification
- SMKI Repository Code of Connection
- Registration Policies and Procedures (RAPP)
- Recovery Procedure
- DCC User Gateway Interface Specification (DUGIS)
- DCC User Gateway Code of Connection
- Electricity Registration Data Interface Specification (Electricity REGIS)
- Gas Registration Data Interface Specification (Gas REGIS)
- Electricity Registration Data Interface Code of Connection
- Gas Registration Data Interface Code of Connection
- Self-Service Interface Design Specification
- Self-Service Code of Connection
- Incident Management Policy
- Registration Incident Management Policy
- Error Handling Strategy
- Communications Hubs Support Material – Installation
- Communications Hubs Support Material – Handover
- Communications Hubs Support Material – Maintenance
- Threshold Anomaly Detection Arrangements
- Message Mapping Catalogue
- Non-Gateway Interface Specification
- Non-Gateway Test Strategy
- Non-Gateway Test Plans
- Non-Gateway Threshold Volume Procedures
- DCC Release Management Policy
- Security Management Policies and Procedures

## Part A: Consultation on SEC 4 Legal Drafting



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## 3 Communications Hubs

### Communications Hubs

#### 3.1 Introduction

##### Summary of Previous Consultations

- 30 In the roll-out Consultation Response Document<sup>1</sup>, we announced that for SMETS 2 meters we would require Communications Hubs to be physically separate to, or detachable from, the meter. Communications Hubs form the interface between the Smart Metering Wide Area Network (SMWAN), which will be the responsibility of the DCC via the Communications Service Providers (CSPs), and Devices in consumer premises, which will be the responsibility of Suppliers. Communications Hubs are therefore vital to the delivery of both industry and consumer benefits.
- 31 In Part 1 of the Government response to the consultation on the second version of the Smart Metering Equipment Technical Specifications<sup>2</sup>, we set out our decision to adopt a CSP-led model for provision of Communications Hubs. Under this model, the DCC will be required by its Licence to procure Communications Hubs that comply with the Communications Hubs Technical Specifications (CHTS) and provide them to energy Suppliers, operating under a general principle of 'costs lie where they fall' in order to avoid, where possible, complex recharging arrangements for installation and maintenance.
- 32 In Part 2 of the Government response to the consultation on the second version of the Smart Metering Equipment Technical Specifications Version<sup>3</sup>, we provided more information on the 'costs lie where they fall' principle and what constituted a 'type fault'. The Smart Energy Code Stage 2 (SEC 2) consultation<sup>4</sup> introduced proposals on financing and charging for Communications Hubs. We concluded on these proposals in January 2014<sup>5</sup>, confirming the proposed provisions in the SEC and the DCC Licence to support charging arrangements for third party financing. These arrangements will initially only apply to the first tranche of Communications Hubs in the northern CSP region, but will be capable of being used for future tranches in any region. These provisions were brought into legal effect using powers under the Energy Act 2008 on 31 March 2014<sup>6</sup>. We are now concluding on the

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<sup>1</sup> <https://www.gov.uk/government/consultations/smart-metering-implementation-programme-draft-licence-conditions-and-technical-specifications-for-the-roll-out-of-gas-and-electricity-smart-metering-equipment>

<sup>2</sup> <https://www.gov.uk/government/consultations/smart-metering-equipment-technical-specifications-second-version>

<sup>3</sup> <https://www.gov.uk/government/consultations/smart-metering-equipment-technical-specifications-second-version>

<sup>4</sup> <https://www.gov.uk/government/consultations/new-smart-energy-code-content-stage-2>

<sup>5</sup> <https://www.gov.uk/government/consultations/new-smart-energy-code-content-stage-2-consequential-consultation-on-changes-to-the-dcc-licence>

<sup>6</sup> <https://www.gov.uk/government/publications/modifications-to-the-smart-energy-code-smart-meter-communication-licences-and-the-standard-conditions-of-electricity-and-gas-supply-licences-no-1-0>

proposals contained in the SEC 2 consultation in relation to Communications Hubs Charging (Chapter 13), which includes associated legal drafting for consultation.

- 33 A further consultation (Changes to equipment installation requirements and governance arrangements for technical specifications),<sup>7</sup> published in April 2014, sought views in relation to changes to Supplier and DCC Licences to require the DCC to provide CHTS-compliant Communications Hubs that would be installed by Suppliers as part of a SMETS 2 installation.

### **Introduction to SEC 4 consultation**

- 34 The SEC 4 consultation sets out additional detail on the roles of the DCC and Suppliers in relation to Communications Hubs, including requirements for forecasting, ordering, delivery, installation, removal and returns. Draft SEC legal text is provided as part of this consultation.

## **3.2 Parties involved in the provision of Communications Hubs**

### **Description of the Issue**

- 35 We set out in Part 1 of our response to the SMETS 2 consultation that obligations will fall on the DCC and Suppliers for the provision and installation of Communications Hubs. The DCC will be required to provide Communications Hubs which must be CHTS compliant, and it will discharge its obligations through its CSPs.
- 36 As set out in the SEC Stage 2 consultation, Communications Hubs are being procured by the DCC in tranches. We are proposing in the SEC 4 consultation that the DCC should be required to consult SEC parties on its approach for future provision of Communications Hubs.
- 37 Suppliers will also have rights and obligations set out in the SEC in order to receive deliveries of Communications Hubs and install them in consumer premises. We also recognise that other Parties may wish to order and accept deliveries of Communications Hubs, for instance Meter Operators<sup>8</sup> may wish to do so to support their installing and maintaining of meters. In some instances they will do this as the agent of a supplier. They may also require a stock of Communications Hubs before knowing the particular supplier that they will be installed for. We are therefore seeking views on the proposal that other SEC Parties should be able to order and accept deliveries of Communications Hubs.

### **Translation into Detailed Requirements**

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<sup>7</sup> <https://www.gov.uk/government/consultations/changes-to-equipment-installation-requirements-and-governance-arrangements-for-technical-specifications>

<sup>8</sup> A person Qualified and appointed by an energy supplier, or, where applicable, a customer to (i) install, commission, test, repair and maintain metering equipment; and (ii) maintain related technical information

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- 38 We propose that a requirement is included in the SEC for the DCC to consult on its approach to the future provision of Communications Hubs. As part of its consultation, the DCC should set out how it will meet its obligations to provide Communications Hubs, while meeting its wider licence objectives, including in relation to:
- the size and timing of tranches;
  - the physical dimensions of Communications Hubs;
  - financing arrangements;
  - indicative costs; and
  - additional functionality and compatibility not set out in the CHTS.
- 39 It is proposed that the obligations relating to forecasting, ordering, delivery and returns of uninstalled Communications Hubs should apply to other SEC Parties. However obligations in relation to the installation and maintenance of Communications Hubs and return of installed Communications Hubs should apply only to Suppliers, because at the time of installation or maintenance there will be a specific Supplier for the premises in question and any person undertaking the installation or maintenance would be acting on behalf a Supplier.

## Legal Text

### Summary of new SEC Provisions

#### Changes to Section F

- Section F provides a requirement for the DCC to consult SEC Parties on future procurement of Communications Hubs.

## Consultation Questions

### Parties Involved in the Provision of Communications Hubs

Q1	Do you agree with the requirement for the DCC to consult SEC Parties on future tranches of Communications Hubs procurement?
Q2	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?

## 3.3 Communications Hub Support Materials

### Description of the Issue

- 40 Further detail on processes in relation to handover, installation, maintenance and returns of Communications Hubs will be set out in the Communications Hub Support Materials and we consider that the DCC (working with the CSPs) is best placed to develop these materials. The DCC is already developing and consulting on the Communications Hubs Support Materials as listed below:
- Communications Hub Handover Support Materials (CHHSM);
  - Communications Hub Installation Support Materials (CHISM); and
  - Communications Hub Maintenance Support Materials (CHMSM).

### Translation into Detailed Requirements

- 41 It is considered important that Parties have the opportunity to propose changes to improve the clarity, accuracy and comprehensiveness of the Support Materials. It is therefore proposed in the draft SEC text that the Support Materials should ultimately form part of the SEC (as subsidiary documents) and so be subject to the SEC modification process. Furthermore the support materials should be incorporated into the SEC sufficiently in advance of the first Communications Hubs orders being placed.
- 42 Consistent with the process the DCC must follow to produce other SEC subsidiary documents, the draft SEC legal text places obligations on the DCC to develop the Communication Hubs Support Materials in consultation with Parties and to provide a draft to the Secretary of State for incorporation into the SEC, with details of any disagreements identified during the consultation. Legal Text.

### Summary of new SEC Provisions

<b>Changes to Section F</b>	<ul style="list-style-type: none"> <li>• X7 sets out the process for the development of Communications Hub Support Materials by the DCC.</li> </ul>
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### Consultation Questions

#### Communications Hub Support Materials

Q3	Do you agree with the proposed approach and legal drafting in relation to the development of the Communications Hub Support Materials?
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### 3.4 Communications Hubs Forecasting

#### Description of the Issue

- 43 To ensure the most cost effective provision of Communications Hubs it is considered important that each CSP has a degree of certainty over the number that SEC Parties will be requesting. Having this information will enable CSPs to optimise manufacturing, financing and logistics costs, and to ensure they have procured sufficient numbers of Communications Hubs to

meet the demands of Parties. There is therefore a need for Parties to provide to the DCC accurate long term forecasts of the numbers of Communications Hubs they will require.

- 44 Recognising that long term forecasts are necessarily subject to change, it is proposed that forecasts can be refined over time. However to balance the need for flexibility on the part of ordering parties against the CSPs' need for certainty to achieve production efficiency, the actual orders placed should be within defined tolerance thresholds (further information on this is provided below in the Communications Hubs ordering section).
- 45 We are also seeking views on proposed legal text requiring that, from the tenth month before the delivery month, a Party's forecast for that month and the subsequent months up to the delivery month should be refined to state the number of Device Models (WAN variants and HAN variants) it requires in each CSP region. This will provide the CSPs with more detailed information, enabling economies in the manufacturing process to be realised. However it would mean that the tolerance thresholds applying to orders based on the forecasts provided would be applied at the Device Model level rather than on an aggregate number of Communications Hubs.
- 46 Forecasts will not include any Communications Hubs that Parties require for testing purposes. Further information on this is provided below

### **Translation into Detailed Requirements**

- 47 It is proposed in the draft SEC legal text that each Party wishing to order Communications Hubs is required to submit an accurate and up-to-date Communications Hubs Forecast to the DCC on a monthly basis. The draft SEC legal text sets out the proposed content for these forecasts, specifying that they:
- include a breakdown of the total quantity of Communications Hubs to be delivered each month in each CSP region (North, Central and South). Forecasts that are submitted from the tenth month before the delivery month should include the amounts of each Device Model to be delivered in that month in each Region also. Further detail, for example, on delivery dates and delivery locations, will not be required until an order is submitted;
  - cover a rolling 24 month period and be updated on a monthly basis;
  - be submitted over a mechanism that the DCC is required to provide, referred to as the Communications Hub Ordering System (CHOS)<sup>9</sup> in the SEC draft legal text; and

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<sup>9</sup> The CHOS will be a mechanism (or mechanisms) through which Parties and the DCC will carry out a number of transactions related to the ordering of Communications Hub, including the submission of orders for Communications Hub by Parties. The CHOS will be one of a number of services which DCC Users can access through the DCC's Self-Service Interface (SSI). Parties which have not yet become DCC Users will be able to access the CHOS using a means other than the SSI which will be

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- be submitted over the CHOS, 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.

48 It is proposed that the Party should use its reasonable endeavours to ensure that forecasts are accurate and up-to-date. There are also links between forecasts and the quantity of Communications Hubs that a Party can order (see forecast tolerances below).

## Legal Text

### Summary of new SEC Provisions

<b>Changes to Section F</b>	<ul style="list-style-type: none"> <li>• F5.2 and F5.3 defines a Communications Hubs Forecast, including that it should cover a 24 month period and should start from the month which is five complete months after the end of the submission month.</li> <li>• F5.4 sets out the content of the Communications Hubs Forecast.</li> <li>• F5.5 requires Parties to submit accurate, up to date forecasts each month over the CHOS.</li> </ul>
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## Consultation Questions

### Communications Hubs Forecasting

Q4	Do you agree with the proposed approach and legal drafting in relation to forecasting of Communications Hubs?
Q5	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)?

## 3.5 Communications Hubs Ordering

### Description of the Issue

- 49 Significant numbers of Communications Hubs will be required during the course of the smart meter roll-out. We consider that the process for ordering Communications Hubs should be as clear as possible and aim to maximise delivery efficiency.
- 50 To achieve this we propose that the SEC should set out the process for ordering Communications Hubs including the timing for orders, the information

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made available by the DCC; they will be able to continue to use this mechanism as an alternative to direct access through the SSI once they have become DCC Users.

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that should be provided with the order and the location for delivery. This will provide Parties with a clear process for ordering Communications Hubs. In addition orders should correlate to the forecasts that have been provided in the tenth and seventh month before the delivery month in order to provide assurance for CSPs to start procuring Communications Hubs to meet forecast volumes.

### Translation into Detailed Requirements

- 51 We propose that a Party may submit one Communications Hubs Order in any month through the CHOS for each CSP Region. Communications Hubs Orders 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; and
  - 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 on and the relevant delivery month).
- 52 We propose that the Communications Hub order should:
- identify the CSP region for which the order relates;
  - identify the Delivery Month;
  - specify delivery date(s) and delivery locations(s), which should meet any restrictions outlined in the CHHSM. Delivery locations must be in Great Britain;
  - specify the quantity of Communications Hubs in relation to each Device Model Delivery quantities for each Device Model of Communications Hubs 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.
- 53 The DCC will be required to offer all of the HAN variants outlined in the CHTS and provide information on WAN coverage and the required WAN variant required in each postcode.
- 54 There is not a requirement for this location to be in the relevant CSP Region. Further provisions limiting the number of delivery locations in order to maximise the efficiency of deliveries are expected to form part of the CHHSM.
- 55 In order to further maximise delivery efficiency, we propose that there should be a minimum delivery quantity. For each individual delivery (i.e. to one
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delivery location on one delivery date), the Communications Hubs Order must at least meet a minimum quantity of Communications Hubs, as defined in the CHHSM. We expect this to be the quantity required for a standard pallet (there will be different arrangements for Test Communications Hubs as described in the 'Provision of Communications Hubs for Testing' section below). This minimum quantity is adjusted as necessary to reflect any minimum forecast quantity (as set out in the next paragraph) i.e. the minimum quantity will be the higher of these two numbers.

- 56 In order to provide assurance for CSPs to start procuring Communications Hub Device Models to meet forecast volumes, we propose that Communications Hubs Orders should be within tolerances of forecasts submitted in the tenth and seventh month before the relevant delivery month. The number of Communications Hubs permitted to be ordered by a Party must meet both of the following tolerances:
- is not less than 50% or more than 150% of the quantity which was forecasted for delivery for each CSP during the relevant delivery month in the version of the Party's forecast which was issued to the DCC in the tenth month before the relevant Delivery (so that there are 9 clear months between the month that this forecast is submitted and the delivery Month); and
  - is not less than 80%, or more than 120%, of the quantity which was forecasted for delivery for each CSP during the relevant Delivery Month in the version of the Party's Forecast which was issued to the DCC in the seventh month before the relevant Delivery Month (so that there are 6 clear months between the month that this forecast is submitted and the delivery month).
- 57 The forecast tolerances give Parties flexibility to increase the accuracy in relation to the quantity of Communications Hubs Device Models required over time as they approach the Delivery Date. They also give the DCC (and therefore CSPs) confidence to procure Communications Hubs Device Models and ensure they are able to provide Parties with the correct Communications Hubs when they need them.
- 58 Orders will need to contain a breakdown of Communications Hub Device Models, which includes WAN (Wide Area Network) and HAN (Home Area Network) variants. To enable the Supplier to select the correct type, the DCC is required to provide a WAN Coverage Tool which indicates the appropriate WAN technology required in a specific location.
- 59 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.
- 60 Where the order is not compliant, the DCC should take all reasonable steps to accommodate it in whole or in part, having regard to the extent and effect of the non-compliance. Examples include where a Party wishes to have more Communications Hubs than their forecast would allow and the DCC (through



discussion with the CSPs) establishes that this can be accommodated at no material additional cost. Note this could be because another Party has requested fewer Communications Hubs than they forecast and so the DCC can balance quantities across all submitted orders.

- 61 The SEC will require the DCC to produce and publish a policy to provide further information on the process it intends to follow to ensure that decisions to accept or reject non-compliant orders are non-discriminatory and cost effective.
- 62 We are also considering whether Parties should be able to cancel orders in advance of the agreed delivery date, subject to a charge. This issue is related to policy for the return of 'no-fault found' Hubs and is covered below.

## Legal Text

### Summary of new SEC Provisions

#### Changes to Section F

- F5.6 to 5.7 defines a Communications Hubs Order and its minimum required contents and requires orders to be submitted four clear months in advance of a delivery.
- F5.9 to F5.11 place restrictions on the Delivery Quantity, including that they are within tolerances of forecasts and at least a minimum delivery quantity.
- F5.13 to F5.15 permits Suppliers to submit orders (and requires orders where a forecast over zero has been submitted) over the CHOS.
- F5.16 to F5.18 outline the DCCs requirements to accept compliant orders and to either accept, reject, or part-reject orders that are non-compliant. It also includes an obligation on the DCC to publish a policy on how it intends to do this.

## Consultation Questions

### Communications Hubs Ordering

- |    |  |
|----|--|
| Q6 | Do you agree with the proposed approach and legal drafting in relation to ordering of Communications Hubs? |
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## 3.6 Communications Hubs Delivery & Handover

### Description of the Issue

- 63 In the CSP-led model, the DCC (via its CSPs) will be responsible for delivering Communications Hubs to SEC Parties and any additional auxiliary equipment. It is important for all the organisations involved that there is clarity about responsibility for loss, destruction or damage to Communications Hubs and when this risk transfers between Parties.
- 64 We therefore propose that the SEC should set out:

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

65 The CHHSM are also expected to include a number of further requirements in relation to delivery and handover. See chapter 3.3 for further information on the support materials.

### Translation into Detailed Requirements

66 It is proposed that as part of the SEC obligations, the DCC will be required to deliver all accepted Communications Hubs Orders to the specified delivery location on the relevant date in accordance with any delivery requirements outlined in the CHHSM. The risk of loss, destruction or damage transfers from the DCC to the Party which submitted the order on commencement of unloading at the delivery location (where not unloaded by the DCC) or on completion of unloading where unloaded by the DCC).

67 It is proposed that a Party has five days to confirm acceptance of delivery. This acceptance should include any information set out in the CHHSM and be provided via the CHOS. Where a Party fails to submit confirmation, the order will be deemed to have been accepted after this five day window. The Supplier may reject all or part of an order where:

- the quantity or type of Communications Hubs does not match the accepted Communications Hubs Order;
- the delivery has (or appears to have) been damaged or tampered with in advance of delivery (i.e. when risk of loss or damage lies with the DCC); and
- any other reason as set out in the CHHSM.

68 Where a Party rejects Communications Hubs, the DCC must collect the rejected Devices (if rejected within 5 days) and the DCC must provide replacements as soon as possible. Where a Party rejects Communications Hubs after the 5 day window, it must return them to the DCC (see section below on “Communications Hubs Removal, Replacement and Returns”). When the DCC collects rejected Devices, the risk of loss, destruction or damage transfers from the Party to the DCC on commencement of such loading onto the delivery vehicle (where loaded by the DCC) or on completion of loading (where not loaded by the DCC).

69 The CHHSM will include further detail on delivery and handover requirements.

### Legal Text

## Summary of new SEC Provisions

<b>Changes to Section F</b>	<ul style="list-style-type: none"> <li>• F6.1 and F6.2 require the DCC to deliver Communications Hubs in accordance with Communications Hubs Orders and to do this in accordance with the CHSM.</li> <li>• F6.3 to F6.5 covers requirements to follow Good Industry Practice when unloading the Communications Hubs and the point at which risk of loss, destruction or damage to transfers between the DCC and the ordering Party.</li> <li>• F6.7 to F6.18 outlines Parties' rights and obligations in relation to accepting or rejecting Communications Hubs deliveries and requires the DCC to collect any rejected Communications Hubs and provide a replacement.</li> </ul>
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## Consultation Questions

### Communications Hubs Delivery and Handover

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

#### Description of the Issue

- 70 We consulted previously<sup>10</sup> on a requirement for Suppliers to install Communications Hubs provided by the DCC and a requirement on the DCC to ensure that these Communications Hubs comply with the CHTS. We also consulted on amendments to Supplier Licences and the DCC Licence to require Communications Hubs to be installed as part of a SMETS 2 installation.
- 71 Under the CSP-led model, we propose that remote maintenance is undertaken by the DCC and local maintenance (i.e. involving a site visit) should be the responsibility of the Supplier. The Incident Management drafting in the SEC requires remote maintenance from the DCC to be undertaken where possible.
- 72 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.
- 73 We are now setting out in the draft SEC legal text the requirements on the DCC and Suppliers in respect of the installation and maintenance of Communications Hubs.

#### Translation into Detailed Requirements

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

- 74 It is proposed that Suppliers will be required to install Communications Hubs and any associated auxiliary equipment in accordance with the detailed processes set out in the CHISM. Where they are unable to commission a Communications Hubs Function at the end of this process, they should raise an incident in accordance with the rules in H9 of the SEC.
- 75 Where a Supplier undertakes maintenance of a Communications Hubs, it is required to do so in compliance with the CHMSM. The Incident Management procedures identify the responsible Supplier in circumstances where a Communications Hub forms part of more than one Smart Metering System. Removal processes will be detailed in the CHMSM (see chapter 3.3 for further information on the support materials).
- 76 As described above, on some occasions the DCC may need to attend premises to facilitate the successful connection of a Communications Hub to the WAN. We propose that in these instances the DCC will be acting in the capacity of contractor to the responsible Supplier. We also propose that the DCC, in these circumstances, will comply with any regulation applicable to the energy Supplier or its representatives, including the requirements of the relevant licence condition concerning representatives attending the premises. The Supplier should ensure, in advance, that any consent required is obtained to access premises.
- 77 On completion of the installation of a Communications Hub and any auxiliary equipment, we are proposing that any risk of loss, destruction or damage, including where caused by the consumer, will cease to lie with the installing Supplier. This risk will then transfer either to the Supplier that removes a Communications Hub from the premises or the Supplier that first becomes aware of its loss or destruction, as the case may be, until such time as the Communications Hub is returned to the DCC.

## Legal Text

### Summary of new SEC Provisions

#### Changes to Section F

- F7.1 requires Suppliers to install Communications Hubs in accordance with the CHISM.
- F7.3 and F7.4 set out rules relating to assignment of risk for loss or damage to Communications Hubs.
- F7.5 to F7.7 sets out rules governing circumstances where the DCC needs to attend a consumer's premises on behalf of a Supplier to install additional equipment.

## Consultation Questions

### Communications Hubs Installation & Maintenance

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

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### 3.8 Communications Hubs Removal, Replacement and Returns

#### Description of the Issue

- 78 There are various circumstances where the removal, replacement or return of Communications Hubs may become necessary. To provide clarity for all the parties concerned (DCC, CSP and SEC Parties) the SEC will need to set out the arrangements applying in different circumstances.
- 79 Communications Hubs may need to be removed for a number of reasons, for example:
- a fault has occurred which cannot be fixed;
  - there is a need to replace a Communications Hub with a different variant (e.g. this could include in split fuel premises where the first Communications Hub installed is not suitable for both the gas and electricity smart meter); or
  - the Communications Hub is at a non-domestic premises that has been opted-out of the DCC.
- 80 The need to replace a Communications Hub with a different variant could arise in a split fuel premises (with separate Suppliers for gas and electricity) where the first Communications Hub that was installed is not suitable for the second installing Supplier's meter and it is sensible to replace the previously installed Communications Hub with one that works for both smart meters. To minimise the likelihood of this occurring, we are considering placing an obligation on the first installing Supplier in these circumstances 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. We are seeking views on whether we should include such an obligation in the SEC.
- 81 Further detail on assigning reasons for return and the links to charging are set out in chapter 3.8.
- 82 We propose that any installed Communications Hub which is removed by energy Suppliers must be returned to the DCC to allow it to carry out secure disposal or reconditioning. There should be a process in place for the return of Communications Hubs which includes:
- the DCC identifying return delivery locations;
  - 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 at the point of a return delivery.
- 83 The CHMSM (see chapter 3.3) will include detailed processes in relation to removal and return of Communications Hubs.
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- 84 We consider that the DCC should take all reasonable steps to recondition and redeploy Communications Hubs to help minimise costs.

### **Translation into Detailed Requirements**

- 85 In the draft SEC text it is proposed that Suppliers must take all reasonable steps to remove Communications Hubs from premises where:
- the DCC requests that Communications Hubs should be removed;
  - Suppliers withdraw or decommission a Communications Hub for any reason, including where a smart metering system in a non-domestic premises is opted out of the DCC; and
  - Suppliers are required to do so by any provision in the SEC, including the Incident Management provisions or the CHMSM.
- 86 The removal of Communications Hubs must be undertaken in accordance with the CHMSM. The risk of loss, destruction or damage to a Communications Hub that is being removed will lie with the Supplier undertaking the removal. Where Suppliers are under an obligation to remove Communications Hubs from premises, including where the DCC requests that certain categories of Communications Hubs should be returned, or where they choose to remove them for other reasons, the force majeure concept will apply (i.e. they will not be held to be in breach of their obligation to remove Communications Hubs in circumstances of force majeure).<sup>11</sup>
- 87 We have also considered whether SEC Parties should be able to return Communications Hubs to the DCC prior to their installation where they have not identified any faults. We have provided SEC drafting alongside this consultation to allow for such a right of return which would provide flexibility for SEC Parties, but recognise that there is a risk that this may not encourage efficient ordering practices. We propose that in these circumstances, the DCC would determine an appropriate Explicit Charge to recover the envisaged costs related to the return; however, calculating the appropriate level for such a charge may not be straightforward given the DCC's supply chain complexity. If we conclude that such a right is not appropriate then this drafting would be removed and the ability to return Communications Hubs prior to installation would be limited to circumstances where there was a fault or damage to the device, notwithstanding the right for a SEC party to return Communications Hubs which are the subject of an objection that is raised within five days of delivery.
- 88 We consider that a right of return would need to be accompanied by a right to cancel orders prior to delivery (so as to avoid the inefficiencies associated with deliveries to and returns from the SEC Party who had over-ordered).

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<sup>11</sup> Set out in section M1.9 to M1.13 in the SEC. The force majeure provisions mean that affected parties will not be in breach of the SEC due to an event that is beyond their reasonable control, to the extent that these events could not have been prevented had the party acted in accordance with Good Industry Practice.

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Therefore the draft legal text also provides for the ability of SEC Parties to cancel orders up to 24 hours before delivery. Such a right to cancellation would also be subject to the payment by the SEC Party of an Explicit Charge related to cancellation costs, which would be cost reflective as is required by the charging objectives. Again, if we conclude that this is not appropriate then this drafting would be removed. We would welcome views on whether SEC Parties should be able to return no-fault Communications Hubs prior to installation, and whether SEC Parties should be able to cancel orders up to 24 hours before delivery.

- 89 Where a Supplier removes a Communications Hub it must return it to the DCC within 90 days of the date of its removal. This is to balance the need for the DCC to carry out any fault investigations and securely dispose of the Device with the need for the Supplier to have some flexibility in its logistics. The DCC will be required to publish information on the CHOS about arrangements for returning Communications Hubs. Parties will be required to provide the DCC with information in advance of returning Communications Hubs, including notification of quantities and timings, and comply with the requirements that are set out in the CHMSM. Where a Party incorrectly returns Communications Hubs to a returns location for the wrong CSP Region the DCC will charge the Party for forwarding costs.
- 90 The DCC will take all reasonable steps to recondition and re-deploy returned Communications Hubs. Before redeploying a Communications Hub, the DCC must ensure that any data relating to any energy customer is permanently erased from it. Those returned Communications Hubs which are not reconditioned must be disposed of in accordance with Good Industry Practice.

## Legal Text

### Summary of new SEC Provisions

#### Changes to Section F

- F7.2 sets out the obligation on a Supplier to try to install a Communications Hubs in a split fuel premises that will serve both the gas and electricity smart meter
- F8.1 provides the DCC with the right to request that Suppliers remove previously installed Communications Hubs.
- F8.3 recognises Suppliers' rights to remove Communications Hubs and requires that they are removed where the Smart Metering System is withdrawn.
- F8.4 requires that where a Supplier removes a Communications Hub, it must so in accordance with the CHMSM
- F8.5 Sets out that where a Communications Hub is removed, risk for loss, destruction or damage vests with the Supplier which is carrying out the removal
- F8.6 to F8.9 sets out requirements for the return of Communications Hubs
- F8.14 to F8.16 requires that the DCC should take all reasonable steps to recondition Communications Hubs and

	ensure that Communications Hubs which are not reconditioned are disposed of in accordance with Good Industry Requirements and standards contained elsewhere in the SEC.
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## Consultation Questions

### Communications Hubs Removal, Replacement and Returns

Q9	Do you agree with the proposed approach and legal drafting in relation to removal and returns of Communications Hubs?
Q10	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 Hubs that would work with both the smart meter that it is installing and the smart meter of the other fuel type?

### 3.9 Communications Hubs Returns Categories

#### Description of the Issue

- 91 As the Communications Hubs are being provided by the DCC and then installed and maintained by Suppliers, it is important that there is a mechanism in place to deal with any faults that occur. We need to ensure that the DCC is incentivised to procure equipment that is fit for purpose and that Suppliers are generally incentivised only to replace equipment where it is faulty.
- 92 In our Part 2 response to the consultation on the second version of the SMETS we provided further detail on the ‘costs lie where they fall principle’ and what would constitute a type fault and a batch fault<sup>12</sup>. The response outlined that responsibility for Communications Hub faults will either be allocated to the DCC (i.e. the CSP) or the relevant energy Supplier. Where the number of DCC faults exceeds a set threshold, the DCC will be required to pay a liquidated damage payment for these faults to reimburse the affected Suppliers for their field service costs of 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 a batch fault).
- 93 There will be a number of further charging arrangements that apply to a removed Communications Hub in different circumstances. It is therefore necessary to assign returned Communications Hubs with a Returns Category to feed into the relevant charging arrangement.
- 94 The table below summarises the proposed categories:

<sup>12</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/209840/SMIP\\_E2E\\_S\\_METS2\\_govt\\_consultation\\_response\\_part\\_2\\_final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209840/SMIP_E2E_S_METS2_govt_consultation_response_part_2_final.pdf)



	Categories	Description of category	Charging arrangements (see section 14 on communications Hubs charging)
1	Reason for Return Supplier A: Non-domestic Opt- Out	Where a CHTS compliant Communications Hub has been installed and the non-domestic supplier subsequently decides to opt out of the DCC, the Supplier is required to return the relevant Communications Hub.	Remaining asset costs smeared across non-domestic sector
2	Reason for Return Supplier B: Split Fuel	In split fuel households, the second Supplier may choose to replace the existing Communications Hub with an alternative Communications Hub that can provide HAN coverage to both the gas and electricity meters.	Remaining asset costs (of the first Communications Hub) recovered via Communications Hub Fixed charges
3	Reason for Return Supplier C (Subject to consultation outcome on returns policy above)	This includes: a) loss or damage of Communications Hubs where the Supplier is responsible, including due to Supplier non-compliance with SEC; b) return of a working Communications Hub i.e. a "no fault found" return	Supplier has to pay either: <ul style="list-style-type: none"><li>• reconditioning fee; or</li><li>• early termination charge</li></ul>
4	Reason for Return DCC A: <ul style="list-style-type: none"><li>• Type fault</li></ul>	Includes: <ul style="list-style-type: none"><li>• faulty/defective Device;</li><li>• the need to replace with a Special WAN variant Communications Hub; and</li><li>• any damage due to DCC not complying with Code</li></ul> Unless a Batch Fault arrangement applies	<ul style="list-style-type: none"><li>• Type fault requirements apply</li><li>• Communications Hubs replaced 'free of charge'</li></ul>
5	Reason for Return DCC B: <ul style="list-style-type: none"><li>• Batch fault</li></ul>	Includes Faulty/defective Devices which occur within the first twelve months after the successful installation of the relevant Communications Hub at the Consumer Premises (applying solely in relation to Communications Hubs within the same Batch)  A "Batch" means the total number of Communications Hubs delivered to a specific Delivery Location in any Delivery Month.	<ul style="list-style-type: none"><li>• Batch fault requirements apply</li><li>• Communications Hubs replaced 'free of charge'</li></ul>
6	Reason for Return DCC C: <ul style="list-style-type: none"><li>• DCC Product Recall / Technology Refresh</li></ul>	Product recall (with the exception of mesh replacements which is captured by 5)	<ul style="list-style-type: none"><li>• All site visits cost compensated</li><li>• Communications Hubs replaced 'free of charge'</li></ul>

7	Reason for Return DCC D: <ul style="list-style-type: none"> <li>DCC fault (that does qualify for Type Fault or Batch Fault or Product Recall)</li> </ul>	<ul style="list-style-type: none"> <li>Faulty Device pre-installation (or at first site visit)</li> <li>Communications Hubs deliveries rejected within 5 working days (either because incorrect or appear damaged)</li> </ul>	<ul style="list-style-type: none"> <li>No site visit compensation</li> <li>Communications Hubs replaced 'free of charge'</li> </ul>
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### Translation into Detailed Requirements

95 We propose the following steps in the draft legal text to report the removal of a Communications Hubs and for any investigation that may follow:

- Suppliers should specify, in accordance with the CHMSM, a reason for return when they return a Communications Hub to the DCC. They should also be required to notify any lost or destroyed Communications Hubs to the DCC as soon as reasonably possible;
- the DCC should provide notification if it intends to undertake any examinations, tests or investigations to verify the reason given by the Supplier within ten 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 has a right to investigate Communications Hubs in order to test whether they are faulty. The Communications Hub Fault Diagnosis Document (a SEC subsidiary document) will set out the methodology to be applied by the DCC to diagnose faults. This might include use of representative samples of returned, lost or destroyed Communications Hubs during a reasonable period;
- the DCC should produce and distribute a report setting out its analysis and conclusions on whether a fault exists on the 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 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; and
- where the energy 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 to the energy Suppliers by the DCC.

- 96 In order to help promote improvements to reduce the occurrence of faults in the future, it is proposed that an obligation be placed on the DCC to 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.

## Legal Text

### Summary of new SEC Provisions

<b>Changes to Section</b>	<ul style="list-style-type: none"> <li>• F9.5 Sets out reasons for returning Communications Hubs</li> <li>• F9.6 allocates responsibility to each category to either the Supplier or the DCC</li> <li>• F 9.7 to F9.14 sets out the Communications Hubs Diagnosis process that must be followed where the DCC wishes to challenge the reason why a Communications Hub has been returned</li> <li>• F9.15 requires the DCC reports to the Panel and other Parties on the number of Communications Hubs that have been returned due to a DCC fault.</li> </ul>
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## Consultation Questions

### Communications Hubs Returns Categories

Q11	Do you agree with the Governments proposals in relation to the processes to determine the reasons for early return of Communications Hubs?
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## 3.10 Transitional requirements in relation to Forecasts and Orders

### Description of the Issue

- 97 Chapter 3.4 of this consultation sets out the proposed enduring requirements in relation to Communications Hubs forecasts and chapter 3.5 covers Communications Hubs ordering.
- 98 Based on the updated Joint Industry Plan, the first date that Suppliers could receive deliveries of Communications Hubs is 1 November 2015. Transitional arrangements are being consulted upon in respect of this initial delivery date. The current expected timetable for forecasts and deliveries is outlined below:

Date	Activity
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January 2015	Requirement for Suppliers (and any Parties intending to order Communications Hubs in the future) 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

99 This expected timetable may be subject to change, and if so, this will be managed through the Joint Industry Plan process.

#### Translation into Detailed Requirements

100 Transitional arrangements are set out in Section X of the SEC. We are consulting on changes to Section X in relation to the timing of Communications Hubs forecasts and orders.

101 It is proposed that each Supplier shall (and any Party that intends to order Communications Hubs may) submit its first Communications Hubs Forecast during the month ending nine months in advance of the start of the month in which the Initial Delivery Date occurs. The Initial Delivery Date has been set for 1 November 2015. Further forecasts on a monthly basis will be required until the month ending five months in advance of the month in which the Initial Delivery Date occurs, from which time further Communications Hubs Forecasts shall be submitted as specified for the enduring period.

102 Forecasts submitted during transition should cover a 24-month period commencing with the month in which the Initial Delivery Date occurs. No Communications Order may specify a Delivery Date that is prior to the Initial Delivery Date, and no Party may submit a Communications Hubs Order prior to the month ending four months in advance of the month in which the Initial Delivery Date occurs.

#### Legal Text

##### Summary of new SEC Provisions

<b>Changes to Section</b>	<ul style="list-style-type: none"> <li>X3.3 sets out transitional arrangements in relation to the submission of Communications Hubs forecasts and orders to the DCC.</li> </ul>
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## Consultation Questions

### Transitional Requirements Communications Hubs 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?
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### 3.11 Consequential changes to the DCC licence

#### Description of the Issue

- 103 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).
- 104 Consequential changes are required to the DCC Licence in order to support DCC's provision of Communications Hubs for testing purposes (3.12) and the provision of Testing Services by the DCC (see chapter 9) to persons other than SEC Parties.

#### Translation into Detailed Requirements

- 105 We propose modifying the definition of Mandatory Business in the DCC licence to make it clear that the DCC is obliged to provide certain enabling services to persons who are not SEC Parties but on the basis of terms under or pursuant to the SEC. Similarly we propose modifying C17.23 and C17.33 to again oblige the DCC to provide the service.
- 106 As a further consequential change we are considering modifying C20 so that the Authority may determine disputes between the DCC and non-SEC Parties, but only with respect to the terms offered for the specific services discussed above. As a consequence C20.3, 20.8 and 20.10 are all expanded to allow for non-SEC Parties to raise a dispute with the Authority.
- 107 The proposed modifications to Condition 20 also support the changes discussed in Chapter 9 (explicit charges for certain Other Enabling Services), but together only apply with respect to the offer of terms by DCC for those Other Enabling Services mentioned above or for which it is entitled to levy service charges under the SEC.
- 108 We would welcome views on this and whether other approaches would be more appropriate.

#### Consultation Question

### 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?
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### 3.12 Provision of Communications Hubs for Testing

#### Description of the Issue

- 109 A number of stakeholders including energy Suppliers and Device manufacturers have stated that they would like to be able to procure DCC Communications Hubs for the purpose of testing their meters and other Devices with their own systems outside of the DCC's test labs.
- 110 Communications Hubs for testing to SEC Parties and other persons, including Device manufacturers. Given that these Communications Hubs will be used for different purposes to Communications Hubs, we propose different ordering, charging and other arrangements, compared to the standard processes outlined above.

#### Translation into Detailed Requirements

- 111 Communications Hubs for testing purposes to SEC Parties and any other person that requests them: The DCC will be required to state when these Communications Hubs will be available for ordering in the E2E Testing Approach document and to provide Test Communications Hubs earlier than the start of E2E testing if possible. The DCC will also be required to publish a guide on its website for those seeking to place such Test Communication Communications Hubs orders (including non-SEC Parties).
- 112 Where the DCC is providing Test Communications Hubs to non-SEC Parties, we propose that the DCC should only do so where that party has entered into a contract with the DCC that reflects pro forma terms and conditions set out in Schedule 7 of the SEC (i.e. terms and conditions that reflect those that apply to SEC parties ordering Test Communications Hubs). The DCC charge for these Devices should be cost reflective, with delivery charges also passed on to the procurer. The SEC also defines a limited right of return for these communication should they be damaged on delivery or if they are shown to be defective within 28 days of delivery.
- 113 We also propose to require that the DCC should, in advance of the availability of fully compliant Communications Hubs, offer prototype Devices for testing purposes, which some Suppliers and Device manufacturers may wish to use for earlier testing activity. The DCC must provide these Prototype Communications Hubs in accordance with the requirements set out in F10, with the additional requirement for the DCC to provide details of the manner in which these Devices do not comply with CHTS.

#### Legal Text

##### Summary of new SEC Provisions

<b>Changes to Section</b>	F10.1 and F10.2 describe the differences between how Communications Hubs and Test Communications Hubs can be used. F10.3 sets out the rules regarding Prototype Communications Hubs F10.4 to F10.7 describes how and when Hubs will be made available
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	F10.8 and F10.9 sets out the rules for the ordering, delivery, rejection and return of Test Communications Hubs F10.10 and F10.11 set out how Test Communications Hubs can be used.
<b>Schedule 7</b>	New Pro Forma Contract setting out terms to apply to non-SEC parties when requesting Test Communications Hubs

### Consultation Questions

#### 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?
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## 4 Security Governance and Assurance and Privacy

### 4.1 Security Governance

#### Description of the Issue

- 114 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 requirements designed to mitigate security risks.
- 115 Changes to the threat landscape, the emergence of new vulnerabilities or any changes to the security architecture may impact on the proportionality and effectiveness of security arrangements. There is therefore a need to ensure these are kept under review to reflect changing circumstances and provide effective management and mitigation of evolving risks.
- 116 The SMETS 2 Consultation<sup>13</sup> sought views on security governance proposals. In part 2 of the Government's response<sup>14</sup> we outlined plans for a Security Sub-Committee (SSC) to be created under the SEC Panel to keep security arrangements under review and consider whether they continue to be appropriately balanced against the SEC objectives and the wider threat and risk landscape. To meet this aim it was explained that the SSC will:
- maintain the end-to-end smart metering system risk assessment to identify new or changed security risks;
  - maintain a set of security requirements that seek to mitigate risks to the end-to-end system that have been identified in the risk assessment; and
  - maintain a risk treatment plan to provide confidence to the SEC Panel that security risks have been proportionately mitigated.
- 117 To date, DECC has taken responsibility for much of this role, in close consultation with industry and security experts, currently through the Transitional Security Experts Group (TSEG). The output of this work is a range of security products including the End-To-End Risk Assessment, the Security Requirements and the Security Architecture. Once the SSC is established DECC will hand these documents over for the SSC to maintain.
- 118 Following a reassessment of security risk, the SSC may consider changes to the regulatory framework to be necessary. We therefore consider that members of the SSC should have the power to propose SEC modifications, either as individuals or collectively. Recognising that modifications to any part of the SEC may have an impact on security, the SSC will also have a role in evaluating all modifications and advising the SEC Panel as to any impact on security.
- 119 The role outlined for the SSC also includes providing expert security advice to the SEC Panel on technical disputes amongst SEC parties in relation to

<sup>13</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/42953/6129-consultation-second-version-smets.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/42953/6129-consultation-second-version-smets.pdf)

<sup>14</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/209840/SMIP\\_E2E\\_SMETS2\\_govt\\_consultation\\_response\\_part\\_2\\_final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209840/SMIP_E2E_SMETS2_govt_consultation_response_part_2_final.pdf)



compliance with the security requirements. Expanding on this we propose that the SSC also play a role in advising the SEC Panel on issues of non-compliance by SEC Parties identified through the security assurance arrangements set out later in this document. This will allow the SEC Panel to take an informed view on the security risks presented, whether non-compliance is in evidence, and if any further action is necessary.

- 120 To ensure security assurance arrangements remain proportionate and provide the requisite degree of confidence, the SSC will have a responsibility to keep them under review over time. SSC responsibilities in respect of the Commercial Product Assurance (CPA) scheme<sup>15</sup> include commissioning new or amending existing Security Characteristics<sup>16</sup>.
- 121 Membership of the SSC will be drawn from security experts nominated by SEC Parties including the DCC. To align with the existing governance arrangements for the SEC Panel and SMKI Policy Management Authority, a representative of each of the Secretary of State and Ofgem will be entitled to attend and to speak at SSC meetings. This will enable DECC and Ofgem to gain assurance that security risks to critical national infrastructure are being appropriately mitigated, and will also provide a route for DECC to provide security advice on risks and mitigations to critical national infrastructure. In fulfilling this role it is expected that DECC will draw on a range of security experts from within Government.
- 122 It is proposed that the SSC be made up of:
- one Chairperson selected by the SEC panel;
  - six persons nominated by larger Suppliers;
  - two members nominated by smaller Suppliers ;
  - two members nominated by Network Parties (one member from the Electricity Network Parties and one member from Gas Network Parties);
  - one member nominated by the DCC;
  - additional attendees (including representatives of the Secretary of State and the Authority).
- 123 The SSC will act in an advisory capacity to the SEC Panel and Ofgem will also have the capability to use this advice in making its determination on modifications that impact security. It is considered important that SSC members act independently and not as a delegate of their nominating organisation. Provisions for this are already in place for SEC Panel members and it is proposed that these requirements should be replicated for the SSC.

### Translation into Detailed Requirements

- 124 The draft legal text for the SEC sets out:
- the requirement for the SEC Panel to establish the SSC;

<sup>15</sup> Which has been selected as the security assurance scheme for metering equipment, as outlined in the SMETS 2 consultation response.

<sup>16</sup> A description of the necessary mitigations which must be present within a piece of equipment.

- roles and responsibilities of the SSC, including:
  - developing and maintaining the Security Controls Framework;
  - maintaining the End-To-End Risk Assessment;
  - maintaining the Security Requirements;
  - maintaining the Risk Treatment Plan;
  - maintaining the Security Architecture;
  - reviewing security-related modifications;
  - reviewing reports produced as part of the DCC and User assurance processes, and agreeing remediation plans;
  - reviewing the assurance arrangements to ensure that they remain fit for purpose; and
  - overseeing and maintaining the Security Characteristics for the Commercial Product Assurance (CPA) Scheme.

125 The powers of the SSC, including the:

- ability to propose modifications to the SEC;
- ability to appoint and remove professional advisors to the committee;
- ability to spend the budget assigned to it by the SEC Panel; and
- composition of the SSC, including conditions for being appointed as SSC Chair, conditions for membership, frequency of meetings and constitution of a quorum.

## Legal Text

Summary of new SEC Provisions	
<b>Changes to Section G</b>	<ul style="list-style-type: none"> <li>• G7.1 and G7.2 set out the requirement for the SEC Panel to set up a Security Sub-Committee.</li> <li>• G7.3 – G7.10 sets out the composition and conditions for the appointment of the Security Sub-Committee and its Chair.</li> <li>• G7.13 – G7.18 set out the duties and powers of the Security Sub-Committee.</li> </ul>
<b>Changes to Section D</b>	D6.8 (f) sets out the capability for the SSC to provide views on modification proposals.

## Consultation Questions

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

## 4.2 Security Assurance

## Description of the Issue

- 126 Due to the interconnected nature of the systems comprising the Smart Metering arrangements, each User will require assurance that both the DCC and each other User is compliant with their security obligations and are operating secure systems. The use of an independent assurance scheme provides a common and consistent set of arrangements to assess and monitor compliance. Having such arrangements in place will provide confidence that the appropriate security controls have been implemented and that the end-to-end smart metering system is secure.
- 127 We previously consulted on proposals to obtain independent assurance of the compliance of both the DCC and Users with their security obligations. Part 2 of our response to the SMETS 2 Consultation outlined plans for them to be subject to independent assurance arrangements.
- 128 For Users the response set out plans for this assurance to be provided via an assessment against a security controls framework tailored according to the capability of the User, as determined by their User role (i.e. Energy Supplier, Network Party, Other User, Registered Supplier Agent). As discussed in the following chapter we consider there to be a case for aligning the privacy and security assurance arrangements to maximise synergies and in helping reduce both the cost of the audit and the burden on the User.
- 129 As a User's span of capability increases so do the inherent security risks. A role-based assurance approach ensures the security assessment is tailored to the specific capabilities of the User and, therefore, the risks they pose to the system. However, we recognise there are other factors that may impact risk, in particular the number of meters the User can communicate with. We have therefore, in consultation with industry and the Transitional Security Expert Group (TSEG), developed proposals to enable the methodology of assessment to vary depending on the security risk inherent to the User in question.
- 130 We propose an approach that will follow a three year rolling cycle of assessments with a full-assessment required at the start of the process (at User Entry) and then at a minimum every third year of the cycle. 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 consider this will allow for a proportionate approach, balancing the need for assurance against security risk. This approach should also lower the costs that smaller Users face compared to those that had previously been assumed. For certain Users a Verification or Self-Assessment, aimed at identifying any material increase in risk, is considered to be sufficient, the table below provides an overview of the approach proposed.

	Supplier Parties		
	Entry / Year One	Year Two	Year Three

<b>Less than 250,000<sup>17</sup></b>	Full Assessment	Verification Assessment	Self-Assessment
<b>More than 250,000</b>	Full Assessment	Full Assessment	Full Assessment

	<b>Network Parties</b>		
	<b>Entry / Year One</b>	<b>Year Two</b>	<b>Year Three</b>
<b>Less than 250,000<sup>18</sup></b>	Full Assessment	Verification Assessment	Self-Assessment
<b>More than 250,000</b>	Full Assessment	Verification Assessment	Verification Assessment

<b>Other Users (including Registered Supplier Agents)</b>		
<b>Entry / Year One</b>	<b>Year Two</b>	<b>Year Three</b>
Full Assessment	Self-Assessment	Self-Assessment

- 131 We have previously concluded that a Competent Independent Organisation (CIO) will be required to perform the security assessment and the SEC legal drafting will outline the characteristics of this organisation. On an initial basis, we propose that a central procurement, managed by the SEC Panel would help ensure an organisation is in place in time to provide an assessment of User compliance with security requirements to support User Entry prior to the Initial Live Operation (ILO)<sup>19</sup> of the DCC. It would also allow for an increase in assessment quality and consistency, given the number of security assessments the firm will perform annually. We also consider that it would allow for efficiencies to be realised and decrease potential compliance costs since the appointed firm will have the opportunity to streamline their associated internal processes and procedures.
- 132 We recognise there are concerns from some industry participants that these arrangements might duplicate work that is already being undertaken by independent experts they have brought in to support the development of their systems. However, we consider that a centrally procured CIO will ensure the firm is suitably independent of the interests of the User, and will deliver benefits in terms of the quality, consistency and efficiency of assessments.

<sup>17</sup> Enrolled Smart Metering Systems for which it is the Responsible Supplier

<sup>18</sup> Enrolled Smart Metering Systems for which it is the Electricity Distributor or the Gas Transporter

<sup>19</sup> See Glossary for explanation of ILO

- We propose to make clear within the SEC that any existing accreditations and certifications, and the evidence used to inform these, can be relied upon to inform the result of the assessment. As an example, a User who is certified to the ISO/IEC 27001 standard, to which the SEC security obligations are aligned, should find their assessment takes less time than if they did not have this certification in place.
- 133 On an enduring basis, we propose that the SEC Panel be given responsibility to determine the most efficient way to procure and appoint security assessors beyond initial User Entry.
- 134 The centrally procured CIO will need to demonstrate they are capable of acting independently of any existing contracts it has with a User. The SEC will outline the requirements for this independence and where necessary may result in the need for separate resources to be used and associated ethical walls to be established.
- 135 We propose that the cost of each security assessment be met by individual Users, this will ensure the correct incentives are in place for Users to secure their systems prior to undergoing an assessment. It is estimated that the cost of the full assessment will align to those estimated as part of the SMETS2 Consultation in which this policy was originally consulted on. We acknowledge that other options in relation to the procurement of the CIO, and meeting the cost of the assessment, are available, and welcome views and evidence of the benefits of any alternatives.
- 136 With regard to the security assessment of the DCC, Part 2 of the SMETS2 consultation response outlined plans for the DCC to be annually assessed against the Service Organisation Control 2 (SOC2) standard. Arrangements have also been put in place to ensure that SEC Parties are provided with assurance during the initial design, build and test phases of the DCC's systems, provisions for which have already been made through the DCC Licence.
- 137 We propose to replicate the approach taken for initial assurance on an enduring basis, such that the scope of the SOC2 assessment will be agreed with the SEC Panel in advance. In agreeing the scope of the assessment the SEC Panel will consult the SSC, who will have the expertise necessary to ensure the assessment focuses on DCC systems and services for which assurance is required.
- 138 The process for managing any non-compliance identified through either the SOC2 assessment or the security assessment of Users will be detailed in the SEC. We consider there to be a difference between obvious matters of non-compliance, which will be directly referred to the SEC Panel as an Event of Default, and issues that are identified which point to a potential for non-compliance. Regarding the latter, the SSC will have a role in considering these in the context of any response to the report submitted by the SEC Party. The SSC will then provide its expert opinion as to whether the SEC Panel should consider the issue as an Event of Default.

### **Translation into detailed requirements**

- 139 The draft SEC text outlines:

- the minimum requirements for the Competent Independent Organisation appointed to perform the DCC and User assurance role;
- the need for the DCC to procure a CIO for a SOC 2 audit to provide security assurance of the DCC;
- the need for the SEC Panel to procure a CIO for User assurance (and initially for this to be a single organisation);
- the need for DCC to agree the scope of the SOC 2 assessment with the SEC Panel;
- amendments to charging arrangements so Users are required to meet the cost of their own assessment;
- obligations on DCC and Users to submit, following an assessment that makes recommendations for change, a remediation plan where appropriate;
- arrangements to ensure effective oversight by the SEC Panel and its security sub-committee; and
- the methodology of assessment that will be completed for Users depending on their User role, the level of security risk, and their progress through the review cycle.

## Legal Text

### Summary of new SEC Provisions

<b>Changes to Section</b>	
	<p>G8.1 and G8.2 set out the requirement for the SEC Panel to procure an independent security assurance service provider.</p> <p>G8.3 sets out the provisions relating to the scope of the security assurance assessments.</p> <p>G8.4 – G8.9 set out a specification for the independent security assurance provider</p> <p>G8.10 establishes the SEC Panel’s responsibility to ensure that the independent security assurance provider meets its SEC obligations.</p> <p>G8.11 and G8.12 set out the responsibility of the User to cooperate with the independent security assurance provider.</p> <p>G8.13 – G8.18 set out the categories of User security assurance assessment.</p> <p>G8.19 – G8.26 sets out the general procedure for user security assessments</p> <p>G8.27 and G8.28 set out further provisions relating to the User security assessments, including how the assessments will take account of Users sharing resources.</p> <p>G8.29 and G8.39 set out the provisions relating to the security assessment undertaken as part of the User entry process.</p> <p>G8.40 – G8.46 set out requirements for User security assurance assessments conducted once the User has completed the User</p>

	<p>entry process.</p> <p>G8.47 sets out requirements for the User self-assessment.</p> <p>G8.48 sets out the requirement for Users to pay the cost of all security assurance assessments undertaken on them.</p> <p>G8.49 – G8.56 set out the obligations which apply in the event of default by the User.</p> <p>G9.1 and G9.2 set out the requirement for the DCC to procure the services of an independent security assurance provider to conduct a SOC2 assessment of the DCC.</p> <p>G9.3 sets out the provisions relating to the scope of the security assurance assessments.</p> <p>G9.4 – G9.6 set out a specification for the independent security assurance provider.</p> <p>G9.7 and G9.8 set out the requirements relating to the report produced by the independent security assurance provider and DCC’s response to it.</p> <p>G9.9 – G9.15 set out the obligations which apply in the event of default by the DCC.</p>
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## Consultation Questions

### Security Assurance

Q15a	<p>Do you agree with the Governments proposals in relation to Security Assurance? In particular on:</p> <ul style="list-style-type: none"> <li>• the proposal for the SEC Panel to procure a central CIO on an initial basis;</li> <li>• the proposal for Users to meet the costs of security assessments that are undertaken at their organisation;</li> <li>• the proposal for a three year rolling cycle of security assessments to be used to provide assurance on Users;</li> <li>• the process for identifying and managing non-compliance; and</li> <li>• the assessment arrangements proposed for DCC.</li> </ul>
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## 4.3 Privacy Audit

### Description of the Issue

- 140 The provision of DCC services will play an essential role in ensuring that consumers are able 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.

141 In April 2012 we consulted on a proposed framework for smart metering data access and privacy for smart meters<sup>20</sup>, and set out our response to that consultation in December 2012<sup>21</sup>. The key conclusions were that:

- Data privacy protection requirements for energy 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 unlicensed Users and Suppliers accessing data for consumers not registered to them (in the following discussion we refer to these as 'relevant Users').

142 In the April 2013 SEC consultation response<sup>22</sup> we confirmed that the SEC would include requirements for relevant Users to:

- obtain explicit consent from consumers before requesting data from 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.

143 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. We are now consulting on proposals and legal drafting in these two areas, which apply to both unlicensed Users and Suppliers accessing data for consumers which are not yet registered to them.

### Translation into Detailed Requirements

144 Following consideration of the privacy requirements in place and what would constitute a proportionate and effective framework providing the requisite degree of confidence to risk owners we consider there to be a strong case for aligning the privacy and security assurance arrangements. There are synergies in the requirements across privacy and security (e.g. ISO27001 compliance) which would make a joint audit a common sense approach

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<sup>20</sup> Data Access and Privacy Consultation April 2012

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/43043/4933-data-access-privacy-con-doc-sm-meter.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/43043/4933-data-access-privacy-con-doc-sm-meter.pdf)

<sup>21</sup> Data Access and Privacy, Government Response to Consultation December 2012

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/43046/7225-gov-resp-sm-data-access-privacy.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/43046/7225-gov-resp-sm-data-access-privacy.pdf)

<sup>22</sup> Smart Metering Implementation Programme Stage 1 of the Smart energy Code A Government response and supplementary consultation on updated draft legal text 29 April 2013

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/193074/20130424\\_Stage\\_1\\_SEC\\_Response\\_and\\_Consultation\\_on\\_Updated\\_legal\\_text.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/193074/20130424_Stage_1_SEC_Response_and_Consultation_on_Updated_legal_text.pdf)

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helping reduce both the cost of the audit and the burden on the User who would only have to engage with one audit process. The SEC provisions therefore propose requirements that will follow the same three year rolling cycle of audit processes as with security assurance, starting with a full assessment at User Entry, after which there will be annual self and independent assurance assessments.

- 145 The SEC provisions also provide for the Panel initially to appoint a single organisation to undertake both security and privacy assessments of Users. This will allow the security assurance and privacy audit processes to be aligned so that, where practicable and agreed with the User, both assessments can be performed at the same time in order to reduce costs and burdens on the User.
- 146 As explained in chapter 4.2 on Security Assurance, we propose that the early central procurement of a single organisation, managed by the SEC Panel, fulfilling the roles of both Competent Independent Organisation (CIO) and Independent Privacy Auditor, will allow for increased quality and consistency, help minimise costs and ensure that the CIO is in place to facilitate User Entry prior to ILO. As with the proposed security assurance arrangements, 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.
- 147 Beyond these arrangements, as part of the privacy assurance framework we propose that there are random sample compliance checks. These will include a requirement for the auditor to check that the SEC privacy requirements have been met for any specific relevant User's request for consumption data. Recognising previous decisions to avoid the costs and complexity of an upfront check on all data requests, we consider these an important supplementary deterrent to any planned or inadvertent non-compliant activity.
- 148 We have considered a number of options for allocating the costs of privacy auditing processes alongside consideration of security audit costs. Options considered include:
- all costs being met by the individual User being audited;
  - all costs being met by Users under the fixed charging regime; and
  - initial costs being met by Users under the fixed charging regime but with costs from any follow up audit, where non-compliance is identified, being met by the individual User.
- 149 *[unused]*
- 150 While there is merit in all of the options considered, we propose requiring Users to meet the costs of audit processes individually, with individual bills for each User's audit. We believe that this will provide the correct incentives for Users to ensure that systems and processes for ensuring data privacy are in place an assessment is performed. The exception to this proposal relates to random sample compliance checks, which we propose be met from fixed DCC costs. The random sample compliance assessments will be limited in scope, so the costs are expected to be low, and we do not believe that it is right that

only a proportion of Users should have to face this cost in any one year. We are therefore of the view that it would unreasonable to charge individual Users for random spot checks.

- 151 We are also considering adding requirements for reporting the results of privacy assurance assessments in a future version of the SEC. This could be used to provide monitoring data for bodies such as Ofgem, DECC, ICO and Parties generally. We are inviting views on this.

## Legal Text

### Summary of new SEC Provisions

<b>Changes to Section I</b>	<p>The new provisions in Section I2.1 set out arrangements relating to:</p> <ul style="list-style-type: none"> <li>• the procurement of a suitably qualified Independent Privacy Auditor (IPA) by the Panel (I2.1-I2.2);</li> <li>• the scope of the Privacy Audit Services offered by, and the independence requirements of, the IPA (I2.3-I2.8);</li> <li>• the categories of privacy assessment (I2.9-I2.12);</li> <li>• the development and maintenance if a Privacy Controls Framework and arrangements for Random Sample Privacy Assessments (I2.13-I2.15);</li> <li>• the production of Privacy Assessment Reports and Users' Responses (I2.16-I2.23);</li> <li>• User Privacy Self-Assessment Reports (I2.24-I2.26);</li> <li>• Privacy Assessments on User Entry (I2.27-I2.34);</li> <li>• the timetable for various assessments post User-Entry (I2.35-I2.37; and</li> <li>• the recovery of the costs of the assessments (I2.38-I2.40).</li> </ul>
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## Consultation Questions

### Privacy Audits

Q16	Do you agree with our proposed approach and legal text for SEC in relation to Privacy Assessments?
Q17	Do you agree with the specific proposals for undertaking random sample compliance assessments?
Q18	Do you agree with the proposal for Users to meet the costs of the privacy assessments that are undertaken at their organisation?
Q19	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?

## Review of Data Access and Privacy Framework

152 We have previously stated that we would keep the smart metering Data Access and Privacy framework under review throughout the Foundation Stage and beyond. The review, which will cover provisions set out in this document, is currently scheduled to be completed by June 2016.

#### 4.4 Consumer consent for connecting consumer devices

##### Description of the Issue

- 153 A Consumer Access Device (CAD) is any device which a consumer can connect to its smart metering system via the HAN (this is known as CAD pairing). Once connected, a CAD will be able to receive gas and electricity consumption and tariff data from smart metering devices. A CAD may: display information directly to the consumer (e.g. an enhanced IHD); act as a conduit to send the data to cloud storage via the internet (e.g. through a dongle or router); use the information to affect its behaviour (e.g. smart appliances); or feed the information to a home energy 'hub' which uses consumption and tariff data in combination with non-energy data (such as temperature or information from motion sensors) and consumer preferences (either configurable or 'learnt') to manage energy use throughout the home.
- 154 Consumers will be able to connect their CADs by asking a User to set-up CAD pairing<sup>23</sup> via a DCC Communication Service (known as 'remote CAD pairing'). The SEC does not permit a DCC User 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.
- 155 However, these SEC obligations do not currently apply where CADs either display information or provide consumption information directly to a consumer (e.g. on a laptop or to local storage). We therefore propose that the CAD Pairing requirements in Section I should be extended to encompass all instances of remote CAD pairing. This proposal is consistent with the conclusion reached in the Government response to the SMETS2 consultation.<sup>24</sup>
- 156 In conjunction with these proposals we will be reviewing the scope of the privacy-related licence conditions of licensed Users to determine whether their scope also needs to be extended to cover these matters.

##### Translation into Detailed Requirements

- 157 As part of their SEC obligations, Users will be required to obtain explicit consent from a verified Energy Consumer before any Type 2 device is joined

<sup>23</sup> A Service Request will send the CAD's ID details to a consumer's smart metering equipment such that when a consumer turns on the CAD it will be recognised and allowed to receive consumption and tariff information.

<sup>24</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/209840/SMIP\\_E2E\\_S\\_METS2\\_govt\\_consultation\\_response\\_part\\_2\\_final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209840/SMIP_E2E_S_METS2_govt_consultation_response_part_2_final.pdf)

to a smart meter or associated device via a “Join Service” request to the DCC. Energy Consumer has given the User explicit consent to join the Type 2 Device. Compliance with this requirement will be subject to privacy audit assessments alongside other data privacy requirements.

## Legal Text

### Summary of new SEC Provisions

<b>Changes to Section I</b>	<ul style="list-style-type: none"> <li>• A new provision (I1.3) requires Users to undertake not to send a “Join Service” Service Request to DCC to seek to join a Type 2 Device (a CAD) to a Smart Meter or any associated Device unless the Energy Consumer has given the DCC User explicit consent to join the Type 2 Device.</li> <li>• A provision added to section I1.4 requires each User to 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</li> </ul>
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## Consultation Questions

### Consumer Consent for Connecting Consumer Devices

Q20	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?
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## 5 Security Requirements

### 5.1 Introduction

158 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 TSEG, to consider these areas. This section outlines our proposals to address these new security considerations.

#### Description of the Issue

##### Separation between DCC and Users

- 159 A fundamental principle of the smart metering security architecture is that no single points of vulnerability exist within the system as a whole. This is met in part by physical and logical separation between Users and the DCC, obligations for which were outlined in the SEC Stage 2 consultation.
- 160 We recognise that, like the DCC, Users may choose to outsource the design and operation of all or part of their systems. It is possible these service providers may be common to both the DCC and its Users, and with this comes the potential for Users and the DCC to share resources, including personnel.
- 161 We consider that sharing of personnel, in particular those involved in configuring and operating the systems of the DCC and its Users, could increase security risk and impact on the security architecture – in particular the principle of no single point of vulnerability existing within the system as a whole. This risk has been considered with industry, including the DCC and energy Suppliers and as a result we propose to further develop existing obligations to ensure separation extends to personnel as well as the physical systems themselves.
- 162 Under our proposals the SEC will make clear that an individual engaged in the operation or configuration of a User's system cannot concurrently be engaged in the operation of the DCC's systems. In situations where a prospective employee has previously engaged in work elsewhere (either at the DCC or Users, as the case may be) the increased risk associated with their employment will need to be assessed by the relevant SEC Party.

##### Shared service providers

- 163 We recognise that for some organisations with little or no technical or security expertise, or existing security infrastructure, the use of an experienced service provider may increase the quality and security of their solution. If this solution is delivered from a shared platform this may also support the organisation in benefiting from economies of scale.
- 164 Given the potential benefits associated with use of a shared service provider, in particular for smaller organisations, we propose that no restriction should be placed on their ability to engage them. However, an increase in the number of meters that can be accessed from one system has the potential to increase the impact of compromise to that system. The use of a shared service provider, in particular by energy Suppliers, therefore has the potential to increase security risk in line with the aggregated volume of meters.

- 165 To address this we propose to include a new obligation on Users to consider the collective security risks associated with the use of a shared system, and to implement security controls which are proportionate to the total impact of a security compromise. In practice we expect this obligation will be fully backed off in the contract the User has with its service provider, who will be best placed to support the User in understanding these collective security risks. This allows the framework to remain proportionate and manageable for smaller Users, whilst addressing any increases in risk emerging from the use of a shared service.
- 166 To maintain oversight of this risk and the aggregated numbers of meters that are operated in this way we propose that Users should inform the Security Sub-Committee (SSC) when they are using a shared service provider. This will enable the end-to-end security risk assessment to be effectively maintained, and will provide the SSC with the information they need when reviewing security assurance reports associated with the shared system.

#### Anomaly Detection

- 167 The detection of anomalies by the DCC is one of the key security enforcing controls that make up part of the security architecture. Relevant obligations on this are included in both Sections H and G of the SEC and were outlined as part of the SEC Stage 2 consultation.
- 168 Anomalous events may indicate that a compromise of the system has been attempted, either via a single SEC Party's systems or more systemically. As such, both the DCC and Users will need to set appropriate thresholds to ensure that unusual numbers and patterns of specific messages are detected. Following work with the DCC to understand the design of its system, in particular relating to its anomaly detection service, we have worked with industry to determine the need for additional obligations to be included within the SEC to ensure this control provides the appropriate security benefit. Changes are also proposed to ensure thresholds are subject to SSC oversight.
- 169 A new requirement for the DCC to develop a secure process for communicating any changes to the parameters governing the anomaly detection service, and to the way in which messages are processed after being quarantined, is also proposed. It is proposed that DCC be responsible for developing this process and managing necessary security governance input and review. The cost implications are currently being considered by the DCC and will be treated like other fixed costs. We expect cost impacts to be low, but these will need to be considered as part of the overall process, which in itself will be subject to DCC's requirement to strive for efficiencies and their duty to consult on the proposals.
- 170 Whilst not included in the draft legal text for SEC4, it is proposed to place a restriction on the timescales associated with future dated Service Requests so as not to permit a User (and to prevent DCC from processing) a future dated Service Request where the date of execution is more than 30 days from the date on which the Service Request is sent to DCC. This will ensure Users are not able to build up future dated commands over time, thus diluting the benefit of the anomaly detection service. Subject to comments received on this

proposal, we would propose to incorporate into the SEC the necessary obligations to support this as part of our conclusions relating to this consultation.

### Translation into Detailed Requirements

171 The SEC drafting sets out:

- a Requirement for Users that share systems to separate personnel and to implement controls that are proportionate to the collective risk;
- a requirement for Users to set appropriate anomaly detection thresholds;
- requirements for DCC to establish a secure process for communicating changes to thresholds and to remove thresholds from quarantine;
- changes to the definition of Threshold Anomaly Detection; and
- security governance oversight.

### Legal Text

Summary of new SEC Provisions	
<b>Changes to Section G</b>	<ul style="list-style-type: none"> <li>• G2.21 – G2.23 set out obligations on the DCC to ensure that DCC’s systems are developed, customised and operated independently from Users.</li> <li>• G2.29 (b) and (c) outline obligations on the DCC to address and report material vulnerabilities.</li> <li>• G2.35 and G2.36 set out obligations in relation to network time.</li> <li>• G2.37 sets out the requirement for the DCC to protect SMWAN communications.</li> <li>• G3.12 – G3.14 set out obligations on Users to ensure that their systems are independent from those of the DCC.</li> <li>• G3.18 (b) and (c) outline obligations on Users to address and report material vulnerabilities.</li> <li>• G5.22 – G5.25 outline requirements applying to Users proposing to share resources with other Users.</li> <li>• G6.1 and G6.6 set out requirements for DCC to develop a secure process for anomaly detection notification.</li> <li>• G6.7 - G6.12 set out obligations on Users and DCC regarding setting and maintaining appropriate anomaly detection thresholds.</li> </ul>
<b>Changes to Section A</b>	<p>The following changes to definitions have been included or updated:</p> <ul style="list-style-type: none"> <li>• ‘Compromise’ has been expanded to apply to events which have an adverse impact on the functioning of processes and the functionality of any hardware or software.</li> <li>• ‘DCC Live Systems’ has been updated to include Cryptographic Processing relating to the generation and use of a Message Authentication Code.</li> </ul>

	<ul style="list-style-type: none"> <li>• 'Secret Key Material' has been expanded to cover material which is maintained on devices.</li> <li>• 'Threshold Anomaly Detection' has been updated to include DCC set thresholds.</li> <li>• 'User Systems' has been updated to include systems used for SMKI related communications.</li> </ul>
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### Consultation Questions

Security Requirements	
Q21	Do you agree with the proposed updates to the Security Requirements and the associated legal drafting?
Q22	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?



## 6 Further SMKI Obligations

### 6.1 Introduction

172 In the SEC Stage 3 consultation, we consulted on a number of obligations to establish a Smart Metering Key Infrastructure (SMKI). The SMKI arrangements have been based on the widely used standard Public Key Infrastructure (PKI) approach to establish trusted relationships between the equipment in premises (Devices), and the DCC and Users (Organisations) that communicate with that equipment. The SMKI establishes trust by:

- providing authentication that messages originate from an authorised party that is entitled to send the message;
- ensuring the integrity of the message in transit, preventing undetected interference; and
- where appropriate, providing a reliable audit trail to guarantee that the sender of a message cannot later deny having sent it (non-repudiation).

173 In part A of our response to the SEC Stage 3 consultation, we concluded on policy positions relating to the SMKI Policy Management Authority (PMA), as a sub-committee of the SEC Panel. In part B of our response, we concluded on a range of further SMKI topics, including:

- SMKI Service & SMKI Repository;
- Certificate Policies;
- SMKI Recovery Processes; and
- SMKI Service and SMKI Repository Testing.

174 This consultation covers additional elements of SEC content required in relation to SMKI, which includes:

- further restrictions on which parties are eligible to subscribe for certain certificates (see 6.3);
- requirements on the DCC to establish certain certificates to facilitate installation including the point from which the DCC will be required to make live certificates available (see 6.4);
- requirements for certain Organisation Certificates to be placed onto Devices, including an obligation on Network Parties to establish SMKI Organisation Certificates and on energy suppliers to establish SMKI Organisation Certificates (see 6.5);
- further minor changes to the SMKI Compliance Policy (see 6.6); and
- requirements with respect to the provision of Test Certificates (see 6.7).

### 6.2 Further Restrictions on Parties Eligible to Subscribe for Certain Certificates

#### Description of the Issue

- 175 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. Therefore, in order to provide the secure environment described above, 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 table below summarises these requirements:

Type of Certificate	Eligible Subscriber
<b>Organisation Certificate</b>	Any SEC Party
<b>Organisation Certification Authority Certificate</b>	The DCC
<b>Device Certificate</b>	a) The DCC for Communications Hub Function or Gas Proxy Function; b) An Import Electricity Supplier for an Electricity Smart Meter or Type 1 Device; c) A Gas Supplier for a Gas Smart Meter, Gas Proxy Function or Type 1 Device; d) any other SEC Party for an Electricity Smart Meter, Gas Smart Meter or Type 1 Device where the status is <u>not</u> 'Commissioned' or 'installed not Commissioned'
<b>Device Certification Authority Certificate</b>	The DCC

- 176 We propose that further requirements are needed to restrict eligibility to subscribe for specific Organisation Certificates, in order to ensure that only the relevant parties can subscribe for certificates associated with certain Remote Party Role Codes (RPRCs).
- 177 RPRCs, as set out in the GB Companion Specification, uniquely identify the remote party role (e.g. supplier, network operator) with respect to smart meters, gas proxy functions and Type 1 devices. They are important because, by identifying a party's 'role', they then allow that party to perform specific functions with that device. For example, the only party who should be able to change the tariff on an electricity meter is the electricity supplier associated with that meter; that specific function (change of tariff) is linked to the specific role (supplier). In this example it would not be appropriate for the gas supplier (if different to the electricity supplier), network operator or DCC to change the electricity tariff.
- 178 The GB Companion Specification is currently expected to include the following RPRCs:

- Root: this role is used as the source of cryptographic trust against which all the Organisation Certificates on the Device are validated;
- Recovery: this role is used by the DCC in exceptional circumstances i.e. when the private key of another organisation is compromised (as defined in the SMKI Recovery Process);
- Supplier: a certificate with this role permits access to range of functions on a Device that only Parties that have acceded to the SEC in a Supplier capacity can issue;
- Network Operator: a certificate with this role permits a range of functions on a device that only Parties that have acceded to the SEC in a Network Operator capacity can issue;
- Access Control Broker: this role is used by the DCC acting in its capacity as the Data Services Provider;
- Transitional Change of Supplier: this role is used by the DCC to enable change of supplier certificates when there is a change of supplier;
- WAN Provider: this role is used by the DCC acting in its capacity as the as the Communications Services Provider;
- Issuing Authority: this role is used by the DCC in enabling a device to identify any certificate issued under the SMKI arrangements;
- Other User: this role is for a party whose role does not allow it to invoke any Device function other than update security credentials (e.g. a Registered Supplier Agent or Other User under the SEC).

### Translation into Detailed Requirements

179 The legal drafting further restricts which parties are eligible to subscribe for specific types of OCA and Organisation Certificate. As set out above, without such restrictions, an organisation without the appropriate rights and responsibilities could have an OCA or Organisation Certificate that gave it inappropriate functionality over a device. These changes are summarised in the table below:

#### Eligible Subscriber

The DCC is the only Eligible Subscriber for Organisation Certificates with the following RPRC:

- Root;
- Recovery;
- Access Control Broker;
- Transitional Change of Supplier;
- WAN Provider; and

- Issuing Authority
- SEC Parties acting in the role of Network Party (either as an Electricity Distributor or Gas Transporter) are the only Eligible Subscribers for Organisation Certificates with a Remote Party Role Code of Network Operator
- SEC Parties acting in the role of Supplier Party (either as an Import Supplier or Gas Supplier) are the only Eligible Subscribers for Organisation Certificates with a Remote Party Role Code of Supplier
- SEC Parties acting in the role of Registered Supplier Agent are the only Eligible Subscribers for Organisation Certificates with a Remote Party Role Code of Other User
Any SEC Party, other than the DCC may be an Eligible Subscriber for Organisation Certificates with a Remote Party Role Code of Other User

180 It is recognised that these arrangements will need to be kept under review in light of the arrangements for treatment of opted out Devices.

## Legal Text

### Summary of new SEC Provisions

#### Changes to Section

- L3.9 sets out which Parties are Eligible Subscribers for specific types of Organisation Certificate.

## Consultation Questions

### 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?

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

### Description of the Issue

- 181 Energy suppliers will need live certificates so that they can order equipment. They will need to place their own Organisation Certificates on equipment, and installing that equipment which will rely on a subset of the DCC's Organisation Certificates being available (without which the devices would not function). Suppliers' own Organisation Certificates will need to be placed on the Device prior to installation or as part of the Commissioning process.
- 182 This section builds on the SEC Stage 3 consultation to identify when live certificates must be made available and the type of DCC Organisation Certificates that must be established to facilitate installation.

**Live certificate availability**

- 183 The SEC 3 consultation considered when live certificates are needed by SEC Parties. The responses indicated that the main driver for the first time when live certificates are needed is to order equipment. Taking note of stakeholder feedback, we concluded in the SEC Stage 3 response that the DCC needs to make live certificates available from the start of Interface Testing.
- 184 This timing will enable energy Suppliers and the DCC (in the role of Communication Service Provider) to place orders for equipment in time to conduct trials and be ready for ILO.
- 185 We propose that this is given effect by turning on the obligation to provide live certificates from the start of Interface Testing (see Translation into Detailed Requirements below). However, we do not think it would be appropriate for the full range of SMKI performance measures to be in place at the start of Interface Testing. Instead we propose that the DCC's SMKI performance measures come into force once stage 2 of the assurance process set out in section 6.6 below has taken place. We consider that, even if the obligation to hit these targets is switched off, the DCC should still use its reasonable endeavours to achieve the target times (L8.12). We believe this strikes a pragmatic balance between ensuring live certificates are available to enable users to order equipment at the earliest possible opportunity, without imposing performance targets on the DCC prior to the completion of the initial assurance report. We would welcome stakeholders' views on this.

**DCC establishing Organisation Certificates**

- 186 We also consulted in SEC Stage 3 on the proposed legal text (Section L3.11) for when the DCC needs to establish its SMKI Organisation Certificates to facilitate the installation of Devices. The relevant DCC Organisation Certificates (see below) are needed in the repository so that suppliers, following successful completion of the User Entry Process Tests, can place them on devices (and therefore install devices). The previous drafting had said that the DCC must establish and lodge in the Repository such Organisation Certificates as are necessary to facilitate installation. We propose adding to this to explicitly set out which certificates are required (see below) so as to provide greater certainty and clarity for the DCC and other SEC Parties.

**Translation into Detailed Requirements**

- 187 The SEC drafting has been updated so that the obligation to provide live certificates starts at Interface Testing. This is achieved by new provisions in Section X3 that will turn on L3 at Interface Testing. However, X3.5 will further vary L8 (Performance Standards and Demand Management) so that the L8.1 to L8.6 (target response times) is inactive until the stage 2 assurance report (see 6.6 below) has been published.
- 188 The SEC drafting has been updated to require the DCC to establish and lodge in the Repository the following Organisation Certificates prior to the start of Interface Testing:
- Root OCA Certificate;
  - Issuing OCA Certificate;

- Root DCA Certificate;
- Issuing DCA Certificate(s);
- Recovery Certificate;
- Access Control Broker Certificate (one digital signature and one key agreement);
- Wan Provider Certificate (one digital signature and one key agreement); and
- Transitional COS Certificate.

## Legal Text

### Summary of new SEC Provisions

<b>Changes to Section</b>	<ul style="list-style-type: none"> <li>• L3.12 sets out the certificates that the DCC must lodge in the repository prior to Interface Testing.</li> </ul>
<b>Changes to Section</b>	<ul style="list-style-type: none"> <li>• X3.2 (f) provides for L3 to be turned on at the start of Interface Testing (and so oblige the DCC to provide live certificates).</li> <li>• X3.5 varies the DCC's obligation to meet certain performance targets so that they do not apply until Stage 2 of the Assurance Report (see Chapter 6.6) has been completed (or such later date designated by the Secretary of State).</li> </ul>

## Consultation Questions

### 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?
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?

## 6.4 Requirements for Certain Certificates to be Placed onto Devices

### Description of the Issue

189 This consultation deals with three separate scenarios relating to obligations for certain SMKI certificates to be placed on Devices to support the install and commissioning process. These relate to Network Parties, non-User suppliers and general clarification of the specific SMKI certificates to be placed on specific devices.

### Network Parties

- 190 It is unlikely that the correct Network Party will be known at the time devices are ordered from a manufacturer. The SEC therefore permits the supplier to install their own Organisation Certificates instead of those of the Network Party at manufacture.
- 191 However, as required by H5.35, suppliers must ensure that the correct Network Party Certificates are placed on relevant devices (Smart Meters and Gas Proxy Functions) within seven days of Commissioning. This prompt action will help ensure that Network Parties are able to exercise their rights under the SEC.
- 192 In turn, this requires the Network Parties to have established their Organisation Certificates and for them to have been placed in the SMKI Repository by the DCC in time for ILO so that they are available to energy suppliers to place on devices following installation and commissioning.
- 193 We are therefore proposing that all Network Parties should be required to establish the relevant Organisation Certificates by the time of ILO. However, it is not necessary for a Party to have become a User to establish Organisation Certificates. Nor does it require any investment in IT systems or participation in DCC testing. The DCC will make available a simple but secure process for non-Users to establish their SMKI Organisation Certificates. This will require a visit to the DCC and will enable Network Parties to use DCC equipment to obtain the necessary Organisation Certificates. While this will result in / bring forward some small costs for network operators it also avoids the need to develop an alternative interim solution (with attendant costs and security issues) and obviates the need to replace these organisation certificates on Devices at a later point.
- 194 SEC drafting has not yet been developed to cover these obligations but, subject to any comments on the proposals set out above, it is proposed that the relevant drafting would be incorporated into the SEC as part of the Government's conclusions on this consultation.

#### Non-User Suppliers

- 195 There will be a period when some suppliers have completed User Entry Processes to become Users but others have not yet done so. During this period, a domestic consumer with a DCC-enrolled SMETS 2 smart metering system could churn to a supplier which is not yet a User. Details of a recent consultation and the Governments proposals on User to non-User churn are reported later in this document.
- 196 As part of our proposals, we propose that all energy Suppliers, whether they are Users or not, should establish their SMKI Organisation Certificates by the time they acquire a consumer who has a Smart Metering System that has been enrolled with DCC. This will enable the correct supplier's Organisation Certificate to be placed on the Device following a change of supplier from a User to a Non-User. It will also enable the Device to subsequently be operated in smart mode when the non-User energy supplier subsequently becomes a User or if the meter churns to another supplier (see Chapter 16 for further detail).
- 197 As for Network Parties, this does not require any investment in IT systems or participation in DCC testing. The DCC will make available a simple but secure
-

process for non-Users to establish their SMKI Organisation Certificates. This will require a visit to the DCC and will enable non-User Suppliers to use DCC equipment to obtain the necessary Organisation Certificates.

#### Specific SMKI Certificates to be placed on Specific Devices

- 198 Section H5 of the SEC includes requirements that Devices should hold relevant SMKI Certificates (see table). Some of these security credentials need to be updated as part of the commissioning process. For example, the network operator may not be known at the time at which the supplier orders the equipment, but would be known at the point of commissioning – and so the Network Operator Organisation Certificate would need to be updated.
- 199 The GB Companion Specification (GBCS) explains the specific SMKI Certificates that need to be placed into specific ‘slots’ on Devices to ensure that the Device can trust that the messages it receives are from an authentic sender who is entitled to send that specific message based on its role.
- 200 The SEC will be aligned with the detailed requirements of the GBCS and further legal drafting is required to clearly set out what Organisation Certificates need to be held on each type of Device and when they should be installed.

#### **Translation into Detailed Requirements**

- 201 The obligation on all energy suppliers to establish their SMKI Organisation Certificates is set out in SEC section O2.
- 202 Section L3 of the SEC clarifies which Organisation Certificates should be populated on particular device types.

#### **Legal Text**

##### **Summary of new SEC Provisions**

<b>Changes to Section</b>	Requirements with respect to the certificates to be placed on devices are set out in L3
<b>Changes to Section</b>	Obligations on suppliers to ensure their credentials are on devices are set out in O2.1-2.2.

#### **Consultation Questions**

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



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

### Description of the Issue

- 203 The SMKI Compliance Policy ('Compliance Policy') was introduced as part of SEC 3. As explained 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, the SEC sub-committee responsible for overseeing the SMKI arrangements, will monitor and enforce that compliance.
- 204 Following further discussions with assurance specialists we propose further minor changes to the Compliance Policy. These are with reference to the initial assurance assessment that will be undertaken on the DCC's SMKI Service. Rather than one assessment undertaken before the SMKI Service goes live (with a report provided to the PMA one month prior to Interface Testing as described in SEC 3), we propose that there are two distinct stages to the assessment (see Translation Into Detailed Requirements below).
- 205 This change is because independent assurance schemes will not provide full assurance until a stable live service has been operational for 12 weeks. The DCC aims to have a live service by the start of Interface Testing (that is three months after the start of Systems Integration Testing (SIT)).
- 206 As discussed previously the DCC will be obliged to provide live SMKI certificates from the start of Interface Testing. This means that the SMKI service will not have been fully assured against the SMKI Independent Assurance Scheme. We consider this is acceptable because Systems Integration Testing for SMKI will have concluded it is consistent with PKI industry practice and it will be necessary for suppliers to obtain live certificates for the purpose of ordering meters. In turn ordering meters at this point will enable suppliers to conduct the necessary trials of their systems and processes prior to ILO.

### Translation into Detailed Requirements

- 207 Section 4 of the Compliance Policy has been expanded so that the Initial Assessment against the DCC's SMKI Service comprises two distinct stages. The detail with respect to future assessments will be developed by the PMA in accordance with our proposals set out and concluded on in SEC Stage 3.
- 208 The first stage is an initial review, largely based on documentation, which will be carried out prior to the SMKI Service going live with a Stage 1 Report being

provided to the PMA at least one month before the anticipated start of Interface Testing.

- 209 The second stage will be an assessment against the live SMKI Service. This will be carried out once a stable live service is operational. In accordance with advice from assurance experts this is defined as 12 weeks after the start of Interface Testing. A Stage 2 report will be provided as soon as reasonably practicable after this assessment has taken place.
- 210 As with the previous position, the reports must be provided promptly to the DCC and PMA upon completion. Again, as before, it will be the duty of the PMA to promptly consider the reports and then determine the assurance status.

## 6.6 SMKI Test Certificates

- 211 This section addresses our commitment in the SEC3 consultation response to further consult on our approach to the provision of Test Certificates and the Test Repository (paragraph 81 of the SEC3 response).
- 212 SEC3 requires the DCC to provide Testing Participants with such Test Certificates as are reasonably required for the tests required pursuant to Section T (Testing During Transition) and for the purposes of Device testing. SEC3 also requires that the DCC make these Test Certificates available via a Test Repository. This section proposes that changes should be made to the SEC to clarify who should have access to the Test Certificates and for what purposes.
- 213 H14 of the SEC 3 requires the DCC to provide Testing Services. Those Testing Services include the provision of the following test facilities to the following people:
- User Entry Process Testing Services to SEC Parties seeking to become Users;
  - SMKI and Repository Entry Process Testing Services to SEC Parties seeking to become certificate subscribers and/ or to access the SMKI Repository; and
  - Device and User System Testing Services to SEC Parties and any device manufacturer (whether or not a SEC Party).
- 214 H14 of the SEC 3 drafting also places requirements on the DCC with regard to the provision of Test Certificates, including to:
- Make Test Certificates available to those Testing Participants eligible to use DCC's Test Services, to the extent that they are required for the purpose of the tests;
  - Make available to SEC Parties Test Certificates where required for the purpose of them undertaking Device testing (against required technical specifications); and
  - Provide Test Certificates via a Test Repository;

- Where the DCC is providing Testing Services to non-SEC Parties, enter into a contract for the provision of this service that contains similar provisions to those that bind SEC Parties when using the same Testing Service.

#### New Proposals on the Provision of Test Certificates

- 215 We believe that the requirements in SEC 3 relating to the provision of Test Certificates and in particular who should have access to these certificates and for what purposes should be clarified, and propose to only require that the DCC provide Test Certificates to Testing Participants for the purposes of Testing Services and testing defined in Section T of the SEC.
- 216 Participation in Device and User System Tests as defined in SEC 3 is currently limited to SEC Parties and Device manufactures. However, we propose to extend H14.32 to allow parties acting on behalf of SEC Parties and manufacturers to participate in Device Testing (i.e. to undertake interoperability testing). This is to reflect how the market for Device testing is likely to develop. Therefore, these parties will also be given access to the Test Certificates for these purposes.
- 217 This approach would restrict the use of Test Certificates and so could limit the number of Test Certificates that the DCC would be responsible for providing. This would minimise the costs incurred by the DCC in managing and controlling the use of Test Certificates.
- 218 We believe that the provision of DCC Test Certificates to SEC Parties and meter manufacturers undertaking testing outside of the DCC's Testing Service to determine whether Devices comply with relevant technical specifications would only be of use if we also required the DCC to provide private keys from a unique Certificate Authority specific to that organisation. This risks operational uncertainty and additional costs for the DCC. Moreover, organisations with a legitimate interest in undertaking testing should easily be able to self-generate GBCS compliant certificates to be used in Device testing outside of the DCC Testing Service.
- 219 It is important that the use of the Test Certificates is limited to the purposes intended by organisations with a legitimate interest in undertaking testing (and that they are asking for a reasonable number of Test Certificates). The usage rules will be defined in the SEC and therefore bind SEC Parties. However where DCC provides Testing Services to a non-SEC party we are requiring that the DCC enters into a contract to do so, such contract to be based on a pro forma set out in Schedule 7 of the SEC. This pro forma includes the same usage rules in relation to use of Test Certificates by those non-SEC Parties using DCC's Testing Service.
- 220 We also propose that the DCC issue Test Certificates which are clearly distinguishable as such. We further propose that the DCC's Test Certificates be required to be produced and made available in accordance with Good Industry Practice. In combination we believe that this should provide for an effective and sound service. However we also consider that in no circumstances would the DCC be contractually liable to the extent that a Testing Participant relied upon a Test Certificate that was subsequently found to be incorrect.

Test Repository

- 221 We now consider that the requirement on DCC to establish a Test Repository for the provision of Test Certificates is overly prescriptive and may lead to unnecessary costs; for example the DCC may be able to provide the likely limited volume of Test Certificates via alternative secure mechanisms at lower cost than providing a bespoke repository. Therefore we will simply require that the DCC provide Test Certificates and to provide details of how they will do this in the Enduring Testing Services Approach document, which will be a SEC Subsidiary Document.

**Legal Text****Summary of new SEC Provisions**

<b>Changes to Section H14</b>	H14.7	<ul style="list-style-type: none"> <li>Clarifications have been added that where DCC provides Test Certificates to a Testing Participant who is not a SEC Party, we would require the terms that it offers to do so to reflect the provisions of a pro forma contract set out in the SEC.</li> </ul>
	H14.11	<ul style="list-style-type: none"> <li>Amendments have been added to relate only to the provision of Test Certificates to Test Participants for the purposes of Testing Services and testing pursuant to Section T;</li> <li>The text has been amended to no longer allow the use of Test Certificates for the purposes of determining whether Devices comply with relevant technical specifications;</li> <li>Text has been added to oblige the DCC to clearly distinguish Test Certificates from actual Certificates;</li> <li>Text has been added to oblige affected parties to comply with Good Industry Practice around the provision and use of Test Certificates;</li> <li>Amendments have been included to state that in no circumstances would the DCC be contractually liable in regards to the use of Test Certificates.</li> <li>Removal of the previous obligation (H14.11) on the DCC to provide a Test Repository.</li> </ul>
	H14.32	<ul style="list-style-type: none"> <li>A change has been made to allow parties acting on behalf of Testing Participants to participate in Device Testing.</li> </ul>

**Consultation Question**

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## 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, 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.
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## 7 DCC Services

### 7.1 DCC User Gateway Services Schedule

#### Summary of Previous consultations

- 222 Service Requests, Service Responses, Alerts and other communications passing between the DCC and Users will transfer through the DCC User Gateway. The DCC User Gateway Services Schedule sets out, amongst other things, the list of services available over this interface, with the DCC User Gateway Interface Specification (which is being developed by DCC) providing additional detail.
- 223 We previously sought views on a draft User Gateway Services Schedule (UGSS) in Annex 5 of the SEC Stage 2 consultation. Consultation respondents were generally supportive of the proposals and we concluded in the SEC 2 response document that we would implement the drafting proposed with a few changes taking into account comments made and including more detail on the Monthly Services Metrics which are also included in the UGSS.
- 224 We have made a number of consequential changes to the UGSS as part of SEC4, principally to ensure that the list of services and their treatment continues to be aligned with the GBCS.
- 225 The UGSS will form an Appendix to the SEC.

#### Consultation Questions

##### DCC User Gateway Services Schedule

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|-----|---|
| Q30 | Do you agree with the proposed approach and legal drafting in relation to the DCC User Gateway Services Schedule? |
|-----|---|

### 7.2 User IDs, DCC IDs and Party IDs

#### Description of the Issue

- 226 As part of the security arrangements for Smart Metering, and for the purposes of communications under the SEC, it will be necessary for all devices, Users and the DCC (acting in its various roles), to have unique identifiers. Device IDs will be an IEEE 64-bit Extended Unique Identifier<sup>25</sup> (EUI-64 compliant ID), in common with the computer industry standard approach.
- 227 To ensure uniqueness User IDs and DCC IDs should also be IEEE 64-bit Extended Unique Identifiers. It had initially been proposed that the DCC and each User would be responsible for obtaining a EUI-64 compliant ID for this

<sup>25</sup> More information on the EUI-64 compliant ID can be found on the IEEE website at: <http://standards.ieee.org/develop/regauth/tut/eui64.pdf>

purpose. However, further consideration of this issue suggests that such an approach could result in the imposition of unnecessary costs of around £500 per Party in procuring these IDs (since it is necessary to pay for EUI-64 IDs but each is capable of being used to generate globally unique identifiers for multiple entities). Furthermore, this approach would not be a reasonable use of IEEE address space.

- 228 The EUI-64 ID is comprises two parts; firstly, a unique identifier (Registry Entry) which is assigned by the IEEE Registration Authority to an organisation and a further part that can be allocated by an organisation with the first ID to Users. With this in mind, it is proposed to centrally procure a single Registry Entry, which can then be used for the purposes of assigning unique EUI-64 compliant IDs to Users and the DCC. This approach reduces costs and is a more reasonable use of IEEE address space.
- 229 It is proposed that the SEC Panel (acting via SECAS) will be responsible for procuring the Registry Entry and for allocating unique extension identifiers when requested for EUI-64 compliant IDs by Users and DCC.
- 230 A separate issue that we have identified is the need for the DCC to be able to map User IDs to SEC Parties so that access to the Self Service Interface can be provided at the Party level where the SEC allows this. The DCC currently has no way of mapping User IDs to Parties. In this consultation we seek views on the creation and allocation of a 'Party ID' to each Party.

### Translation into Detailed Requirements

- 231 Changes are proposed to Section H of the SEC to reflect the role of the SEC Panel in centrally procuring and allocating unique identifiers.
- 232 We also propose to amend the SEC to provide for the Code Administrator to allocate a Party ID to each Party and for the Panel to maintain and make available to all Parties record of Party IDs and EUI-64 Compliant identifiers together with the mapping between them.

### Legal Text

#### Summary of new SEC Provisions

##### Changes to Section B and H

- Amendments proposed in B1 and B2 cover the issuing of DCC, Party and User IDs.
- Amendments proposed in H1 set out the use of User IDs as part of User Entry Process.

### Consultation Questions

#### User IDs, DCC IDs and Party IDs

- Q31 Do you agree with the proposed approach to centrally procure a EUI-64 Registry Entry?

Q32	Do you agree with the intention to create a 'Party ID', enabling access to the Self Service Interface at a Party level?
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### 7.3 Provision and Use of User Gateway Connections

#### Description of the Issue

- 233 The DCC will be required to provide one or more means of connecting to the DCC User Gateway. The SEC describes the processes to be followed in establishing, maintaining and terminating these connections, including the way charges are levied, and any rules regarding situations where connections are shared between Users. 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.
- 234 A Party seeking a User Gateway Connection will need to indicate which type of connection they require: high volume or low volume. In the case of high volume connections, DCC will conduct a survey prior to preparing an offer for connection (setting out the charges for the connection and any additional terms and conditions required to support the establishment of the connection). The terms of this offer will be capable of referral to the Authority. Once the offer is accepted, or in the case of a low volume connection, once the order has been placed, DCC will deliver the connection.
- 235 Many of the technical and procedural requirements governing a DCC User Gateway Connection will be set out in the DCC User 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 H3 of the SEC. These include requirements covering the provision of a DCC User Gateway Connection, setting out that a Party can request either a high or low volume connection can be requested, and the rights and obligations for the DCC and other Parties progressing these requests. The drafting also sets out requirements covering the on-going use of these connections, and their termination. Finally, new provisions have been added to the SEC to recognise that there may be circumstances where Users wish to share the use of a connection to the DCC.
- 236 We propose 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 take into account:
- In the case of a high-volume connection, 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;



- where a Party wishes to alter the size of allocated bandwidth on a high volume connection; and
- early termination charges where a Party wishes to terminate its connection before the end of a specified length of time.

237 We welcome views on the new legal drafting in section H3. Views would also be welcome on the extent to which this drafting meets the needs of both DCC and Users in establishing, maintaining and terminating connections.

### Translation into Detailed Requirements

238 We have added new definitions describing the different types of connection (either low volume or high volume) that the DCC can offer in the definitions section of the SEC. We have added text enabling Users to request a connection, and where asked by Parties, for the DCC to offer guidance on message sizes to enable the User to decide what sort of connection they should request. The processes for requesting both a low volume and high volume connection have been added to H3, including the rules for undertaking a site survey by the DCC for establishing the cost of providing a high volume connection. Minor changes to the drafting have also been added to clarify requirements relating to the maintenance of any DCC User Gateway Connection equipment where connections may be shared by more than one User.

## Legal Text

Summary of new SEC Provisions	
<b>Changes to Section A</b>	<ul style="list-style-type: none"> <li>• New definitions have been added describing both a DCC User Gateway Low-Volume Option and DCC User Gateway High-Volume Option (collectively defined as a DCC User Gateway Bandwidth Option), with minor changes to the definition of DCC User Gateway Equipment recognising that the User Gateway may be used by more than one User.</li> </ul>
<b>Changes to Section H3</b>	<ul style="list-style-type: none"> <li>• H3.1 – refined to recognise that the DCC User Gateway needs to be made available to support User Entry Process Testing and for the sending of the communications listed in H3.3.</li> <li>• The Means of Connection Section has been renamed the <b>Provision of DCC User Gateway Connections</b> and describes the new requirements covering the provision of either a low or high volume connection and how connections are established, maintained and terminated.</li> <li>• A new section setting out provisions regarding the <b>Use of a DCC User Gateway Connection</b> has been added, recognising that one connection may be used by more than one User, as well as a requirement covering disputes relating to connections (<b>Connection Disputes</b>)</li> <li>• The Section on <b>DCC User Gateway Equipment</b> includes</li> </ul>

	minor revisions to clarify responsibilities recognising that connections may be shared by more than one User.
<b>Changes to H8</b>	<ul style="list-style-type: none"> <li>A change has been made to H8 to provide for, in the case of shared DCC User Gateway Connections, all Users using the connection to have visibility of Incidents affecting that connection.</li> </ul>

### Consultation Questions

#### Provision and Use of User Gateway Connections

Q33	Do you agree that the proposed legal drafting accurately reflects the process by which the DCC will provider connection the DCC User Gateway?
Q34	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.

## 7.4 Processing Service Requests

### Summary of Previous Consultations

239 Section H4 of the SEC sets out the processes that the DCC and Users should follow when processing Service Requests. We previously consulted on the DCC User Gateway, Service Requests and processing of these requests as part of SEC 2 and included further proposals in a number of areas in SEC 3.

### Description of the issue

240 As part of the ongoing development of the SEC, we have refined a number of the processes previously set out in Section H4 and are seeking views on these changes as part of this SEC 4 consultation. The principal changes that are proposed include:

- Changes to the treatment of Devices that fall off the Certified Products List (CPL). Previously H4 prevented commands being sent to such Devices. However, it has been recognised that this approach was inappropriate since in order to restore a Device to the CPL, it may be necessary to send a firmware upgrade to that device. Further, if a change of supplier event takes place in relation to such a Device, then the incoming supplier would need to update the Security Credentials on the Device prior to being able to update the firmware. Changes have therefore been made to only allow the relevant commands that the Supplier needs to restore the device.
- Further detail has been provided on the security arrangements associated with processing firmware upgrades including for example checks on firmware images from Device manufacturers.
- Equivalent changes covering the treatment of Communications Hub Functions that fall off the CPL and dealing with firmware upgrades to

Communications Hub Functions have also been introduced. In this case the provisions are aimed at DCC rather than at suppliers.

- Further refinements are proposed, covering the treatment of three specific types of Service Request whose treatment is slightly different from that applied to “normal” Service Requests. These include:
  - ‘CoS Update Security Credentials’ – The principal changes we have made here are to afford DCC more flexibility over the way in which the internal DCC processes operate when processing such change requests whilst still retaining the underlying security checks .
  - ‘Restore HAN Device Log’ – We have made a number of changes to clarify the obligations in relation to processing “restore HAN Device Log” service requests in light of the different processing of these requests that arise from the fact the associated Command needs to be signed by DCC and not the Supplier (since the Communications Hub Function is controlled by DCC).
  - ‘Join Service’ - For Type 1 Devices, these Service Requests result in the creation of two Commands, one being sent to each of the two Devices being joined as part of the relevant Smart Metering System. Furthermore, where joining a Pre-Payment Interface to a Smart Meter, changes have been proposed to provide for the command sent to the PPMID to be controlled by the DCC. This is intended to allow a single PPMID to be joined to both a gas and electricity meter in a property. Changes to the GBCS have been made to support this, requiring the DCC’s Access Control Broker Certificate to populate the relevant trust anchor cell on PPMIDS rather than that of a Supplier, meaning DCC can sign the “join” command to the PPMID.
- A number of other minor changes have also been made including to require DCC to add Message Authentication Codes only where required by the GBCS and not for every Command, clarifying that DCC should use different IDs for different roles.

## Legal Text

### Summary of new SEC Provisions

#### Changes to Section H4

- Reference should be made to Annex 3 for the changes in relation to this chapter

## Consultation Questions

### Processing Service Requests

Q35

Do you agree with the proposed approach and legal drafting in relation to Processing Service Requests?

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## 7.5 Smart Metering Inventory and Enrolment Services

### Summary of Previous Consultation

- 241 Section H5 of the SEC deals with the Smart Metering Inventory and Enrolment Service.
- 242 We previously consulted on the Smart Metering Inventory and Enrolment Services as part of SEC 2 and made a number of refinements as part of SEC 3. We are proposing a number of further changes as part of this SEC 4 consultation.

### Description of the proposed changes

- 243 Legal drafting set out as part of SEC 2 and 3 requires the DCC to establish and maintain the Smart Metering Inventory, the requirements for pre-notification and commissioning of Devices, and the associated Enrolment, withdrawal and decommissioning of Smart Metering Systems.
- 244 As part of work to align the SEC provisions with the detailed solution developed for the Smart Metering Inventory and Enrolment Service, we have revisited the SEC drafting and identified a number of areas where further clarity is required or some minor changes needed. The principal changes proposed for SEC4 include:
- An obligation on DCC to ensure that prior to delivering Communications Hubs that have been ordered from it, DCC must ensure that the Communications Hub Function and Gas Proxy Function are added to the Smart Metering Inventory. DCC is also to ensure that the relevant Device Certificates have been established and placed in the SMKI Repository prior to this time.
  - Changes to permit both Suppliers and Registered Supplier Agents to add Devices to the SM Inventory so long as the Devices are on the CPL.
  - A clarification to ensure that only Communications Hub Functions and Gas Proxy Functions that have been provided by DCC can be added to the SM Inventory.
  - The introduction of additional obligations clarifying the security credentials that DCC and Suppliers must ensure are placed on Devices prior to either delivering them as part of the Communications Hub Service (in DCC's case) or commencing the commissioning process (in the case of Suppliers). These proposals provide for a degree of flexibility for suppliers, allowing them, for example, prior to installation to populate the supplier certificate slots on Devices with the certificates of DCC or another supplier (where the other Supplier has consented to this) to help afford flexibility in the device ordering processes.
  - A further requirement has been added to require that where a Gas Smart Meter is joined to a Communications Hub, a Gas Proxy Function is also joined to the Gas Smart Meter. This provides certainty that a Gas Smart Metering System is formed at this time.

- A change to reflect that where, in the absence of a WAN connection, a Smart Meter is locally joined to a Communications Hub, DCC will set the status of the Communications Hub to “installed not commissioned” when it receives notice of a successfully executed service request.
- An additional obligation on DCC to confirm the identity of Communications Hubs prior to commissioning them.
- Additional obligations on DCC and Suppliers to ensure that at least one of the Organisation Certificates on certain Devices is replaced. By virtue of the checks performed by the Device in response to such commands, this step proves that the Root Certificate on the Device is that of the OCA.
- Suppliers and DCC are required to ensure that certain Devices (Communications Hub Functions, Gas Proxy Functions and Smart Meters) regenerate the Device’s private keys following commissioning. This obligation is intended to provide additional protection against compromise of such Devices’ private keys prior to commissioning.
- An additional rule clarifying that once a Device that has been suspended is returned to the CPL, its status is returned to that which it held immediately prior to its suspension. This clarifies, for example, that such Devices do not need to be re-commissioned once they return from suspension.

## Legal Text

### Summary of new SEC Provisions

#### Changes to Section H5

- H5.8 to H5.13 sets out who is eligible to add which Devices to the Smart Metering Inventory and when they need to do that.
- H5.16 sets out that the DCC shall only communicate with Devices that are in the Smart Metering Inventory.
- H5.20 to H4.22 set out the process for commissioning a Communications Hub Function
- H5.23 to H5.28 set out the process for commissioning other Devices (Meters, Gas Proxy Function and Type 1 Devices)
- H5.29 to H5.30 set out the process for joining Type 2 Devices
- H5.32 to H5.36 set out post-commissioning obligations

## Consultation Questions

### Smart Metering Inventory and Enrolment Services

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|-----|---|
| Q36 | Do you agree with the proposed changes to the approach and legal drafting in relation to Smart Metering Inventory and Enrolment Services? |
|-----|---|

## 7.6 Problem Management

### Description of the Issue

- 245 The legal text provided as part of the SEC 2 response document includes Service Management sections which describe User-facing functions. Incident Management provisions were included (because the Users need to be able to raise Incidents), but SEC 2 did not include Problem Management because only the DCC has responsibility for raising and managing Problems.
- 246 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.
- 247 Stakeholders have noted that under these circumstances the relevant Users will want the underlying Problem to be visible to them so that they can monitor progress towards a permanent solution.
- 248 We agree that appropriate data within Problem records should be made available to Users and have drafted new legal text to accommodate this requirement.

### Translation into Detailed Requirements

- 249 We have incorporated legal drafting requirements for dealing with Problem Management alongside the requirements for Incident Management in section H9 of the SEC. These requirements include:
- defining Problems;
  - the additional requirement for the DCC to set out policies relating to the management of Problems within the Incident Management Policies;
  - providing the ability for logged incidents to refer to problems and for Users to have visibility of these; and
  - placing obligations on the DCC or Users to resolve Problems assigned to them through the application of the rules in H9.2.

### Legal Text

Summary of new SEC Provisions	
<b>Changes to Section A</b>	<ul style="list-style-type: none"> <li>• The introduction of the definition of a Problem</li> </ul>
<b>Changes to Section H9</b>	<ul style="list-style-type: none"> <li>• Applicable references to Problems alongside Incidents throughout the section</li> <li>• Provisions setting out access to information regarding the resolution of a Problem linked to any Incidents.</li> <li>• Provisions covering the closure of Problems.</li> </ul>

## Consultation Questions

### Problem Management

Q37	Do you agree with the proposed approach and legal drafting in relation to Problem Management?
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## 7.7 Business Continuity and Disaster Recovery

### Description of the Issue

- 250 The continued availability of DCC services will become of paramount importance to its Users as the roll out of Smart Meters takes place. The DCC will need to ensure that it has suitable Business Continuity and Disaster Recovery (BCDR) arrangements in place at all times to ensure the continued provision of services to its users.
- 251 The DCC is currently required, under its licence, to set out the BCDR procedures it will follow as part of its Incident Management Policy (a subsidiary document of the SEC). Whilst other SEC Parties' BCDR arrangements are out of scope of the Incident Management Policy, we have included additional text as part of SEC 4 which sets out higher level obligations on the DCC and other SEC Parties with regard to the DCC's BCDR provisions. These include that the DCC must comply with its BCDR procedures to avoid (or otherwise minimise) any significant disruption to the DCC's Services, and that other SEC Parties should provide all reasonable assistance to the DCC in order for it to comply with the BCDR provisions, including to support the DCC where it undertakes annual testing of its BCDR procedures.
- 252 As described in the SEC 3 Conclusions Document, the DCC will be required to report against Disaster Recovery performance metrics. Revised legal drafting provides that on the occurrence of any significant disruption to the Services, the DCC shall use its *reasonable endeavours to ensure* that those Services are restored within four hours of the occurrence of that disruption; and *ensure* that those Services are restored within eight hours of the occurrence of that disruption.
- 253 The DCC will be required to explain the reason for any failure to restore Services within the required times, and where any Services are not restored within eight hours of a significant disruption, the steps the DCC is taking to prevent the re-occurrence of a disruption. The DCC can pursue contractual remedies against Service Providers for their role in failing to achieve relevant targets.
- 254 We consider it important that the DCC should not be excused from meeting its performance targets where a disruption to its Services should have been foreseen and planned for as part of its BCDR procedures. Therefore we have additionally made a revision to section M of the SEC covering Services Force Majeure, to link the provisions set out covering Services Force Majeure to the BCDR Procedures, as opposed to a 'Business Continuity Plan' (which is not a defined document in the SEC).

## Translation into Detailed Requirements

255 The DCC is currently developing its BCDR processes as part of the development of its Incident Management Policy. These procedures will be consulted upon with the DCC's stakeholders prior to the document's submission to the Secretary of State and its inclusion in to the SEC as a subsidiary document. The legal text included in this SEC 4 consultation covers the overarching and performance reporting requirements for the DCC, as well as requirements for other SEC Parties.

## Legal Text

### Summary of new SEC Provisions

<b>Changes to Section H10</b>	<ul style="list-style-type: none"> <li>• New requirements have been drafted to describe the DCC's obligation relating to its BCDR procedures, how they are tested and the role of SEC Parties. New requirements have been added providing that on the occurrence of any significant disruption to the Services, the DCC shall use its reasonable endeavours to ensure that those Services are restored within four hours of the occurrence of that disruption and ensure that those Services are restored within eight hours of the occurrence of that disruption.</li> <li>• New requirements have been added for the DCC to provide a report on any significant disruption to its services</li> </ul>
<b>Changes to M3.3</b>	<ul style="list-style-type: none"> <li>• M3.3 has been clarified to make clear that the DCC will not be able to claim Services Force Majeure where it has failed to follow any steps set out in the BCDR procedures.</li> </ul>

## 7.8 Service to allow consumers to find out which users have accessed their consumption data

### Description of the Issue

256 Users are only allowed to access consumption data provided that they have consumer consent as required by the SEC or, for licenced parties, by their licence conditions.

257 Section H8 of the SEC requires DCC to maintain a seven year record of all Service Requests to read consumption data, i.e. details of all Service Requests to retrieve the profile data log<sup>26</sup> and the daily consumption log<sup>27</sup> from Devices. Under the current SEC requirements the DCC is required to provide Users with access to details of service requests made only by that User. This means that there is currently no way in which a User could find out on a

<sup>26</sup> The 'profile data log' holds 13 months of half-hourly values of gas or electricity consumption, and 3 months of half-hourly values of electricity export.

<sup>27</sup> The 'daily consumption log' holds 731 values of daily gas or electricity consumption.



- consumer's behalf (and with a consumer's consent), details about all parties which have accessed consumption data from their Smart Metering System.
- 258 We are proposing to put in place audit arrangements which, together with Ofgem's compliance monitoring, will provide assurance that Users obtain consumer consent before retrieving consumption data. However, we recognise that some consumers will value the ability to query the identity of Users who have obtained consumption data from their Smart Metering Systems. This may be to remind themselves of the names of companies who offered them services in the past, or to reassure themselves that only parties to whom they have given consent have accessed their consumption data.
- 259 To facilitate transparency for consumers we propose that the SEC allows 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"). This service will allow a User to provide a consumer with the identity of those Users who have read profile data from their Smart Metering Systems together with the date and time of the requests.
- 260 This service will only be available to Users with the explicit consent of the relevant energy consumer. This activity will, where the User participates using the "Other User role", be audited alongside the audit of other privacy provisions in the SEC. We propose that the SEC allows 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.
- 261 We propose to include this requirement in SEC 4 to ensure that the relevant capability is available; this will provide a fundamental building block to providing greater transparency and control for consumers.

### Translation into Detailed Requirements

- 262 The draft SEC 4 text sets out obligations for the DCC to allow Users to access a record of all service requests to retrieve the 'profile data log' or the 'daily consumption log' from a consumer's meter. The record which the DCC must make accessible shall include the identity of the User who made each request, the Service Response (i.e. if it was successful or failed) and the time and date of the request. Provisions in Section I requires a User to gain the consent of the consumer prior to making such a request and sets out the audit arrangements relating to this.

### Legal Text

Summary of new SEC Provisions	
Changes to Section H	<ul style="list-style-type: none"> <li>A provision added to H.8.16 (b) requires the DCC to allow any User to access a record of all Service Requests to either "Read Profile Data" or "Retrieve Daily Consumption Log" that have been sent by any User in relation to any Smart Meter (or any Device Associated with that Smart</li> </ul>

	<p>Meter). The record which the DCC must make accessible for that Smart Meter (or associated device) must include (in relation to each such Service Request), the identity the User that sent it, the type of Service Request, whether it was successfully processed and the time and date that it was sent to DCC. These records must be:</p> <ul style="list-style-type: none"> <li>○ accessible Via the Self-Service Interface (for Service Requests made as a minimum during the preceding three months);</li> <li>○ provided by the DCC as soon as reasonably practicable (for Service Requests in respect of the preceding 7 years)</li> </ul> <ul style="list-style-type: none"> <li>• A provision added to I1.3 to require Users to seek a consumer’s consent and to verify that the consumer from whom they have gained consent is the Energy Consumer before accessing the records set out in this section.</li> </ul>
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### Consultation Questions

#### Service to allow consumers to find out which users have accessed their consumption data

Q38	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?
Q39	Do you agree with the proposed approach of not requiring any User to offer a transparency service to consumers at this stage?

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

### Description of the Issue

- 263 The SEC currently contains a definition of a Large Supplier Party as “someone who supplies either or both fuels to 250,000 or more domestic premises”. Section T, as set out in the SEC 3b consultation response, specifies that Large Supplier parties should take all reasonable steps to be ready for the start of IT and that it is for the DCC to assess whether Large Supplier Parties meet the entry criteria for Interface Testing in accordance with the Interface Testing Approach Document.
- 264 Having considered this further, we consider that greater clarification about the date upon which a supplier shall be determined to be a Large Supplier for the purposes of such subsequent assessment by the DCC could prove beneficial for the DCC and industry as a whole in preparing for testing. We therefore propose to set a date in the SEC from when a supplier will be considered to be large or small for the purposes of such assessment. We propose that this date is from the moment the SEC 4 text is brought into effect, at the end of 2014. In practice this proposed change would mean that if you supply gas and/or electricity to over 250,000 premises when the SEC4 amendments take

effect, you will need to comply with Section T and be ready to commence Interface Testing with the DCC. We consider that this provides sufficient notice of such a requirement for the industry.

- 265 DCC will also need to know which suppliers are considered to be Large Suppliers for these purposes, so that it can discharge its obligation to assess their readiness prior to the start of Interface Testing. We therefore also propose to include in the SEC drafting that provides for such information to be provided to the DCC.
- 266 In order to bring the proposed changes into effect, Section T would be amended to set a point at which the assessment of large/ small supplier is made for the purposes of Section T. This could be as early as the date at which the SEC 4 provisions come into force (i.e. the end of 2014).

### Consultation Questions

#### 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.
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## 8 Registration Data

### 8.1 Text Alignment

#### Description of the Issue

- 267 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.
- 268 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.

#### Translation into Detailed Requirements

- 269 The list of data items in Sections E2.1 and E2.2, covering the provision of data from (respectively) electricity RDPs and gas RDPs to the DCC have been revised, wherever possible describing the data in plain English and relying on SEC definitions as opposed to references to data items in the MRA, UNC or DTC.
- 270 For example, instead of referring to 'objection details', which relate to a specific data item in the DTC, we have described a requirement for RDPs to provide details of whether an objection has been received regarding a change to the person who is to be Registered in respect of the Metering Point.
- 271 We have not made any material alterations to the existing requirements in this area, rather we have clarified the text.
- 272 We have added a new requirement to enable the DCC to determine the status of metering and supply points for the purposes of its charging arrangements (as described in section 12.2 – facilitating charging for live meters).
- 273 The provision describing the passing of data from the DCC to the RDPs has also been amended to include a new data requirement, following a request from the DCC and electricity RDPs as they have further developed their data transfer processes. DCC will now pass electricity RDPs data on the Supplier recorded by the DCC as being registered to a metering point. Finally, we have made corresponding changes to Section X2.4 of the SEC which sets out that currently only some of this data is being passed to the DCC.

#### Legal Text

##### Summary of new SEC Provisions

###### Changes to Section E

- Sections E2.1 and E2.2 have been revised to ensure that the data items previously listed are set out wherever possible in plain English.

	<ul style="list-style-type: none"> <li>• A new requirement has been added for RDPs to provide data to the DCC setting out the status of meter points and supply points.</li> <li>• A new requirement for the provision of information by the DCC to electricity RDPs has been added</li> </ul>
<b>Changes to Section X</b>	<ul style="list-style-type: none"> <li>• Corresponding changes to Section X2/4 to reflect the newly termed data being passed to DCC.</li> </ul>

### Consultation Questions

#### Registration Data

Q41	Do you agree with the proposed approach and legal drafting in relation to registration data text alignment?
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## 8.2 Provision of Data for the Central Delivery Body

### Description of the Issue

- 274 Energy suppliers' licence conditions (LC39 for gas, LC45 for electricity) oblige them to set up and fund an independent organisation to lead the national consumer engagement campaign for smart meters. In June 2013 the Smart Meter Central Delivery Body (CDB) was established to perform this function.
- 275 The licence conditions require larger suppliers to establish a mechanism to allocate capital, fixed operating and CDB engagement activity costs between themselves on a market share basis, as well as to work with smaller suppliers to establish a mechanism to allocate fixed operating costs between all domestic suppliers on a market share basis.
- 276 The DCC has already established a regime to routinely obtain relevant data from a range of gas transporters and electricity distributors under the provisions of Section E of the SEC. We therefore consider it is economically efficient to require the DCC to provide the CDB with routine summary market share information based on the data that is readily available to the DCC, rather than the CDB building separate systems to obtain and process the data directly. This will also provide consistency in the basis for the allocation of central costs associated with smart meters.
- 277 We are therefore minded to include an additional Licence Condition on the DCC to allow it to provide the CDB with market share information based on the data readily available in a format that they have agreed. This information would be subject to confidentiality restrictions on the CDB via an agreement between the CDB and the DCC.
- 278 There is a need to provide a mechanism for resolving possible disagreements between CDB and the DCC in relation to the terms of their agreement. This could be through determination by Ofgem, as is often the case for regulated energy industry bodies such as the DCC. The current drafting at Annex 3 provides for this. An alternative approach would be for such disputes to be referred to independent arbitration as is usual for commercial contracts. We

would welcome views on the approach proposed and whether the alternative is preferable in this particular circumstance.

### Translation into Detailed Requirements

279 We propose that a new Condition of the DCC Licence is introduced that requires the DCC to enter into an agreement with the CDB to provide them aggregated market share information for each Electricity and Gas Supplier based on the data available to the DCC. There is also a consequential change to Section M to granting the DCC permission to disclose such information.

### Legal Text

#### Summary of new Provisions

<b>Changes to DCC Licence</b>	<ul style="list-style-type: none"> <li>A new Licence Condition – ‘Provision of Market Share Information to the Central Delivery Body’ – gives effect to these proposals.</li> </ul>
<b>Changes to Section M</b>	<ul style="list-style-type: none"> <li>Granting the DCC the right to disclose data where necessary.</li> </ul>

### Consultation Questions

#### 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?
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## 8.3 Connections between the DCC and RDPs

### Description of the Issue

280 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, are included in the SEC. These mirror the equivalent requirements in H3 relating to DCC User Gateway Connections.

281 RDPs are not 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, two options exist for contractual responsibility for that RDP’s connection. Either one Network Party is responsible (in which case the Network Parties using the same RDP would have to find some way of identifying who that is) or all Network Parties using the same RDP are jointly responsible for matters relating to its connection with the DCC. We are proposing the latter approach in the SEC as we consider this to be the most efficient solution for all parties concerned.

## Translation into Detailed Requirements

282 Drafting has been included in a new Section E3 that sets out rules governing provision of a connection to an RDP, location of connection equipment in an RDPs premise and termination of connections. Where more than one Network Party uses the same RDP, those Network Parties are jointly and severally liable for any failure by the RDP to comply with the SEC requirements relating to that RDP's connection to the DCC.

## Legal Text

### Summary of new Provisions

<b>Changes to Section A</b>	<ul style="list-style-type: none"> <li>New definitions of RDP Connection and RDP Interface Equipment have been added</li> </ul>
<b>Changes to Section E</b>	<ul style="list-style-type: none"> <li>New Section E3 setting out requirements governing: provision of RDP connections by the DCC, DCC connection equipment in RDP premises, termination of connection and liability for breach of RDP related obligations under Section E3.</li> </ul>

## Consultation Questions

### Connections Between the DCC and RDPs

Q43	Do you agree with the proposed approach to RDP/DCC connections 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?

## 9 Explicit Charges for Certain Other Enabling Services

### Description of the Issue

- 283 The DCC is obliged under its licence to provide a range of Mandatory Business Services. These services are Core Communications Services, Elective Communications Services and Enabling Services.
- 284 Enabling Services are those 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.
- 285 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.
- 286 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, and we are therefore consulting on the drafting required to provide for these charges.
- 287 The terms for most of the services offered by the DCC will be pre-established as they are defined in the SEC. However, for certain services, including Elective Services, certain Enrolment Services<sup>28</sup> and the Other Enabling Services discussed above, the terms cannot be pre-established. DCC Licence Condition 20 provides for Ofgem to resolve any disputes with respect to the terms for Elective and certain Enrolment Services. For consistency, we consider similar provisions are required in respect of the Other Enabling Services which attract an explicit charge.
- 288 In certain circumstances a Party may incur considerable cost in taking an Other Enabling Service. If a later Party ('second comer') was able to benefit from the same service it would be inefficient for the DCC to repeat the work; it would also be unfair for the second comer to free-ride on the investment of a previous Party. Therefore, as with elective services, we propose that for those Other Enabling Services costing more than £20,000, any second comers making use of the service should pay a contribution towards the cost. This would go to the DCC and the DCC would then offer a rebate to the first Party. As with elective services, the provisions would apply for five years (where the relevant costs are between £20,000 and £500,000) and ten years (where the relevant costs exceed £500,000).

### Translation into Detailed Requirements

<sup>28</sup> With respect to non-standard enrolments (DCC Licence Condition 17.16).



- 289 Other Enabling Services may only be charged for by an explicit charge where the SEC expressly provides for such a charge. The Other Enabling Services that will attract an explicit charge, as set out in the relevant Section of the SEC relating to the provision of that service and further provided for in Section K7.5 (Explicit Charging Metrics), are as follows:
- Testing Integration Consultancy (H14.34);
  - Provision of SM WAN base stations for testing purposes<sup>29</sup> ([H14.31]);
  - Various explicit charges for certain Other Enabling Services linked to Communications Hubs for testing (ref F[X]);
  - Detailed Evaluation of potential Elective Communications Services (H7.8);
  - User Gateway Connections (H3); and
  - Parse & Correlate – further assistance for users (H11.12-11.13).
- 290 We propose broadening the scope of DCC Licence Condition 20 to include disputes in relation to those Other Enabling Services which attract an explicit charge. This means that if a SEC Party (or a non-SEC Party where that non-SEC Party is entitled to use the service) disputed the terms offered by the DCC for such an Other Enabling Service, it would be able to raise a dispute with Ofgem to resolve. This drafting is captured by the proposed changes at chapter 3.10.
- 291 Although not Other Enabling Services, K7.5 provides for various other explicit charges including in respect of communications hubs, Core Communications Services and the passed-through costs set by the SEC Panel in relation to security and privacy audits (chapter 4).
- 292 With respect to ‘second comer’ contributions, the proposed legal drafting expands the scope of the current provisions which apply to elective services. The proposed drafting now includes User Gateway Connections and additional Parse & Correlate services within the scope of the second comer provisions.

### Summary of new SEC Provisions

<b>Changes to Section K</b>	<ul style="list-style-type: none"> <li>• Additional Explicit Charging Metrics included in K7</li> </ul>
<b>Changes to DCC Licence</b>	<ul style="list-style-type: none"> <li>• Change to LC20 to allow disputes for Other Enabling Services offered to a non-SEC Party</li> </ul>

### Consultation Questions

#### Explicit Charges for Certain Other Enabling Services

<sup>29</sup> As discussed in the testing chapter

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Q45	Do you agree with the proposed approach and legal drafting in relation to provision of Explicit Charges for Certain Other Enabling Services?
Q46	Do you agree with broadening the scope of DCC Licence Condition 20 to include the Other Enabling Services which attract an explicit charge?

## 10 Confidentiality

### Description of the Issue

- 293 The SEC places obligations on the DCC, the Panel and SEC Parties with respect to confidentiality of information. Where the DCC marks information as confidential, a Party is subject to unlimited liability for any losses arising from a breach of its obligation to keep this information confidential. There are no restrictions in the SEC on what data the DCC may mark as confidential providing the data relates to the DCC or its Services.<sup>30</sup> Other industry codes have confidentiality regimes, but differ from the SEC as they generally do not attach unlimited liability to a breach of confidentiality provisions.
- 294 The existing provisions were drafted in the context of the DCC Service Provider Contracts, and confidentiality and liability issues were consulted on as part of SEC 1<sup>31</sup>. At the time, it was considered that potential SEC Parties would only be in receipt of a very small amount of confidential data from the DCC. However, since SEC 1 was designated, the scale of information which could be marked as confidential has increased and the associated exposure to unlimited liability for SEC Parties has grown. For example, SEC Parties may now be in receipt of information on testing issues or performance reporting, which the DCC may mark as confidential.
- 295 In this consultation we seek views on whether amendments to confidentiality provisions should be made to limit circumstances in which the DCC can mark information as confidential. We propose introducing a new category of controlled information which would not be subject to unlimited liability in the event of a breach.
- 296 This proposal would result in three categories of information under the SEC: public, controlled and confidential. We consider this would allow the DCC to indicate that information should be treated sensitively, without requiring them to use the confidential category in all cases and thereby exposing SEC Parties to unlimited liabilities in the event of a breach.

### Translation into Detailed Requirements

- 297 We therefore propose to introduce new drafting in Section M of the SEC to allow the DCC to mark data as confidential only where:
- the data relates to one of its Service Providers;
  - the DCC is subject to an obligation under an existing Service Provider contract to keep such information confidential which, if breached, would give rise to an unlimited liability; and
  - the DCC is not otherwise required (for example, by law) to make the information public.

<sup>30</sup> Which means the services provided, or to be provided, pursuant to Section H (DCC Services) or Section L (SMKI), including pursuant to bilateral agreements.

<sup>31</sup> *Smart Energy Code Stage 1 - A Government response and supplementary consultation on updated draft legal text* dated 29 April 2013 and *Smart Energy Code Stage 1 - A Government response* dated 17 July 2013.

We do not proposing amending the liability provisions for disclosure of confidential information.

- 298 We propose to add a controlled category of data. The DCC may mark information as controlled only where:
- that data belongs to the DCC or relates to the DCC or the Services;
  - uncontrolled release of the information could reasonably be considered to be prejudicial to the DCC (including DCC Service Providers); and
  - it does not conform to the definition of Confidential and is not already required to be made public.
- 299 Liability for disclosure of controlled information will be limited to £1,000,000 per event, and will reflect liability provisions for physical damage under the SEC. Where parties consider that the DCC has not applied the SEC rules correctly in classifying information as controlled or confidential, disputes can be referred to an arbitrator. Injunctive relief would also be available for a potential breach in relation to controlled information.

## Legal Text

### Summary of new SEC Provisions

<b>Changes to Section M4</b>	<ul style="list-style-type: none"> <li>• Amendments stipulating that the DCC may only mark information as confidential where the data relates to a service provider and the DCC is subject to an obligation under an existing service provider contract to keep such information confidential which, if breached, would give rise to unlimited liability, and where the DCC is not already required to make such information public.</li> <li>• Include a new provision to allow the DCC to mark information as “controlled” where that data belongs to the DCC or relates to the DCC or the Services and where uncontrolled release of the information could reasonably be considered to be prejudicial to the DCC, including its Service Providers (but it does not conform to the definition of Confidential), unless the information is already required to be made public.</li> <li>• Liability for disclosure of controlled information is limited to £1 million per event or series of events for direct losses.</li> <li>• Allow for disputes on DCC marking of information as controlled to an Arbitrator.</li> <li>• Amendment specifying that injunctive relief is available for a potential breach in relation to controlled information.</li> </ul>
<b>Changes to Section M2</b>	<ul style="list-style-type: none"> <li>• Limit liability for losses suffered associated with a breach of controlled information to direct losses, £1 million per event or series of events.</li> </ul>

## Consultation Questions

## Confidentiality

Q47	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?
Q48	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?

### Marking of Data by Parties other than the DCC

- 300 The amendments to legal drafting discussed above relate to the DCC's ability to mark information as confidential or controlled. We have also considered whether Parties other than the DCC ought to be given the option of marking information as 'controlled' when providing it to the DCC. This would include a similar liability regime applying if these controls were breached (as for physical damage, to limit losses to £1 million, and exclude consequential losses).
- 301 We are seeking views on this option and will consider whether any amendments to the SEC are required in the light of responses to this consultation.

Q49	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?
Q50	Do you agree that liabilities if these controls are breached should be limited to £1 million (excluding consequential losses)?

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## 11 SEC Consequential Changes: Alignment to DCC and Supply Licences

### Description of the Issue

- 302 In April 2014 we consulted on amendments to the DCC licence and Supply Licence conditions, to implement decisions previously announced in the responses to the SMETS 2 consultation,<sup>32</sup> that would require the DCC to provide suppliers with a Communications Hub that is compliant with the Communications Hub technical specifications (CHTS) and require suppliers to install these as part of a SMETS2 installation in domestic premises. The consultation also proposed amending the Supply Licences to allow for multiple versions of technical specifications, and identify these as being part of the SEC.
- 303 We are proposing consequential changes to the SEC as part of this consultation to ensure a consistent approach across the DCC and Supply Licences and the SEC.
- 304 Technical specifications (such as SMETS and CHTS), will be moved into the SEC and will subsequently be subject to the SEC modification process. There is a possibility that a modification of a technical specification will render it incompatible with a previous version. Therefore there is a need to have provisions within the SEC to identify compatibility between different versions of technical specifications. This will allow installing and maintaining Parties to identify which versions of technical specifications will be compatible, or incompatible, with each other.
- 305 The changes to the DCC and Supply Licences introduced the concept of multiple versions of technical specifications. Additionally, they identify the technical specifications to be situated within the SEC. Section X5 of the Code already allows for the incorporation of the SMETS and the CHTS, however it would need to be amended to allow for the incorporation of other technical specifications, namely those relating to the Pre-payment Interface Device (PPMID), HAN Connected Auxiliary Load Control Switch (HCALCS) and the In-Home Display (IHD). This amendment will be picked up as a consequential change when the supply licence condition amendments are made, rather than being delivered as part of SEC4.

### Translation into Detailed Requirements

- 306 To ensure operability between technical specifications once they are moved to the SEC and in the case of a SEC modification to a technical specification, we propose requiring the SEC Panel to maintain and make available to all Parties a document that identifies which technical specifications are compatible with other technical specifications.

### Legal Text

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<sup>32</sup> <https://www.gov.uk/government/consultations/smart-metering-equipment-technical-specifications-second-version>

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### Summary of new SEC Provisions

<b>Changes to Section A</b>	<ul style="list-style-type: none"> <li>A definition of Device Specification has been included to capture SMETS, CHTS, and the PPMID, HCALCS and IHD Technical Specifications.</li> </ul>
<b>Changes to Section F</b>	<ul style="list-style-type: none"> <li>F2.17 has been added to oblige the SEC Panel to keep reasonably up-to-date and publish on its website a document that details which version of Device Specifications are compatible with which version of each other Device Specification.</li> </ul>

### Consultation Questions

#### SEC Consequential Changes: Alignment to DCC- and Supply Licences

Q51	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?
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## 12 Miscellaneous changes to SEC

### 12.1 Charging matters

#### Description of the Issue

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

#### Invoicing Threshold

308 The SEC currently has no administrative thresholds related to invoicing. Thus the DCC is presently required to issue a monthly invoice for amounts as low as £0.01. The DCC highlighted this matter in its response to the SEC 3 consultation, suggesting that a threshold be introduced for the circumstances where the cost of processing the invoice is greater than the value of the invoice itself and has subsequently indicated that this monthly threshold should be £25 (including VAT). We consider this is a reasonable position and propose to amend the legal drafting accordingly.

309 The DCC will accrue charges in the circumstances where an invoice is for less than £25. Consequently, we also propose introducing a requirement on the DCC to issue at least one invoice for each regulatory year to ensure that the accrued amounts are recovered.

#### Credit Cover Threshold

310 Within the Credit Cover Calculation, section J.3.3 currently includes a threshold against the 'Value at Risk' below which the value is deemed to be zero. This was set at £500 on the basis that it was inefficient for the DCC to administer credit cover for smaller amounts. This figure was determined via consultation before the DCC Licence award process concluded. The DCC has indicated that, based on its assessment of the administrative costs following implementation of the credit cover regime, this should figure should be set to £2,000 and apply to the Credit Cover Requirement determined in J3.2. We are minded to amend the credit cover threshold in the SEC to reflect the DCC's assessment of the cost reflective administrative threshold, which will reduce the number of participants that are required to provide credit cover to the DCC.

#### Scope for an explicit charge of zero

311 The second charging objective requires 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.

312 While this approach would be consistent with the charging objectives, the DCC considers that the current SEC drafting doesn't provide sufficient clarity



regarding this matter. We therefore propose to amend the charging methodology in Section K accordingly.

### SEC Parties

313 Section J is 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). We are therefore minded to amend the charging provisions in Section J so that they apply to SEC Parties rather than Users.

## **Translation into Detailed Requirements**

### Invoicing Threshold

314 We propose that SEC Section J1 be amended to:

- allow the DCC not to issue an invoice and accrue charges where the monthly amount is less than £25; and
- require the DCC to issue at least one invoice for each regulatory year based on the total of the accrued amounts.

### Credit Cover Threshold

315 We propose that SEC Section J3 be amended to:

- set the credit cover threshold to £2,000; and
- apply to the threshold to the 'Credit Cover Requirement' determined in J3.2.

### Scope for an Explicit Charge of zero

316 SEC Section K7 will be amended to indicate that an Explicit Charge related to Services within the DCC User Gateway Services Schedule may be set to zero, consistent with the charging objectives.

### SEC Parties

317 The range of provisions within Section J of the SEC will be amended to apply to SEC Parties rather than Users.

## **Legal Text**

### **Summary of new SEC Provisions**

<b>Changes to Section J</b>	<ul style="list-style-type: none"> <li>• New invoicing threshold included in J1.</li> <li>• Amended credit cover threshold set out in J3.</li> <li>• Section J amended to apply to SEC Parties.</li> </ul>
<b>Changes to Section K</b>	<ul style="list-style-type: none"> <li>• Amendment to Explicit Charging description in K7.</li> </ul>

## **Consultation Questions**

### **Charging Matters**

Q52 Do you agree with the proposed approach and legal drafting in relation to

	the invoicing threshold?
Q53	Do you agree with the proposed approach and legal drafting in relation to the credit cover threshold?
Q54	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?

## 12.2 Facilitating charging for meters where there is a live supply of energy only

### Description of the Issue

- 318 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 Condition.
- 319 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.<sup>33</sup> An MPAN with the status of 'traded' means that a supplier is registered, all MPAN data is populated and the MPAN has an energisation status. MPANs with the status of 'registered' 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 file 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<sup>34</sup> 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.
- 320 Existing transitional variations in Section X allow the DCC to rely on this information for charging purposes until September 2015.

<sup>33</sup> A 'registered' MPAN means a supplier is registered but not all the data items for the MPAN are populated. A 'traded' MPAN means a supplier is registered, all MPAN data is populated and the MPAN has an energisation status.

<sup>34</sup> There may be more than one supply meter point to a supply point, although a change to the UNC is being made which is expected to change this prior to the end of 2015.

- 321 The DCC has sought clarity on the status of electricity and gas meters which should be used for charging purposes in the UITMR period.<sup>35</sup> 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). We propose 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.
- 322 Initial feedback from RDPs suggests that the DCC should only charge for 'traded' MPANs during the UITMR period as this will capture live MPANs and the time between an MPAN being 'registered' and 'traded' could take place over a period of time. In practice this would mean that, although the price per meter in the various charging group would increase by a small amount as the meter volumes would decrease, the cost the DCC recovers would be the same. We would welcome stakeholders' views on the material implications of the change in this approach.
- 323 After the UITMR period, the basis for calculating charges changes. Section K6 requires the DCC to use estimates of the number of Smart Metering Systems that will have been enrolled and not withdrawn for charging purposes, and so whether or not a meter is "live" is no longer relevant. We do not propose amending this position.

### Translation into Detailed Requirements

- 324 We propose changes to legal drafting to make clear that the DCC may charge based on 'live' MPxNs<sup>36</sup>. This will primarily apply for the UITMR period, subject to any transitional variations made to the DCC's ability to rely on different charging data pursuant to Section X while it is finalising system build and changes to other Codes are being finalised. Such a variation pursuant to Section X would require further consultation).

### Legal Text

#### Summary of new SEC Provisions

<b>Changes to Section K</b>	<ul style="list-style-type: none"> <li>• K11.1 amendment to the definition of 'Mandated Smart Metering System' to specify that this means each MPAN or MPRN associated with a Domestic Premises (regardless of whether or not a Smart Metering System has been installed or Enrolled) where that MPAN has the status of 'traded' (as identified in the MRA) or where that MPRN has a status that indicates that gas is off-taken at that point (as identified in the UNC).</li> </ul>
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### Consultation Questions

<sup>35</sup> UITMR period is defined as "the period, covering User integration testing and the mass rollout period..." in section K11.1 of the SEC.

<sup>36</sup> MPANs with the status of 'traded' (as identified in the MRA) or MPRNs with a status that indicates that gas is off-taken at that point (as identified in the UNC).

## Facilitating charging for meters where there is a live supply of energy only

Q55	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.
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### 12.3 Power Outage Alerts

#### Description of the Issue

- 325 Where there is an electricity power supply interruption, smart meters have the functionality to allow Electricity Network Parties (DNOs) to respond in a more timely manner to power outages and to quickly identify the nature of any supply disruption.
- 326 For interruptions affecting more than fifty homes, whilst it is important for DNOs to be alerted to power outage events, other monitoring systems will be in place to identify wider network issues. However, for interruptions affecting fewer than fifty homes, the receipt of reliable power outage alerts received by DNOs allow them to accurately identify and resolve supply interruptions that impact certain elements of their infrastructure, such as individual homes or low-voltage cables.
- 327 Energy suppliers will also need to be alerted to power outages in order to as this will help them manage their services to the consumer and this which may include arrangements to support getting customers re-connected.

#### Translation into Detailed Requirements

- 328 We propose including content in the SEC so that where the DCC receives an Alert from a Communications Hub Function which indicates that there has been a loss of power supply to the Communications Hub Function of a duration of three minutes or more, the DCC shall be required to send a copy of the Alert to any relevant Import Supplier and to any relevant Electricity Distributor.

#### Legal Text

#### Summary of new SEC Provisions

<b>Changes to Section F</b>	<ul style="list-style-type: none"> <li>F4.9 has been added to require the passing of power outage alerts.</li> </ul>
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#### Consultation Questions

#### Power Outage Alerts

Q56	Do you agree with the proposed approach and legal drafting regarding power outage alerts?
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## 12.4 Proving testing of shared systems

### Description of the Issue

329 We understand that some SEC Parties may wish to share systems either because they are part of the same corporate group (as in the case of certain 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 it may not be necessary for one Party to test elements of that shared system if they have already been proven by another Party.

### Translation into Detailed Requirements

330 We propose amending the SEC so that once a system has been proven to meet the requirements of the Code as part of one Party's User Entry Process Testing, the person assessing compliance with the tests may rely on this as proof of another Party's system's compliance with the User Entry Process Testing requirements of the Code.

### Legal Text

#### Summary of new SEC Provisions

##### Changes to Section H

- A new H14.20 deals with testing of common systems as part of the User Entry Process Tests.
- A new H14.29 deals with testing of common systems as part of the SMKI and Repository Entry Process Tests.

### Consultation Questions

#### Proving Testing of Shared Systems

Q57 Do you agree with the proposed approach and legal drafting in relation to the testing of shared systems?

## 12.5 Remote Testing and Testing Services

### Description of the Issue

331 SEC 3 requires that, from the start of the End to End Test phase and on an enduring basis, the DCC must provide remote access to its test environment, including for the purposes of device testing. This will allow suppliers, manufacturers, and third parties acting on their behalf, to set up their own test labs with the devices they intend to deploy in consumers' premises and to connect them to the DCC test environment for the purposes of interoperability testing. Suppliers will also be able to undertake end-to-end testing of their back office systems. We understand that test participants will need to establish an Asymmetric Digital Subscriber Line (ADSL) in order to use the remote service, which is provided in addition to the physical test environment that the DCC is required to establish.

- 332 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 (SMWAN) is made available for this purpose. The Government expects that the DCC will set out the manner in which the remote test service will be provided during the End-to-End test phase in its End-to-End Test Approach document.
- 333 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.
- 334 We have also considered 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 SMWAN 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 SMWAN.
- 335 Option 1 would require all users to pay for the provision of any test WAN infrastructure to other parties' private test labs. This approach may reduce the demand on the DCC's physical test labs and increase the availability of these labs for those who do not wish to undertake remote testing. However, there is no requirement for test participants to use a remote test service, and Users may incur charges for a service that is provided to others (including non-Users such as meter manufacturers) and which they do not intend to use.
- 336 Option 2 is consistent with the manner in which test participants will pay for the use of test communication hubs in their own test labs (where parties pay for the devices that they use). We expect that the explicit charges associated with the remote service may be in the order of a £10,000 set-up cost and an additional monthly charge in the region of £2,000. Recognising that not all Test Participants will be SEC Parties, we have drafted a pro-forma contract for the provision of testing services to these persons. This is included as an annex to the SEC 4 drafting.
- 337 We can see merit in each charging option and would like to seek views on these.
- 338 We have clarified the arrangements in H14 to provide that, where the DCC is providing Testing Services to a non-SEC party, the contract that it enters into to do so is based on a pro forma set out in a Schedule to the SEC.

## Translation into Detailed Requirements

### Legal Text

#### Summary of new SEC Provisions

<b>Changes to</b>	<ul style="list-style-type: none"> <li>• A new requirement for testing services to be provided in</li> </ul>
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<b>Section H14</b>	accordance with an Enduring Test Approach Document.
<b>Changes to Section T</b>	<ul style="list-style-type: none"> <li>A new requirement for the DCC to develop an Enduring Test Approach Document, setting out the requirements relating to the provision of remote access to the test SMWAN and test certificates (as set out in Section 6.7).</li> </ul>
<b>Schedule 7</b>	<ul style="list-style-type: none"> <li>Pro forma contract setting out terms and conditions to apply when DCC provides Testing Services to non-SEC parties.</li> </ul>

### Consultation Questions

#### Remote Testing and Testing Services

Q58	Do you consider the costs of remote access to the test SMWAN should be socialised across all Users or charged directly to those test participants who use the service? Please provide an explanation for your answer.
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### 12.6 Additional changes not captured elsewhere

- 339 Section M 2.5 has been amended to clarify that where the aggregate amount of claims in respect of a liability event exceed the capped amount of £1,000,000 and more than one Party is making a claim, then payments up to the capped £1,000,000 will be allocated on a pro rata basis to the claimants concerned based on their relative proportion of the aggregate claim.
- 340 Schedule 3 (Bilateral Agreement relating to Elective Services) has been 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.
- 341 Schedules 5 (Accession Information) has been amended 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. This information will then be passed on to the DCC to be used when processing Service Requests. An equivalent change has also been made to Schedule 2 (Specimen Accession Agreement). Whether or not this information needs to be withheld from publication on the SEC website needs to be confirmed so drafting has been provided in square brackets, subject to confirmation.

Part B: Response to SEC 2 Consultation on  
Communications Hub Charging and Consultation on  
Associated SEC 4 Legal Drafting



## 13 Communications Hub Charging

342 Chapter 7.2 of the SEC 2 consultation<sup>37</sup> invited views about the proposed SEC charging arrangements for Communications Hubs. This chapter of the consultation concludes on our policy positions and consults on associated legal drafting.

### 13.1 Communications Hub Asset and Maintenance Charges

#### SEC 2 response

#### Summary of Issue under Consideration

- 343 Question 20 of the SEC Stage 2 consultation asked for views on the asset charge, maintenance charge and HAN variant pricing.
- 344 In the consultation we proposed that Parties be required by the SEC to pay a monthly charge to the DCC related to each Communications Hub<sup>38</sup>, covering the asset cost and associated cost of finance. This would reflect the amortised Monthly Asset Charge which the CSP will levy on the DCC to recover the asset costs over a period of 10 years, or the remaining contract life if less than 10 years. We proposed levying this monthly charge on the Party from the point of acceptance of the delivery of the Communications Hub to its installation, we proposed targeting this monthly charge on the Party that ordered the Communications Hub.
- 345 We presented a number of models for how the DCC could recover the asset cost of a Communications Hub following its installation. We favoured an option in which the costs would be smeared across all Suppliers as a fixed per meter charge. This would be based on each Supplier's market share of Smart Metering Systems (i.e. proportion of meters each Supplier has enrolled with the DCC). We considered this option to be cost reflective, as costs would be targeted where Communications Hubs are being utilised, whilst avoiding unnecessary complexity.
- 346 A monthly maintenance charge was proposed in the consultation which would apply to Communications Hubs from the point of commissioning of the associated Communications Hub Function. This would cover the costs associated with the provision of the Communications Hub.
- 347 We also indicated that the DCC would charge a different price to Parties for HAN Variant Communication Hubs (if and when they become available and are more expensive). We set out options for how the DCC could charge a different price based on HAN module. Our favoured option was to require the ordering Party to pay a differential HAN variant charge, in order to provide an appropriate incentive to order the most cost effective HAN variant.
- 348 We confirmed that we did not intend to provide a different HAN variant charging approach for split fuel premises (where electricity and gas are

<sup>37</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/251280/A\\_Consultation\\_on\\_New\\_Smart\\_Energy\\_Code\\_Content\\_-\\_SEC2.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/251280/A_Consultation_on_New_Smart_Energy_Code_Content_-_SEC2.pdf)

<sup>38</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/276173/government\\_response\\_to\\_the\\_consultation\\_on\\_new\\_sec2\\_content.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/276173/government_response_to_the_consultation_on_new_sec2_content.pdf)

provided by different Suppliers). This was because we considered there were sufficient natural incentives already in place to discourage the first Supplier from installing a suboptimal Communications Hub variant.

- 349 It was also explained in the consultation that any differential costs associated with WAN technologies used by Communications Hubs will be internalised by the CSPs, giving them an incentive to provide WAN technology efficiently. The DCC would not therefore differentiate when determining prices for WAN variants.

### **Government Consideration of Issue**

- 350 The majority of respondents agreed with our proposed approach of an explicit pre-installation charge in the SEC. We confirm that for Communications Hubs which are in the possession of Parties but are not yet installed, the DCC will charge each ordering Party a monthly Stock Level Explicit Charge covering the asset costs and associated financing. This will apply from acceptance of the delivery of a Communications Hub until it is installed, or the date it is returned to the DCC pre-installation, whichever is the earlier. The Stock Level Explicit Charge will be set equally for each month in the regulatory year and reflect the average cost across the CSP regions consistent with the uniform charging objective.

- 351 Respondents generally agreed with our proposed approach of smearing the costs post installation across Suppliers based on their market share of enrolled Smart Metering Systems. Most respondents acknowledged the simplicity and ease of administration of the approach, but highlighted that they would expect the calculation of the Monthly Maintenance Charge to be transparent.

- 352 Therefore, following installation of the Communications Hub, the total asset and maintenance costs will be smeared across all Suppliers based on a market share of installed Communications Hubs (both Commissioned and non-Commissioned). Given that the maintenance charge is an order of magnitude lower than the asset-related charge, a separate charge for maintenance would appear overly complex and thus we have concluded that Suppliers will pay the DCC a fixed monthly charge which will cover both the asset and maintenance costs. These charges will be payable until the Communications Hub has been returned to the DCC or the asset costs have been paid off.

- 353 Most Supplier respondents disagreed with our proposal to pay a differential HAN variant charge, for reasons including that they believe the price differential between variant Communications Hubs is unlikely to be large enough to warrant separate pricing. Some also argued that it was likely to result in higher costs for those suppliers with a higher proportion of customers in multiple dwelling units as these properties are more likely to require a variant Communications Hub. While we acknowledge the concerns that have been expressed, we note that evidence of differential costs was not provided by respondents.

- 354 We continue to be of the view that an unnecessary deployment of variant communications hubs has the potential for significant cost increases, and that a charging structure that incentivises the most cost effective solution is

justified. We therefore confirm that a HAN Variant Explicit Charge will be paid by the Party that has ordered the Communications Hub as a one-off fee where there are HAN variant Communications Hubs in a given region and where there is a difference in price between these variants. A one-off fee will be set annually for each HAN variant type reflecting the average cost across the CSP regions and that is consistent with the uniform charging objective.

- 355 It should be noted that work is currently being undertaken by Energy UK on the HAN 868 solutions and DECC on alternative HAN solutions. If this work provides evidence that the differential price is not significant SEC Parties could raise a modification to amend the variant charging requirements.
- 356 The consultation position that there were sufficient incentives on the first supplier in a split fuel premises to install a Communications Hub that would also serve the smart meter of the second supplier was challenged by a small number of respondents – they felt the incentives were not strong enough to ensure that the first supplier installed the appropriate communications hub for the second supplier. We agree and have therefore proposed SEC drafting to require that the first supplier installing a Communications Hub in a split fuel household installs, where it is reasonably able to do so (for example, where such a communications hub is available), a Communications Hub that will also be capable of serving the second supplier’s smart meter (see chapter 3).

### Summary of Government Conclusion

- The DCC will charge each ordering Party a monthly Stock Level Explicit Charge for Communications Hubs that are in their possession but not yet installed, covering asset costs and associated financing.
- Suppliers will pay a fixed monthly charge to the DCC for installed communications hubs until they have been returned to the DCC or their asset costs have been repaid. This charge will cover the asset and maintenance costs.
- The total asset and maintenance costs will be smeared across all Suppliers based on a market share of installed Communications Hubs.
- A HAN Variant Explicit Charge will be paid by Parties that placed orders as a one-off fee where there are HAN variant Communications Hubs in a given region and where there is a difference in price between these variants.
- A supplier installing Communications Hubs in a split fuel household should install, where they are reasonably able to do so, Communications Hubs that will also be capable of serving a second supplier’s smart meter.

### Translation into Detailed Requirements

- 357 In the SEC drafting, we therefore propose to add explicit charges into Section K to cover:
- Stock Level Explicit Charge
  - HAN variant charge

- 358 In addition, we propose to add SEC drafting on fixed charges for communications hubs to K3 and K6A to recover communications hubs costs post installation.
- 359 The obligation in relation to installing a single communications hub in split fuel premises is set out in Section F of the SEC (chapter 3).

## Legal Text

### Summary of new SEC Provisions

#### Changes to Section K

- Explicit charging is included in K7.5 and K7.6 for communications hubs that have been accepted by SEC Parties but not yet installed, including HAN Variant charging.
- Fixed charging is included in K3 and K6A for communications hubs that have been installed by SEC Parties.

## Consultation Questions

### Communications Hub Asset and Maintenance Charging

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

## 13.2 Communications Hubs Charging following removal and/or return

### Summary of Issue under Consideration

- 360 Communications Hubs could be returned to the DCC for a variety of reasons, including as a consequence of a fault. In the SEC Stage 2 consultation we set out the approach to fault responsibility including background to type fault and batch fault arrangements. Whilst there were some comments on these matters, the approach described reflects the outcome of the CSP procurement competitions and the contractual position of the DCC and this SEC 4 consultation includes the associated SEC text in these areas.
- 361 Earlier in this document, we described the process for allocating fault responsibility and set out drafting for Communications Hubs to be assigned categories which feed into the appropriate charging arrangements. For further information please see Communications Hub returns categories (chapter 3).
- 362 The SEC 2 consultation set out proposed charging arrangements for a number of 'exception' cases:
- non domestic opt out removals: in the case of meters in non-domestic premises that are opted out of the DCC, where the energy Supplier will be required to return the communications hub to the DCC, we proposed that the remaining asset cost of the returned Communications Hub would be

smeared across all Suppliers with non-domestic meters enrolled in the DCC;

- split fuel premise removals: for split-fuel premises, we argued that it would be inappropriate to charge a second Supplier the remaining asset cost of a Communications Hub that they had removed in order to replace it with one that would serve both meters. We therefore proposed that the remaining asset cost of the returned Communications Hub would be smeared across a market share of commissioned Communications Hubs Functions; and
- early technology refresh removals: we proposed that where the DCC requests a system-wide replacement of Communications Hubs, the DCC should be responsible for covering the costs of site visits. The DCC would also be required to undertake a cost benefit appraisal related to this decision.

363 Question 21 asked stakeholders for views on these proposals, in particular focusing on the split fuel arrangements.

### **Government Consideration of Issue**

364 The majority of respondents were supportive of charging outstanding asset costs directly to the Supplier in the case of faults that are classified as 'Supplier faults'. However, one respondent argued that Suppliers should not be responsible for an unlimited amount of site visits, with another respondent highlighting that faults should be defined as those that require a site visit as approved by the DCC on its Service Management System. Multiple respondents emphasised the need for further consultation on this topic, as questions on the detail of the arrangements remain.

365 Where a Communications Hub has been returned due to a 'Supplier fault', we have concluded that the Supplier must pay an appropriate explicit charge reflecting the cost of either:

- the remaining cost of the asset (including any outstanding finance charges) given the early termination; or
- the cost of reconditioning the Communications Hub. The DCC will only charge the reconditioning fee, as opposed to the early termination fee, where it has decided to recondition the Communications Hub and where the reconditioning fee is less than the early removal termination fee.

366 For split fuel sites, respondents were divided on our proposed approach. Those respondents agreeing with the approach argued that this solution is the most effective and easiest to implement, however, one respondent emphasised that original Communications Hubs should be reused where possible before smearing outstanding asset costs. Some Suppliers commented that installing Suppliers should be incentivised to ensure cost-effective working practices by charging them directly. One respondent highlighted that there is already a sufficient incentive for the first installing Supplier to install dual band Communications Hubs. We therefore conclude that in split-fuel premises, where the second Supplier replaces the existing Communications Hub due to its inability to serve its meter, the remaining

asset cost of the returned Communications Hub would be smeared across a market share of commissioned Communications Hub Functions.

- 367 Few respondents commented on charging arrangements for Communications Hubs that are returned to the DCC when meters at non-domestic premises are opted-out of DCC services, but three Suppliers expressed the view that the Supplier opting the meter out of the DCC should bear the costs. We consider that imposing an explicit charge on Suppliers for opting-out of DCC services that they do not want to take, runs counter to the general principle of the opt-out policy. We have therefore concluded that the remaining asset cost of the returned Communications Hub should be smeared across Suppliers whose non-domestic meters are enrolled with the DCC.
- 368 The majority of respondents were supportive of the early technology refresh proposals. The proposed arrangements of requiring the DCC to undertake a cost-benefit analysis were supported, with one respondent commenting that this must not only include the DCC costs, but also the wider costs and benefits to Users and consumers. The proposal that the DCC should be responsible for the costs of site visits was also generally supported, with one respondent suggesting this should also cover any practical costs that fall to the Supplier when arranging and conducting the site visit. One respondent disagreed with the proposed position, arguing that such a system-impacting decision should not be made by one party alone. We have concluded that where the DCC instigates a system-wide replacement of Communications Hubs, the DCC is responsible for covering the costs for all site visits. The DCC will also be responsible for the asset and asset-financing costs for the Communications Hubs that are removed for the purposes of the replacement.

### Summary of Government Conclusion

- Where a Communications Hub has been returned due to a Supplier fault, the energy Supplier will pay the DCC an explicit charge to cover the remaining cost of the asset or the cost of reconditioning.
- As described in the SEC 2 Consultation, where a Communications Hub is returned due to a DCC Fault, type and batch fault arrangements will apply.
- Where a Supplier opts a meter in a non-domestic premises out of the DCC, the remaining asset cost will be smeared across the Suppliers with non-domestic meters that are enrolled with the DCC.
- Where the second Supplier in split-fuel premises replaces the existing Communications Hub, the outstanding asset cost of the returned Communications Hub will be smeared across a market share of commissioned Communications Hub Functions.
- The DCC will pay a Supplier all reasonable costs resulting from a DCC product recall or technology refresh.

### Translation into Detailed Requirements

- 369 Section F9 of the SEC requires parties to specify a reason for return of a Communications Hub, in accordance with the Communication Hub Support

Materials. The DCC has the right to examine and test returned Communications Hubs to verify the reason for return. Further information on this is described in chapter 3.

- 370 Where there is an associated charge, section F also identifies which returns categories are classified as the following:
- Communication Hub Supplier responsibility: section K of the SEC defines that the Supplier has to pay either the reconditioning fee or remaining asset cost;
  - Communication Hub Pre-Installation DCC Responsibility: which includes rejected deliveries;
  - Communication Hub Post-Installation DCC Responsibility: which are the categories that apply for type and batch faults e.g. where a Communications Hub is defective. Section F also outlines the liquidated damages for type and batch faults; and
  - Product Recall or Technology Refresh: where full site visit compensation is required.

## Legal Text

### Summary of new SEC Provisions

#### Changes to Section K

- K7.5 covers explicit charges for parties to pay a reconditioning fee or the remaining asset cost where there is a Supplier fault.
- K3.17 includes the requirement that charges are smeared where a non-domestic premise opts out of the DCC
- No additional legal drafting is required to provide for the smearing of the outstanding asset costs of communications hubs returned from split fuel premises
- F9 includes requirements on fault responsibility and liquidated damages for type and batch faults
- F9 includes compensation from the DCC to Parties due to a DCC product recall or technology refresh

## Consultation Questions

### Communications Hubs Charging following removal and/or return

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

## Part C: Response to SEC 3 Consultation on Using the SMKI Service and Consultation on Associated SEC 4 Legal Drafting



## 14 Using the SMKI Service

### 14.1 Introduction

The SEC Stage 3 consultation sought views on the proposed approach for parties using the SMKI service, including by Opted Out Non-Domestic Suppliers (question 7) and views on the proposed approach within the SEC with respect to liabilities, warranties and indemnities (question 8).

- 371 The responses we have received have fed into our development of further requirements in SEC 4 in relation to the DCC, Subscribers for certificates and Relying Parties (parties relying on certificates), which are subject to consultation in this document (see below).

### 14.2 Non-Domestic Supplier Opt Out

#### Summary of Issue Under Consideration

- 372 For the non-domestic market, the Government's position has been that, whilst (with some exceptions) suppliers should install SMETS meters, they should be able to opt into or out of the use of DCC services. In SEC Stage 3, we consulted on a minded to position that all SMETS 2 devices installed by opted-out suppliers should have a SMKI Device Certificate installed on the Device.
- 373 We received 13 responses to Question 7 "Do you agree with our proposed approach to parties using the SMKI service, including by Opted Out Non-Domestic Suppliers?" Ten responses agreed with the approach, recognising the benefits of SMKI certificates in supporting inter-operability on change of supplier. Three responses disagreed or were non-committal, with two saying that more needed to be known about how opt-out processes would operate and the other doubting that opted-out suppliers would operate SMETS 2 meters.
- 374 We have since had further informal consultations with industry about extending the obligation so that SMETS 2 meters contain both SMKI Device Certificates and SMKI Organisation Certificates to ensure inter-operability on churn. We also provided a briefing paper to small and non-domestic suppliers and to the Transitional Security Expert Group<sup>39</sup> to explain more about the process for an opted out non-domestic supplier to obtain SMKI certificates.
- 375 It is a straightforward and uncomplicated process for those opted out suppliers who intend to operate one-way communications i.e. to take meter readings via a pulse reader and not to send instructions to the meter. It is considerably more complicated for opted out suppliers who wish to use the smart functionality and to send messages to, and receive messages from, the meter.
- 376 Our minded to position is therefore that SMETS 2 meters must have both SMKI Device Certificates and SMKI Organisation Certificates installed

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<sup>39</sup> The Transitional Security Expert Group is an industry advisory group chaired by DECC but with security expert members drawn from the energy industry, including suppliers, network operators and equipment manufacturers

whether they are operated by opted in or opted out suppliers. However, given the potential complications for opted out suppliers who wish to use the full smart functionality and to operate meters with two-way communications, we propose to consult further in a later SEC consultation.

- 377 In addition to our consideration of the opt-out in the light of SMKI, we have also had wider discussions with suppliers about the practical difficulties of operating a SMETS 2 meter with two-way communications where the meter was opted out of DCC. These difficulties go beyond issues associated with SMKI to interactions that are required by the design of the GBCS. Opted-out suppliers would, in effect, have to create a DCC-type arrangement for two-way communication with a SMETS 2 meter.
- 378 We continue to discuss the operation of the opt-out with interested parties, but would find it helpful to receive views on both the services that suppliers or other stakeholders would require from opted-out SMETS 2 meters, and how these might be delivered, with respect to SMKI and the GBCS.

### Non-Domestic Supplier Opt Out

- |     |  |
|-----|--|
| Q61 | <p>Do you have any views on the operation of SMETS 2 meters that are opted out of DCC services in light of:</p> <ul style="list-style-type: none"> <li>• the conclusions on SMKI set out above; and</li> <li>• any other matters, including GBCS, that may affect two-way communications with an opted-out meter?</li> </ul> |
|-----|--|

### 14.3 Requirements on Subscribers and Relying Parties

#### Summary of Issue Under Consideration

- 379 In the SEC 3 consultation, we consulted on policy proposals for the liability regime in relation to SMKI. Responses to the consultation were to inform the development of obligations on Subscribers (Parties that have an SMKI Certificate) and Relying Parties (Parties that rely on a SMKI Certificate).
- 380 We had previously considered that these obligations might form part of separate Subscriber Agreements and Relying Party Agreements, as subsidiary documents under the Code. However, as all Subscribers and Relying Parties are also SEC Parties, we have instead drafted the obligations as part of section L of the SEC rather than separate documents (the obligations remain the same). This situation may need to be kept under review in light of the arrangements applying in relation to opted out devices.
- 381 The SEC Stage 3 consultation included proposals that:
- the existing liability regime in the SEC should also apply between parties participating in SMKI: this includes that parties waive their rights to claim against one another in negligence or claim for consequential losses, but face limited liabilities for physical damage (and the costs of site visits) if this arises as a consequence of their breach of the SEC. They also face potentially unlimited liabilities for breaches of confidentiality and IPR.
  - the existing liability framework be extended so that:
    - where a SEC breach leads to the need to replace Organisation Certificates on Devices, the costs of replacement of such certificates on Devices should also be included in the amounts that parties are permitted to claim;
    - where it is necessary to rely on the Recovery Process to replace certificates, the costs of doing so would also be included;
    - where a SEC breach leads to the compromise of a Device Certificate (or a DCA Certificate), then this would not result in the need to replace the Device Certificate and hence any such costs would not be included in any potential claim. If the relevant supplier wishes to replace the Device Certificate in such circumstances, they could do so, but this would be at their own cost; and
    - liabilities could arise if the information contained within the certificate was incorrect. The source of the error could be either the DCC (as the SMKI Service Provider) or the Subscriber (or both).

#### Government Consideration of Issue

- 382 In total thirteen stakeholders responded to question 8. Of those who responded, a large majority of stakeholders agreed with the proposed positions so far, subject to further information and the associated legal text being provided in SEC 4.
- 383 Large Suppliers raised a number of questions and comments on the current approach including:

- understanding how liabilities are passed on at change of Supplier – in response to this point we note that liability for the Device Certificate rests with the Subscriber of those Certificates, although the potential liabilities are very limited in this case, Organisation Certificates (for suppliers) should be replaced with those of the incoming supplier as part of the change of supplier process;
- understanding the flow of liabilities from the SMKI Service Provider contract – in response to this comment we note that the DCC retains responsibility contractually under the SEC for its actions or that of its service providers, and hence if the actions of a Service Provider cause DCC to breach the SEC and this gives rise to a claim, DCC would be liable. Whether it can counter-claim from its Service Provider depends upon the terms of its Service Provider contract, and if it cannot, whether it can recover its losses depends upon which revenues the Authority permits it to recover; and
- questions on any indemnities in relation to confidentiality – here we note that the new Section L11.2 drafting discussed below makes it clear that Subscribers should not include confidential information which would be contained in a Certificate Issued in response to a Certificate Signing Request. In light of this, we do not believe that a specific indemnity is required.

384 Following the initial, positive response from stakeholders, we have decided to confirm the SEC 3 consultation position and have provided legal text in SEC 4.

### Summary of Government Conclusion

The Government has further developed policy positions and developed legal drafting which is subject to consultation in this document.

### Translation into Detailed Requirements

385 In relation to subscriber obligations, we propose in the SEC 4 drafting (L11) that:

- Eligible Subscribers are required to ensure that all the information supplied to the DCC in Certificate Signing Requests (CSR) for Certificates is both true and accurate;
- Eligible Subscribers must ensure that they hold the rights to any and all trademarks which are submitted as part of a Certificate Signing Request and that they have not included any confidential information in their CSR that is to be included in a Certificate;
- Before accepting any Organisation Certificate (following the processes set out in the relevant Certificate Policy), the Eligible Subscriber should use all reasonable endeavours to ensure that they have checked the accuracy of the Certificates contents (but only to the extent of checking the information

- 
- that they submitted) and if there are any inaccuracies or errors, to report them immediately to the DCC; and
- The Subscriber must ensure that they only use Certificates for the purposes of the creation, sending, receipt and processing of communications to and from Devices and the DCC in accordance with or pursuant to the Code.
- 386 In relation to **Relying Party obligations**, we propose in the SEC 4 (L12) drafting that:
- Relying Parties must check the Certificate Revocation List (CRL) for Organisation Certificates or the Authority Revocation List (ARL) for the Organisation Certification Authority (OCA) Certificates on the SMKI Repository before relying on a Certificate. Where a Certificate has been revoked or where they suspect the certificate has been compromised they must not rely on the certificate; and
  - The Relying Party should use all reasonable steps to make use of appropriate software and/or hardware to verify digital signatures and/or perform other cryptographic operations as a condition of acceptance of reliance on a Certificate connected with a specific operation.
- 387 In relation to **DCC obligations**, we propose in the SEC 4 drafting that the DCC (in its role as Certificate Authority) shall ensure:
- information in the certificate matches what was provided by the Eligible Subscriber in the relevant Certificate Signing Request (CSR);
  - any additional information added by the DCC is true and accurate; and
  - that they follow the relevant processes in the Certificate Policies and the Registration Authority Policies and Procedures (RAPP). The DCC must take all reasonable skill and care when following the processes in the relevant Certificate Policy and RAPP.
- 388 In relation to **liabilities**, as set out in SEC 3 and further refined in SEC 4 drafting, that:
- where the DCC has failed to meet its obligations under the SEC and this has led to the need to replace Organisation Certificates on Devices, Subscribers are permitted to claim the cost of replacement of such certificates from the DCC. This is subject to the liability limits in M2. This includes, for example:
    - where the certificate needs replacing due to it containing incorrect information, where the source of the error is the DCC;
    - where a Compromise caused by the DCC leads to the need to replace Organisation Certificates on Devices; and
    - where a Compromise caused by the DCC makes it necessary to use the Recovery Procedure to replace Organisation Certificates.
  - where there is a compromise to a Device Certificate, the costs of any replacement cannot be claimed from the DCC. Where the Subscriber
-

chooses to replace the certificate, the associated costs would “lie where they fall”.

## Legal Text

### Summary of new SEC Provisions

<b>Changes to Section</b>	<ul style="list-style-type: none"><li>• L11 sets out the proposed Subscriber Obligations</li><li>• L12 sets out the proposed Relying Party Obligations</li><li>• M2 sets out the drafting in relation to liabilities.</li></ul>
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## Consultation Questions

### 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?
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Part D: Response to Consultation on the Regulatory Arrangements for Enrolment and Adoption of Foundation Meters and Consultation on Associated SEC 4 Legal Drafting

## 15 Enrolment and Adoption of SMETS1 meters

### 15.1 Enrolment of SMETS1 Meters Installed During Foundation

#### Introduction

- 389 From late 2015, Suppliers will be able to use the infrastructure provided by the DCC for the purpose of remotely communicating 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 are these will be supported by a separate remote communications service operating outside the DCC at the point at which the DCC's services become operational. The period before DCC services are available is referred to as the 'Foundation Stage'.
- 390 Under the terms of its Licence, the DCC is required to establish projects to develop or procure systems or services under which the DCC can enrol and operate SMETS1 meters installed during the Foundation Stage.
- 391 There are important shared benefits from the DCC being able to enrol SMETS1 meters. These include more efficient and effective switching for customers with such meters and reduced risk that these assets are replaced before the end of their operating lives.
- 392 This section incorporates policy conclusions from previous consultations on the enrolment and adoption of associated communications contracts by the DCC into proposed SEC legal text. SEC legal text that has been developed to date applies only to those smart meters that are SMETS2 compliant.

#### Summary of Issue Under Consideration

- 393 Previous consultations have considered policy regarding enrolment of SMETS1 meters installed during the Foundation stage. The adoption of associated communications contracts. In broad terms, the Government has concluded that: (i) all significant populations of such meters should be enrolled through Enrolment Projects; (ii) the first generation of enrolment should be undertaken as a single exercise to minimise costs, and (iii) the Enrolment Project development costs should be spread across all Users.
- 394 An appropriate regulatory and governance framework is therefore required for SMETS1 enrolment projects, and to provide assurance to stakeholders that they will be progressed in an effective manner. The policy on these matters was addressed most recently in the response and further consultation on the regulatory arrangements for enrolment and adoption of foundation meters (March 2014)<sup>40</sup>. This proposed that:
- the Secretary of State should authorise the Initial Enrolment Project Feasibility Report (Initial EPFR) produced by the DCC for the Initial Enrolment Project; and

<sup>40</sup> See:

[www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/299369/govt\\_response\\_enrolment\\_adoption\\_foundation\\_meters.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/299369/govt_response_enrolment_adoption_foundation_meters.pdf)



- any subsequent enrolment project(s) should be considered via the modifications process in the SEC.

### **Government Consideration of the Issue**

- 395 The majority of responses were in favour of the proposals in the consultation, recognising it offered a pragmatic approach in support of decisions needed to enrol SMETS1 meters. One respondent saw no distinction between the Initial and subsequent projects and saw no need for a role for the Secretary of State. Another objected to the use of modification processes for subsequent projects and wanted to maintain a role for the Secretary of State. However, neither put forward specific arguments against the considerations that supported the Government's proposed approach.
- 396 Our position remains that there are important distinctions between the initial project and any subsequent project(s). In particular, we anticipate that decisions needed to support enrolment of SMETS 1 meters via the initial enrolment project may be required whilst the bodies involved in the SEC modification process are relatively immature and still developing their capacity to consider potentially wide-ranging modifications.
- 397 Once the SEC is fully in force and the bodies involved in modification procedures do have the full capacity to process modification requests, we consider this would provide the appropriate route for consideration of any subsequent enrolment project(s).

### **Summary of Government Conclusion**

The Government concludes that it will introduce the approach it consulted on:

- the Secretary of State will authorise the EPFR produced by the DCC for the Initial Enrolment Project; and
- any subsequent enrolment project(s) will be considered via the SEC Modifications process.

### **Translation into detailed requirements**

- 398 The proposed drafting for SMETS1 meters is set out in a new Section N of the SEC. Section N deals with matters that will apply to all projects to enrol SMETS 1 meters as well as setting out the process to create the Initial Enrolment Project and its scope.
- 399 For the Initial Enrolment Project the SEC drafting included in this consultation requires that:
- the Secretary of State will initiate the start of the process to create the Initial Enrolment Project by directing the DCC to send an invitation to all energy suppliers ('suppliers') seeking details of the meters that they wish to be included within the scope of the Initial EPFR;
  - the DCC invitation shall specify the date by which suppliers must respond, the format in which they should respond and the information that they should provide for their meters to be included within the scope of Initial EPFR. It will also include the Adoption Criteria (the non-exhaustive criteria

against which the DCC will analyse and report upon the feasibility and cost of adopting a Communications Contract associated with a SMETS1 Meter);

- meters eligible for inclusion within the scope of the Initial EPFR include SMETS1 Meters which are installed or planned to be installed at premises and or meters subject to an upgrade plan which will result in them being SMETS1 Meters prior to Enrolment,
- supplier are not obliged to propose meters to be included in the scope of the Initial EPFR;
- meters shall only be included with the scope of the Initial EPFR where the supplier has provided all of the information required by the DCC. Where the DCC receives a response from a supplier and considers it insufficient it must request further or supplementary information; and
- where a supplier disputes the information requested by the DCC or the exclusion of that supplier's meters from the scope of the Initial EPFR it may refer the matter to the Secretary of State for decision.

400 The purpose of the information requested by the DCC is to enable it to evaluate reasonable options for Initial Enrolment and report to the Secretary of State in the Initial EPFR on the feasibility and estimated cost of each option. The required content of the Initial EPFR is set out in the proposed legal drafting.

401 We propose that, for each option proposed, the Initial EPFR should include the DCC's analysis of:

- the timeframe and process for the enrolment of the eligible meters;
- its assessment of the communications contracts against the Adoption Criteria, and of whether some or all of the communications contracts should be Adopted (and then amended or consolidated);
- any amendments that would be required to existing DCC Service Provider Contracts in order to deliver Initial Enrolment and the establishment of any new contracts which the DCC would require in order to deliver Initial Enrolment;
- the means by which the DCC will provide the minimum SMETS1 Services defined in the SEC for SMETS1 Meters and options for the DCC to provide additional SMETS1 Services to Parties. These are equivalent to the DCC User Gateway Services;
- to the extent that they can be offered without a material increase in cost, risk or timescale, any rights for Parties also to enrol SMETS1 Meters which were not included within the scope of the Initial EPFR;
- the Test Strategy including appropriate test plans to demonstrate that the meters are able to be successfully enrolled, consistent with the approach to testing as set out in Section T (Testing During Transition);
- security arrangements applying to the meters, including evidence of a comprehensive security risk assessment which takes into account information from suppliers and the Security Sub-committee; and

- identification of those meters for which a supplier will have to pay a premium for communications contract costs and those that will pay the same charges as for a SMETS2 meter based on the DCC's Charging Objectives.
- 402 We propose that the DCC consults for a minimum of two months on a draft Initial EPFR and following this publishes a final draft of the report it intends to submit to the Secretary of State. As part of this process suppliers will be asked to notify the DCC if they wish to include or exclude some or all of their meters from some or all of the options within the scope of the Initial EPFR. The DCC will further consult on the Initial EPFR if it considers the inclusion or exclusion of meters has a material impact on the options within it.
- 403 We propose that once the Secretary of State has received the Initial EPFR it will either direct that the DCC prepare a SEC amendment or amendments supporting one or more of the options proposed in the Initial EPFR or return it to the DCC for further work. The DCC will be required to consult further on SEC amendments directed to be prepared pursuant to the Initial EPFR.
- 404 As noted above, after the Initial Enrolment Project, any subsequent project to enrol SMETS1 meters will proceed via the SEC modifications process. The proposed SEC drafting also sets out certain matters which (in addition to being included as part of the Initial EPFR) should apply if and when any subsequent projects are undertaken. These are enduring rules that set out:
- the minimum list of SMETS1 services that the DCC must provide in relation to SMETS1 meters;
  - a requirement for suppliers to provide a SMETS1 compliance statement for each energy meter that is to be enrolled;
  - the minimum requirements for testing;
  - a requirement for the DCC to prepare a security risk assessment for any project to enrol SMETS1 meters; and
  - a requirement on the DCC to establish, maintain and publish a SMETS1 Eligible Products List which lists the SMETS1 Device Meters which Suppliers are entitled to enrol as a result of amendments made to the SEC pursuant to any enrolment project. We note that our previous policy conclusion<sup>41</sup> referred to the DCC being required to maintain an 'Enrolled Products List', showing all SMETS1 meters which have been enrolled with the DCC. We have reviewed this further and consider that this information will be made available via the Smart Metering Inventory. We therefore have not explicitly set out a requirement for a separate Enrolled Products List in the legal drafting.

## Legal Text

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[www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/299369/govt\\_response\\_enrolment\\_adoption\\_foundation\\_meters.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/299369/govt_response_enrolment_adoption_foundation_meters.pdf)

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## Summary of new SEC Provisions

<b>New Section N</b>	<ul style="list-style-type: none"> <li>• N1 Sets out the Definitions that apply for SMETS1 meters</li> <li>• N2 sets out those matters that will apply to all projects to enroll SMETS1 Meters</li> <li>• N3, N4 and N5 set out the process for the Initial Enrolment Project (N4 deals with the Initial EFPR and consultation on it)</li> </ul>
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## Consultation Questions

### 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?
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?

## 15.2 Charging Arrangements for SMETS1 Meters Installed During Foundation

### Description of issue

- 405 Proposals in relation to the charging arrangements for SMETS1 meters installed during Foundation have been addressed in a number of previous consultations.
- 406 We have previously concluded that the fixed costs associated with developing (or procuring) the systems to operate SMETS1 meters within the DCC should be socialised across Users in accordance with the DCC Charging Methodology for the charging of other DCC fixed costs. This is because of the common benefits of enrolling SMETS1-compliant equipment in the DCC. There is therefore no requirement to amend the SEC to implement this policy decision.
- 407 Decisions relating to charging for the ongoing communications costs of SMETS1 meters enrolled in the DCC, however, do require amendments to the DCC Licence and the SEC.
- 408 The intent of the Foundation charging approach is to ensure that those parties who establish communications contracts that are more expensive than the charge for a SMETS2 meter operated through the CSP communications service should bear the additional costs (subject to whether the meter has churned to another Supplier and/or whether a new contract has been established).

- 409 We have previously confirmed<sup>42</sup> that the approach to charging in this instance would be as follows:

*‘Additional on-going communications costs for Foundation meters enrolled with the DCC will be paid by the Supplier responsible for the meter, as long as that Supplier is the Supplier which established the adopted communications contract prior to the date of adoption. If the meter has churned, a Supplier gaining a SMETS1 meter and a communications contract which it did not establish will pay the same charges as for a SMETS2 meter operated through the CSP communications service.’*

### Translation into Detailed Requirements

- 410 We propose a specific Charging Objective is added to the DCC Licence, and reflected in the SEC, to give effect to these decisions. This amended Charging Objective is intended to apply to all SMETS1 meters that are enrolled in the DCC.
- 411 The additional Charging Objective is to be included in Condition 18 of the DCC Licence in between the existing first and second charging objective and replicated in Section C of the SEC. The full text can be found in Annex 3.

### Legal Text

#### Summary of new SEC Provisions

<b>DCC Licence</b>	<ul style="list-style-type: none"> <li>Amendments to Condition 18 of the DCC Licence Charging Objective to provide for any additional communications costs to be paid by installing Supplier, as outlined above.</li> </ul>
<b>Changes to Section C1</b>	<ul style="list-style-type: none"> <li>Consequential changes to Section C1 of the SEC to reflect the updated Charging Objectives in the DCC Licence.</li> </ul>

### Consultation Questions

#### Charging for Foundation Meters

Q65	Do you agree with the proposed legal text in relation to charging arrangements for the ongoing communications costs of Foundation Meters enrolled in the DCC?
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<sup>42</sup> See footnote 14.

Part E: Response to Consultation on the Arrangements to Support Churn of an Enrolled Smart Metering System from a User to a non-User and Consultation on Associated SEC 4 Legal Drafting

## 16 Provisions Supporting Non-Standard Operations

### 16.1 User Supplier to Non-User Supplier Churn

#### Introduction

412 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 SMETS 2 smart metering system (SMS) could churn to a supplier which is not yet a User. The SEC needs to define a process for suppliers and the DCC to follow in this scenario.

#### Summary of Previous Consultation

413 The Government recently consulted<sup>43</sup> on potential arrangements to apply in circumstances of User Supplier to Non-User Supplier Churn. This section provides a summary of the consultation responses and the Government's policy conclusions on these issues. It also summarises how these conclusions have been translated into the relevant legal text in SEC 4.

414 The consultation proposed a process, triggered by the gaining non-User supplier, to replace the losing supplier's credentials on the relevant Smart Metering System (SMS), via an appropriately secured interface to be provided by the DCC (separate to the main DCC User Gateway), known as the non-Gateway Interface.

415 *DCC Interface with Non-Users*: The consultation sought views on:

*a) an obligation* on the non-User supplier to notify the DCC when it has gained a DCC-enrolled SMS; and

*b) an obligation* on the DCC to provide a secured interface (separate to the main DCC User Gateway) to support interaction with non-User suppliers.

416 *Security Credentials*: The consultation also proposed that:

*a)* a non-User supplier should be entitled to request that its SMKI credentials (where available) are placed on relevant devices by the DCC but there should not be an obligation on suppliers to become SMKI subscribers.

*b)* Where a supplier has not enrolled in the SMKI service and SMKI credentials are unavailable, a "Suspense Certificate"<sup>44</sup> would be placed on the device<sup>45</sup>;

<sup>43</sup> <https://www.gov.uk/government/consultations/regulatory-arrangements-for-enrolment-and-adoption-of-foundation-meters>

<sup>44</sup> The Suspense Certificate would be in the Suppliers name and include its EUI-64 GUID, but the subscription for the certificate is made by the DCC.

<sup>45</sup> The consultation also included an option whereby the losing supplier's SMKI credentials would remain on the churned devices, but the status of these devices would be set to 'suspended' in the DCC's Smart Metering Inventory.

- 417 *DCC services and Communications Hub charges:* In relation to charging, the consultation proposed that:
- a) DCC's fixed costs for providing these services should be spread across all SEC Parties; operational costs should be spread across SEC Parties where the non-User supplier is an SMKI Subscriber; and an explicit service charge should be levied against a non-User who is not an SMKI Subscriber (to reflect any additional costs incurred by the DCC in such cases).
  - b) A non-User supplier should also pay all relevant DCC Communications Hub charges (i.e. covering asset rental, maintenance and early termination) in order to avoid penalising those suppliers and other parties that had already become Users.

## **Government Consideration of the Issue**

### DCC interface with non-Users

#### *a) Obligation on gaining suppliers to notify the DCC on gaining an enrolled SMS*

- 418 Respondents' views were divided on this point. Just over half supported this proposal and agreed that the non-User supplier should be responsible for notifying the DCC when it gains an enrolled SMS. It was noted that the DCC will provide data sufficient to enable a gaining supplier to identify whether a meter is enrolled in the DCC and that placing responsibility with the gaining supplier is consistent with the enduring processes for change of supplier. Some respondents suggested that the approach should be proportionate in terms of cost and ease of access for non-User suppliers.
- 419 Some respondents suggested that the DCC could use industry registration data to identify instances of churn to a non-User supplier, without the requirement for a notification from the gaining supplier.
- 420 We consider it is appropriate to oblige the gaining non-User supplier to notify the DCC when it gains a DCC-enrolled SMS. In addition to the benefits already identified, this approach will avoid the need for suppliers to develop interim processes to apply only when they lose a customer to a non-User supplier.
- 421 We do not agree that that it would be preferable to internalise this process within DCC, based on registration data checking. Such an approach would be inconsistent with the smart metering Trust Model, and there may be some additional system level changes required to implement such a solution which could increase the DCC's overall delivery risk.
- 422 The DCC has confirmed that it would be possible to develop a new portal screen to facilitate the change of supplier process under these circumstances (i.e. to implement the Non-Gateway Interface), at a one-off implementation cost of no more than £100k. We consider that this is proportionate. The arrangements for recovery of this DCC cost are explained later in this section.
- 423 To support the operation of the Non-Gateway interface, the DCC will be obliged to produce and consult upon a Non-Gateway Interface Specification (the "NGIS") that will specify:



- the means of connection to the DCC;
- the means of authenticating the non-Gateway supplier by the DCC; and
- the format and content of the communications between the DCC and the non-User supplier.

424 It is proposed that the NGIS will be approved by the Secretary of State and incorporated into the Smart Energy Code as a subsidiary document. This is consistent with the approval process for a number of other technical documents that the DCC is obliged to develop.

*b) Method by which a non-User supplier should authenticate itself when communicating with the DCC*

425 Respondents to the question of the method by which a non-User supplier should authenticate itself when communicating with the DCC were of the view that this was a low risk service. A number of suggestions were put forward as to how this process could operate, including Secure FTP (S-FTP) or encrypted email.

426 The DCC suggested that non-User suppliers could be validated through a face to face 'Identity Validation and Enrolment' process. This proposal would require validation against organisation specific information (including the SECAS-issued ID that the non-User supplier will use as a User ID and relevant documentation), and face to face 'Organisation Validation' at the DCC's premises. It would also allow the DCC to issue credentials for the non-User supplier to access and use the non-Gateway Interface and to issue organisation SMKI credentials to the non-User supplier for use with the non-Gateway Interface.

427 We consider that the organisation validation process proposed by the DCC is an appropriate and proportionate approach. The authentication and security approach for this should be specified in the NGIS.

428 Non-User suppliers will have certain security obligations under the SEC. However they are not expected to be onerous; the scope of the risk assessment should be largely limited to control of private key material and the interface through which non-User suppliers interact with the non-Gateway Interface, rather than smart metering systems.

Security credentials approach

*a) SMKI considerations*

429 The majority of respondents agreed that a supplier should be entitled to request that its SMKI credentials (where available) are placed on the relevant devices by the DCC, helping ensure security keys are not compromised. Only two respondents did not agree; they considered that the 'suspense certificate' approach would mean SMKI keys would not be needed.

430 A significant majority of respondents did not agree with the proposal that there should be no mandate to become SMKI subscribers, preferring that all domestic suppliers should be SMKI Subscribers, to enable the gaining

- supplier's SMKI credentials on the relevant devices upon change of supplier. Many saw this as helping reduce overall complexity and cost, lower the risk to delivery, and limit the extent of any special interim arrangements. A number of parties also noted that the SMKI subscription process is not onerous or costly and would not require the non-User supplier to become a full SMKI or User.
- 431 The DCC proposed a simple approach to make SMKI available to non-User suppliers, which would be combined with the organisational validation step for enrolling to use the non-Gateway interface. The proposed approach does not require a DCC connection for the supplier to be issued with an Organisational SMKI Certificate to place on devices.
- 432 A small number of respondents did not support mandatory SMKI subscription, on the basis that the number of meters that churn to non-User suppliers over the limited period required, is likely to be small and such an obligation on suppliers could result in additional risk to the programme.
- 433 In view of the consultation responses and further Government analysis, we have concluded that – as described in section xx – every supplier should be required to become an SMKI Subscriber and to request that its SMKI credentials are placed on the relevant devices by the DCC once it has become the responsible supplier.
- 434 There are a number of advantages to mandating SMKI subscription such that the gaining non-User supplier's Organisation Certificate is always available to place on the relevant devices. In particular:
- The supplier certificate will not need to be changed again when the supplier does become a User. Therefore the supplier will avoid the effort and cost of sending Service Requests for all relevant SMSs once it becomes a User;
  - The availability of supplier SMKI certificates will avoid any dependency on the DCC's Transitional Change of Supplier service (TCoS) to switch from alternative credentials to the supplier's Organisation Certificate when the supplier becomes a User. This will avoid the need to extend TCoS beyond the date at which it might otherwise be replaced by the Enduring CoS process;
  - It avoids imposing new operational requirements on losing suppliers or exposing them to additional risks or liabilities in respect of an SMS for which they are no longer responsible;
  - Every supplier will have to become an SMKI subscriber in due course. Therefore, while the mandate will bring some cost and effort forward, it will not add the overall cost that suppliers will face;
  - It avoids additional complexity for the DCC to establish and manage "suspense certificates" on behalf of non-User suppliers, which could increase delivery risk to the DCC of core Smart Metering or SMKI Services.
- 435 The process of establishing SMKI Organisation Certificates is considered to be relatively simple. Whilst there will be some cost and administrative effort involved, it should not require significant, if any, investment in IT and the subscription for an SMKI organisation certificate should be achieved with minimal effort on the part of a supplier or its agent. There are no proposed

- explicit DCC charges for becoming an SMKI Subscriber, using the DCC's simple subscription process or establishing SMKI Organisation Certificates.
- 436 We consider that the DCC's proposed simple validation and SMKI subscription process provides a suitably proportionate approach. We will continue to work with the DCC to finalise how this process will be delivered, recognising the requirement for SMKI Subscription and non-Gateway Interface enrolment should be light touch, reflecting the risks of each process.
- 437 We estimate that the total cost to a supplier to comply with the above approach would be low. A supplier would have to spend some administrative and management time in making the necessary application, collating necessary documentation and attending the appointment with DCC. Additional expenditure could include the cost of travel to the DCC, with the amount dependent on the organisation's location in relation to the DCC.
- 438 Identity Validation and Enrolment is a one-off exercise, and the process to enrol non-User suppliers in the SMKI Service would not need to be repeated once the organisation becomes a User and accesses the DCC via the SMKI Interfaces.
- 439 A supplier may incur some expenditure on generation and storage of the private key material; for example, for a Hardware Security Module (HSM) or software for cryptographic key generation and signing of the certificates. These costs will vary from supplier to supplier, depending on what infrastructure, skills and experience already exist within the organisation. However, suitable HSM and signing software can be obtained commercially for less than £100. The same software for generating cryptographic keys could be used to store the private key, or it could be secured using existing physical security controls (e.g. restricted access rooms, secured storage space).

*b) Replacement of supplier security credentials*

- 440 Almost all respondents preferred the "suspense certificate" approach in the event that the gaining non-User supplier's SMKI certificate was not available. There was no support for the alternative "suspended status" approach.
- 441 In view of the decision to mandate that all suppliers must replace credentials with their own SMKI certificates, the Government has concluded that neither the 'Suspense Certificate' nor the 'suspended status' options need to be progressed any further.

DCC services and Communications Hub charges

*a) DCC charging and cost recovery*

- 442 Respondents generally agreed that the relevant DCC development costs should be recovered as DCC fixed costs. There was some support for the proposal that the DCC could levy a transaction charge on those non-User suppliers requiring the new service. However, a number of parties (including DCC) highlighted that this might be disproportionately complex and costly to implement as it would be extremely difficult to identify a price at which to

charge these costs to those suppliers who have not completed User Entry Process Testing.

- 443 In light of the cost and complexity of introducing a different charging approach for a non-User supplier who is not an SMKI subscriber, the Government has concluded that all DCC development and operational costs associated with the implementation and operation of the relevant services should be recovered as DCC Fixed Costs under the SEC.

*b) DCC Communications Hub charging*

- 444 Almost all respondents supported the proposal that non-User suppliers should pay all Communications Hub charges. Reasons for supporting this proposal included: the relevant supplier should remain responsible for all aspects of the smart metering system; and an increased incentive for early user entry to accelerate Programme benefits.
- 445 Only one respondent favoured spreading the relevant Communications Hub charges across all SEC Parties, on the basis that the number of instances is expected to be low and non-User supplier's customers would not benefit from charges being levied.
- 446 We have therefore concluded that non-User suppliers should pay all relevant Communications Hub charges under the SEC. This will avoid penalising suppliers and other parties that are Users and would otherwise be liable for a share of charges in respect of premises where they are not the responsible supplier.

## 16.2 Consequential Licence Amendments

- 447 We are continuing to consider the extent to which the above conclusions might impact existing regulations (such as the Operational Requirements Licence Conditions) and will develop and consult on any specific amendments to the relevant instruments in due course if required.

### Summary of Government Conclusion

- 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 Smart Energy Code 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.

### Translation into Detailed Requirements

448 The SEC 4 drafting sets out a series of requirements on which we are seeking views in this consultation:

- Obligations will be placed on the DCC to consult on and maintain a Non-Gateway Interface Specification (NGIS) which sets out the technical specifications and means of connection, procedural requirements and entry testing processes for the non-Gateway Interface, no later than 3 months in advance of System Integration Testing (This should provide sufficient time ahead of Section H5 (Smart Metering Inventory and Enrolment Services) coming into force).
- SEC Parties who hold an Electricity or Gas Supply Licence but which have not completed DCC User Entry Process Testing for the respective Supplier role will be required to submit a request through the Non-Gateway Interface to change supplier credentials on a Smart Metering System (SMS) within 24 hours of becoming the responsible supplier for the SMS. These non-User suppliers are referred to throughout the legal text as "non-Gateway Suppliers".
- Credentials placed on the Smart Metering System must be those for which the non-Gateway Supplier is the subscriber (as described in section **Error! Reference source not found.**).
- Each supplier SEC Party will be required to obtain a User ID as set out in Section H1 of the SEC. This ID will be used by the DCC (including the CoS Party in performing its verification checks and will also be included in the non-Gateway Supplier's Organisation Certificate.
- The DCC must undertake on receipt of a Change of Supplier Credential Request authenticity, integrity and eligibility checks equivalent to those that the DCC would undertake on receipt of the equivalent Request Change of Supplier request through the DCC User Gateway.
- If those checks are successful, then the DCC will create and send to the CoS Party an Update Credentials Command. The CoS Party will process this request according to section H4 of the SEC. This we believe does not introduce additional complexity and delivery risk to CoS Party Service.
- Non-Gateway Suppliers provide both a forecast of intended use of the Non-Gateway Interface in the coming one month and a number of Change of Supplier requests that the non-Gateway Supplier considers an anomalous threshold for usage of the service. This number is the

equivalent of the Threshold Anomaly Detection and will be used as such by the CoS Party in processing Update Security Commands for the non-Gateway Supplier.

- Non-Gateway Suppliers should meet Section G requirements as they would if they were Users, in order to use the non-Gateway Interface.
- We propose that the non-Gateway Interface and supporting systems will form part of the DCC System, and as such subject to those requirements of Section G applicable to the DCC System. Through provisions already in Section G of the Code our proposal is that the DCC reviews security risks of the use of the Non-Gateway Interface, particularly in relation to the volume of requests received through the interface.

## Legal Text

Summary of new SEC Provisions	
<b>Section A</b>	<ul style="list-style-type: none"> <li>• Amended definitions of defined terms needed to support proposed SEC amendments for DCC User to non-Gateway Supplier churn, particularly the inclusion of DCC Live Systems and Service.</li> <li>• Additional defined terms to support Section O text.</li> </ul>
<b>Section X8</b>	<ul style="list-style-type: none"> <li>• Additions to require the DCC to produce and consult on the NGIS and subsequently incorporate the NGIS into the Code.</li> <li>• This section also covers the scope of the NGIS.</li> </ul>
<b>Section O</b>	<p>A new section that covers:</p> <ul style="list-style-type: none"> <li>• obligations for the DCC to maintain the non-Gateway Interface.</li> <li>• obligations for Supplier Parties who have not completed User Entry for the appropriate supplier role (“non-Gateway Suppliers”) to use the non-Gateway Interface to change credentials on Smart Metering Systems for which they are the responsible supplier, in accordance with the NGIS within 24 hours of becoming the responsible supplier. The credentials to be placed on the SMS must be the Supplier Party’s SMKI Organisation Certificate.</li> <li>• obligations on non-Gateway Suppliers to provide to the DCC volume forecasts and threshold volumes for use of the non-Gateway Interface</li> <li>• obligations on supplier SEC Parties to acquire and use a User ID</li> <li>• obligations on the Code Administrator to publish an Entry Guide for the non-Gateway Interface</li> <li>• the checks and validations that the DCC must undertake when processing Change Supplier Credentials requests via</li> </ul>

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	<p>the non-Gateway Interface</p> <ul style="list-style-type: none"><li>• security obligations for non-Gateway Suppliers, replacing Section G obligations in this context</li></ul>
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**Consultation Questions**

**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?
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## 17 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 User across the User Gateway.

### **Authorised Subscriber**

A SEC Party that has successfully followed the processes in the Registration Authority Policies and Procedures in order to be permitted to apply for Device Certificates and/or Organisation Certificates.

### **Auxiliary Load Control Switch (ALCS)**

A switch or other means of controlling a load on the Supply.

### **Certificates**

A Device Certificate, DCA Certificate, Organisation Certificate or OCA Certificate issued by the SMKI Service as defined in the Device Certificate Policy or Organisation Certificate Policy.

### **Command**

A message sent by DCC to a Device over the SMWAN (or to a User over the User Gateway 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 SMWAN; 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 SMWAN, 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)**

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Bodies awarded a contract to be a 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 Gateway Services Schedule in a manner that involves communication via the SMWAN, but excluding the Enrolment Services.

### **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 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 allowing 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 SMWAN but excluding the Communications Hub Functions.

### **DCC Total System**

All DCC Systems and Communications Hub Functions.

### **DCC User Gateway**

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

### **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).

### **Electricity Network Parties**

Holders of electricity Distribution Licences, also referred to as "DNOs" – distribution network operators.

### **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 SMWAN (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 Subscriber**

An Authorised Subscriber who is permitted to receive a Certificate of a particular Type

### **Eligible User**

A 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 SMWAN.

### **Foundation stage**

The period prior to the start of Initial Live Operations.

### **Gas Proxy Device**

A Device which stores and communicates gas-related metering information, required in order to reduce the necessary battery life of Gas Meters, and which forms part of the Communications Hub. The Gas Proxy Device is treated as a separate logical Device for the purposes of Smart Meter communications.

### **Gas Smart Meter**

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

### **GB Companion Specification**

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.

### **HCALCS**

HAN Connected Auxiliary Load Control Switch (see above for definition of auxiliary load control switch)

### **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.

### **In-Home Display (IHD)**

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

### **Initial Live Operations (ILO)<sup>46</sup>**

To realise the benefits as currently planned in the impact assessment, we are expecting key programme participants to have the following minimum set of operational capabilities to support Initial Live Operations 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 network parties will be capable and ready to support the installation of smart meters. Electricity DNOs will also be capable and ready to use the DCC service to improve network management by receiving and responding to alarms and alerts.

### **Supplier 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.

### **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.

### **MPxN**

A collective reference to the MPAN and MPRN.

### **Network Parties**

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

### **Pre-Command**

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<sup>46</sup> This definition replaces that used in previous publications

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 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 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.

### **Relevant Services Capability**

The internal and external resources which the DCC relies upon in order to provide services to Users.

### **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 form part of the SEC, and thus subject to the SEC Modifications Process

### **Service Request**

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

### **Service Response**

A message sent from DCC to a User over the User Gateway (and in a form set out in the User Gateway Interfaced Specification) in response to a Service Request.

### **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 users as part of its Authorised Business.

### **Smart Meter**

A collective term for an Electricity Smart Meter, and a Gas 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. (Communications Hubs are separately dealt with in CHTS).

### **Smart Metering Equipment Technical Specification version 1 (SMETS1)**

The first version of the Smart Metering Equipment Technical Specification which was designated by the Secretary of State on 18 December 2012.

### **Smart Metering Equipment Technical Specification version 2 (SMETS2)**

The second version of the Smart Metering Equipment Technical Specification which will be designated by the Secretary of State at a later time.

### **Smart Metering Equipment**

A collective term for all SMETS equipment (Electricity Smart Meter, Gas Smart Meter, In-Home Device, Pre-Payment Metering Interface Devices, and HAN Controlled Auxiliary Load Control Switches, but not including the Communications Hub)

### **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.

An Electricity SMS comprises a Communications Hub Function, an Electricity Smart Meter and any additional Type 1 Devices.

### **Smart Metering Wide Area Network (SMWAN)**

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

### **SMKI Participant**

The DCC as the provider of the SMKI Service and any SEC party using the SMKI Service

### **SMKI Subscriber**

A SEC Party that has applied for and been issued with an SMKI Certificate

### **Supplier**

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

### **Transformation**

The conversion, by DCC, of a Service Request into the format required in order for the command to be executed by a Device.

### **User**

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

### **User Role**

One of a number of different capacities in which a DCC Party 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**

The systems used by a User for the collection storage, back-up, processing, or communication of data prior, to of for the purposes of, its sending or receipt to or from DCC.

## Annex 1: Consultation Questions

<b>Parties Involved in the Provision of Communications Hubs</b>	
Q1	Do you agree with the requirement for the DCC to consult SEC Parties on future tranches of Communications Hubs procurement?
Q2	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?
<b>Communications Hub Support Materials</b>	
Q3	Do you agree with the proposed approach and legal drafting in relation to the development of the Communications Hub Support Materials?
<b>Communications Hubs Forecasting</b>	
Q4	Do you agree with the proposed approach and legal drafting in relation to forecasting of Communications Hubs?
Q5	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?
<b>Communications Hubs Ordering</b>	
Q6	Do you agree with the proposed approach and legal drafting in relation to ordering of Communications Hubs?
<b>Communications Hubs Delivery and Handover</b>	
Q7	Do you agree with the proposed approach and legal drafting in relation to delivery and handover of Communications Hubs?
<b>Communications Hubs Installation &amp; Maintenance</b>	
Q8	Do you agree with the proposed approach and legal drafting in relation to installation and maintenance of Communications Hubs?
<b>Communications Hubs Removal, Replacement and Returns</b>	
Q9	Do you agree with the proposed approach and legal drafting in relation to removal and returns of Communications Hubs?
Q10	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 Hubs that would work with both the smart meter that it is installing and the smart meter of the other fuel type?

### Communications Hubs Returns Categories

Q11 Do you agree with the Governments proposals in relation to the processes to determine the reasons for early return of Communications Hubs?

### Transitional Requirements Communications Hubs 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?

### 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?

### 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?

### Security Governance

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

### 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.

### Privacy Audits

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

Q17 Do you agree with the specific proposals for undertaking random sample compliance assessments?

Q18 Do you agree with the proposal for Users to meet the costs of the privacy assessments that are undertaken at their organisation?



Q19	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?
<b>Consumer Consent for Connecting Consumer Devices</b>	
Q20	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?
<b>Security Requirements</b>	
Q21	Do you agree with the proposed updates to the Security Requirements and the associated legal drafting?
Q22	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?
<b>Further Restrictions on Parties Eligible to Subscribe for Certain Certificates</b>	
Q23	Do you agree with the proposed approach and legal drafting in relation to which parties are eligible to subscribe for specific Organisation Certificates?
<b>Requirements on DCC to Establish Certain Certificates to Facilitate Installation</b>	
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?
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?
<b>Requirements for Certain Certificates to be Placed onto Devices</b>	
Q26	Do you agree with the proposed approach for all Network Parties to have established SMKI Organisation certificates?
Q27	Do you agree with the proposed approach for Non-User Suppliers to have established SMKI Organisation certificates?
Q28	Do you agree with the proposed approach and legal drafting in relation to specific SMKI Organisation Certificates placed on specific Devices?
<b>SMKI Test Certificates</b>	
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, 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.
<b>DCC User Gateway Services Schedule</b>	
Q30	Do you agree with the proposed approach and legal drafting in relation to the DCC User Gateway Services Schedule?
<b>User IDs, DCC IDs and Party IDs</b>	
Q31	Do you agree with the proposed approach to centrally procure a EUI-64 Registry Entry?
Q32	Do you agree with the intention to create a 'Party ID', enabling access to the Self Service Interface at a Party level?
<b>Provision and Use of User Gateway Connections</b>	
Q33	Do you agree that the proposed legal drafting accurately reflects the process by which the DCC will provider connection the DCC User Gateway?
Q34	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.
<b>Processing Service Requests</b>	
Q35	Do you agree with the proposed approach and legal drafting in relation to Processing Service Requests?
<b>Smart Metering Inventory and Enrolment Services</b>	
Q36	Do you agree with the proposed changes to the approach and legal drafting in relation to Smart Metering Inventory and Enrolment Services?
<b>Problem Management</b>	
Q37	Do you agree with the proposed approach and legal drafting in relation to Problem Management?
<b>Service to allow consumers to find out which users have accessed their consumption data</b>	
Q38	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?
Q39	Do you agree with the proposed approach of not requiring any User to offer

	a transparency service to consumers at this stage?
<b>Definition of a Large/ Small Supplier Party for the Purposes of Interface Testing</b>	
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.
<b>Registration Data</b>	
Q41	Do you agree with the proposed approach and legal drafting in relation to registration data text alignment?
<b>Provision of Data for the Central Delivery Body</b>	
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?
<b>Connections Between the DCC and RDPs</b>	
Q43	Do you agree with the proposed approach to RDP/DCC connections 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?
<b>Explicit Charges for Certain Other Enabling Services</b>	
Q45	Do you agree with the proposed approach and legal drafting in relation to provision of Explicit Charges for Certain Other Enabling Services?
Q46	Do you agree with broadening the scope of DCC Licence Condition 20 to include the Other Enabling Services which attract an explicit charge?
<b>Confidentiality</b>	
Q47	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?
Q48	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?
Q49	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?

Q50	Do you agree that liabilities if these controls are breached should be limited to £1 million (excluding consequential losses)?
<b>SEC Consequential Changes: Alignment to DCC- and Supply Licences</b>	
Q51	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?
<b>Charging Matters</b>	
Q52	Do you agree with the proposed approach and legal drafting in relation to the invoicing threshold?
Q53	Do you agree with the proposed approach and legal drafting in relation to the credit cover threshold?
Q54	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?
<b>Facilitating Charging for Meters where there is a live supply of energy only</b>	
Q55	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.
<b>Power Outage Alerts</b>	
Q56	Do you agree with the proposed approach and legal drafting regarding power outage alerts?
<b>Proving Testing of Shared Systems</b>	
Q57	Do you agree with the proposed approach and legal drafting in relation to the testing of shared systems?
<b>Remote Testing and Testing Services</b>	
Q58	Do you consider the costs of remote access to the test SMWAN should be socialised across all Users or charged directly to those test participants who use the service? Please provide an explanation for your answer.
<b>Communications Hub Asset and Maintenance Charging</b>	
Q59	Do you agree with the proposed legal drafting in relation to Communications Hub Asset and Maintenance Charges?
<b>Communications Hubs Charging following removal and/or return</b>	

Q60	Do you agree with the proposed legal drafting on Communications Hubs Charging following removal and/or return?
<b>Non-Domestic Supplier Opt Out</b>	
Q61	Do you have any views on the operation of SMETS 2 meters that are opted out of DCC services in light of: <ul style="list-style-type: none"> <li>• the conclusions on SMKI set out above; and</li> <li>• any other matters, including GBCS, that may affect two-way communications with an opted-out meter?</li> </ul>
<b>Requirements on Subscribers and Relying Parties</b>	
Q62	Do you agree with the proposed legal text with respect to the DCC's, Subscriber and Relying Party obligations and associated liabilities?
<b>Enrolment of SMETS1 Meters Installed During Foundation</b>	
Q63	Do you agree with proposed legal text in relation to the Initial Enrolment Project for SMETS1 meters installed during Foundation?
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?
<b>Charging for Foundation Meters</b>	
Q65	Do you agree with the proposed legal text in relation to charging arrangements for the ongoing communications costs of Foundation Meters enrolled in the DCC?
<b>User Supplier to Non-User Supplier Churn</b>	
Q66	Do you agree with the proposed approach and legal drafting in relation to User supplier to Non-User supplier churn?

## Annex 2: Planned Further Changes to the SEC

The table below sets out the anticipated content that will be the subject of future stages of the SEC, which has been identified at the time of publication. This excludes subsidiary documents.

SEC Topic	Content Summary
Non-Domestic Opt Out	The approach to metering requirements in the non-domestic market.
Enrolment of ADM Meters	Policy and process for enrolling ADM meters.
Migration of Registration to DCC	Any SEC provisions required to support the future provision by the DCC of meter registration data services.
Transitional Requirements	An assessment of the robustness of the regulatory framework to deal with issues that may arise during transition (the period up to completion of implementation).
WAN Coverage	The methodology for the allocation of liquidated damages between SEC Parties (given the provisions within the CSPs' contracts) based on the relative impact of any lack of WAN coverage at the end of rollout.
SMKI and Liabilities	Liabilities associated with SMKI recovery processes

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