



Department
of Energy &
Climate Change

Smart Metering Implementation Programme

**A Consultation on New Smart Energy Code Content and Related Licence
Amendments – March 2015**

26 March 2015



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Any enquiries regarding this publication should be sent to us at smartmetering@decc.gsi.gov.uk.

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

General information

Purpose of this document:

This document sets out the Government's consultation on additional Smart Energy Code content and related matters.

Issued: 26 March 2015 **Closes:** 29 May 2015

Consultation responses and other enquiries related to this consultation to:

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Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome.

Territorial extent:

This consultation applies to the gas and electricity markets in Great Britain. Responsibility for energy markets in Northern Ireland lies with the Northern Ireland Executive's Department of Enterprise, Trade and Investment.

Additional copies:

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An electronic version can be found at:

<https://www.gov.uk/government/consultations/consultation-on-new-smart-energy-code-content-march-2015>

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

Confidentiality and data protection:

DECC intends to publish the individual responses to this consultation on its website and you should therefore let us know if you are not content for the response or any part of it to be published. We will not publish people's personal names, addresses or other contact details. If you indicate that you do not want your response published we will not publish it automatically but it could still be subject to information requests as detailed below.

Further, information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information legislation (primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004).

If you do not want your individual response to be published on the website, or to otherwise be treated as confidential please say so clearly in writing when you send your response to the consultation. For the purposes of considering access to information requests it would be helpful if you could explain to us why you regard the information you

have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded by us as a confidentiality request.

Quality assurance:

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

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/60937/Consultation-Principles.pdf

If you have any complaints about the consultation process (as opposed to comments about the issues which are the subject of the consultation) please address them to:

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Contents

General information	4
1 Executive summary.....	7
1.1 The Smart Energy Code	7
1.2 March 2015 SEC Consultation.....	7
2 Introduction.....	8
2.1 A new industry Code.....	8
2.2 Content of this consultation	8
2.3 Structure of each section	9
2.4 The future	10
3 Performance Reporting.....	11
4 Scope of Risk Management Obligations for Users	13
5 Confidentiality	15
6 Other SEC Amendments	18
7 Security Licence Condition Covering DCC Enrolled Smart Meters	20
8 Implementation Performance Regime.....	22
9 Glossary.....	24
Annex A: Consultation Questions	30
Annex B: Draft SEC Legal Text.....	32
Annex C: Draft DCC Licence Text	32
Annex D: Draft Supply Licences Text	32
Annex E: Service Provider Performance Measures	33
Annex F: Change to M8.6	35

1 Executive summary

1.1 The Smart Energy Code

- 1 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 Data and Communications Company (DCC) Licence, and it was first designated on 23 September 2013. Further content of the SEC is being introduced in stages based on when the legal content is required.
- 2 This is primarily a consultation on new legal drafting for incorporation into the SEC, DCC Licence and Gas and Electricity Supply Licences. Draft legal text as revised by the proposals set out in this consultation is published in parallel with this document.

1.2 March 2015 SEC Consultation

- 3 Chapter 2 provides a general introduction and a more detailed summary of the main content of the consultation. The principal areas covered in this document are described further below.
 - Performance Reporting – sets out minor amendments to Section H13 ensuring that any service credits related to SMKI will be reported and details those parties who need to be consulted on changes to the Reported List of Service Provider Performance Measures – **Chapter 3**
 - Scope of Risk Management Obligations for Users – introduces a change to the scope of the User risk management obligations in Section G5.14 – **Chapter 4**
 - Confidentiality – sets out our proposals to include a new category of data ('classified'), to remove the category of 'controlled' data, and to amend the meaning of 'confidential' data – **Chapter 5**
 - Other SEC Amendments – sets out some minor amendments to Section M8 (Event of Default) – **Chapter 6**
 - Security Licence Condition Covering DCC Enrolled Smart Meters – sets out overarching obligations on Suppliers to ensure that their smart metering systems are secure – **Chapter 7**
 - Implementation Performance Regime – sets out amendments to the DCC Licence providing for potential additional reviews of Implementation Due Dates and Implementation Criteria and an amendment to the Baseline Margin Implementation Total (BMIT) definition – **Chapter 8**

2 Introduction

2.1 A new industry Code

- 4 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.
- 5 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.
- 6 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.
- 7 The DCC, Suppliers and Network Parties are required by their licences to become a party to the SEC and comply with its provisions. Other bodies who wish to use the DCC's services, such as energy efficiency and energy service companies will also need to become a party to the SEC and comply with its provisions.
- 8 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.

2.2 Content of this consultation

- 9 This is primarily a consultation on new legal drafting, following on from previous Smart Energy Code consultations. The key sections of new draft legal text which are the subject of this consultation are summarised in the table below and described in further detail in Chapters 3 to 8 of this document.

Chapter	Summary of Proposed Legal Drafting
3: Performance Reporting	<ul style="list-style-type: none">• H13.4 (d) amendment to the cost definition to include SMKI related costs.• H13.6 (a) amendment to align consultation to all relevant stakeholders.
4: Scope of Risk Management Obligations for Users	<ul style="list-style-type: none">• G5.14 has been amended to include any system used to secure a connection or communication with the DCC.

<p>5: Confidentiality</p>	<ul style="list-style-type: none"> • M2.3 has been amended to state a Party's liability for breaching Section M4 (Confidentiality) in relation to data marked as 'classified' will be unlimited, and limited in relation to other data; • M4.8 has been amended to state that the DCC may mark sensitive information as 'classified' (when acting in accordance with restrictions present in Sections M4.22 and M4.24) and that all Parties may mark information as 'confidential'. Consequential amendments have been made throughout M4. • M4.17-19 have been amended to have the effect that where a Party wants to receive 'classified' information from the DCC, they must provide the DCC with name(s) and contact details of such (an) individual(s) eligible to receive it. The DCC must then send to such person(s) 'classified' information, but, notwithstanding other obligations in the SEC, shall not do so if such this information is not provided.
<p>6: Other SEC Amendments</p>	<ul style="list-style-type: none"> • Please refer to Annex F which details the proposed M8.6 amendments.
<p>7: Security Licence Condition covering DCC Enrolled Smart Meters</p>	<p>Gas and Electricity Supply Licences</p> <ul style="list-style-type: none"> • Suppliers will be obligated to take all reasonable steps to ensure smart meters enrolled with DCC, and the systems which initiate communications with them, are protected from Compromise. • A new 'Supplier and Enrolled Smart Metering System' definition has been created. Systems that fall under this definition will be subject to the new obligation.
<p>8: Implementation Performance Regime</p>	<p>DCC Licence:</p> <ul style="list-style-type: none"> • Schedule 3 – The review regime for each Implementation Due Date and Implementation Milestone Criteria is amended to allow for future amendments. • Condition 35 – Removal of references to the completion of implementation. • Condition 36 - Consequential removal of references to the completion of implementation

2.3 Structure of each section

- 10 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 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. A number of 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. Annex A includes the list of consultation questions asked throughout this document.
- 11 Annex B (attached separately to this document) sets out the SEC legal text proposed in this consultation as it would look combined with all the SEC drafting most recently published, either consulted text (if not yet concluded) or concluded text (where this has been published). Any changes to the previous text are marked up and the draft consultation text is highlighted in yellow.

- 12 Annex C sets out how the DCC Licence would look if the proposed text was incorporated into the current Licence. Annex D sets out how the proposed text would look once incorporated into the Gas and Electricity Supply Licences.
- 13 Every effort has been made to ensure that the explanatory text in the main body of this consultation document reflects the legal drafting included in Annexes B, C and D. We have sought to ensure that the 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.
- 14 The broad requirements of this stage of the SEC are not new, so cost implications have been generally considered in the Impact Assessment published in January 2014¹.

2.4 The future

- 15 It is currently intended that the Government response covering the areas included in this consultation will be published by the end of 2015. The timing will continue to support the plan for the delivery of the DCC's services in line with the revised plan that was approved by the Secretary of State on 5 March 2015². It is expected that a small number of known issues will be consulted on in further consultations during 2015. There may also be further requirements that are identified from the experience of implementation, for example in the course of testing. In addition, further detailed and technical material will be incorporated as subsidiary documents to the SEC following the separate process that has been established for those.

¹ <https://www.gov.uk/government/publications/smart-meter-roll-out-for-the-domestic-and-small-and-medium-non-domestic-sectors-gb-impact-assessment>

² See: www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2015-03-05/HCWS345/

3 Performance Reporting

Description of the Issue

- 16 Section H13 of the SEC provides an approach to performance reporting recognising the need for transparency with the provision of relevant information to SEC Parties and other key stakeholders, while making allowances for commercial sensitivities. Thus routine reporting will be provided to SEC Parties, the SEC Panel, Ofgem and DECC, and the Panel will have the discretion to release information to other persons on request. Section H13 requires the DCC to report against a list of Service Provider performance reporting measures, which is initially prescribed by the Secretary of State and then can be amended by the DCC subject to SEC Panel oversight.
- 17 Section H13 of the SEC was previously concluded upon in the SEC 3B Response³ in June 2014 but not incorporated into the SEC at that point as it was envisaged that this would be incorporated once DCC services were active. However, the DCC has indicated it wishes to consider amendments to the Reported List of Service Provider Performance Measures as per the procedure in Section H13.2 prior to the DCC commencing live operations so that any changes arising during implementation can be included within this reported list and thus we now envisage incorporating Section H13 within the next stage of the SEC. At this point we propose that the Secretary of State will formally identify the initial Reported List of Service Provider Performance Measures to SEC Parties, the SEC Panel and Ofgem as per Annex E of this document consistent with the process set out in the SEC. This list will also include the minimum and target service level metrics that are not published here in Annex E given confidentiality concerns but have been discussed with stakeholders. Annex E also includes a few additions to the performance measures related to Communication Hubs that were not in the list in the SEC 3B Response but have been suggested for inclusion by the DCC. We propose to include these additional measures in the updated list when Section H13 is incorporated into the SEC.

Translation into Detailed Requirements

- 18 The DCC has highlighted some minor amendments to the current H13 drafting which ensure that any service credits related to SMKI will be reported and any consultation on changes to the reporting methodology will be with SEC Parties, the SEC Panel and Ofgem rather than only with active users of the DCC's services. These changes will help improve the transparency of service delivery and are consistent with the overall policy drivers related to H13. The expectation is that the concluded version of H13 will be incorporated into the SEC towards the end of the year.

Legal Text

Summary of new SEC Provisions

³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/319645/sec_3_b_response.pdf

Changes to Section H	<ul style="list-style-type: none"> • H13.4 (d) amendment to the cost definition to include SMKI related costs. • H13.6 (a) amendment to align consultation to all relevant stakeholders.
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Consultation Questions

Performance Reporting	
Q1	Do you have any comments on the additions to the Reported List of Service Provider Performance Measures (Annex E)? Do you have any comments on the revised legal drafting in Section H13 and the proposal to incorporate Section H13 into the SEC towards the end of 2015?
Q2	Do you have any comments on the proposal for the Secretary of State to formally identify the initial Reported List of Service Provider Performance Measures?

4 Scope of Risk Management Obligations for Users

Description of the Issue

- 19 In our response to the SEC Stage 4 Consultation (SEC 4A) in November 2015 we confirmed changes to the process for determining how Users communicate Anomaly Detection Thresholds to the DCC. As a part of this change, new obligations were placed on the DCC, in SEC Section X10, to develop a Threshold Anomaly Detection Procedure document.
- 20 On 13 February 2015 the DCC consulted on the contents of the Threshold Anomaly Detection Procedures. The proposed process will require Users to submit Anomaly Detection Thresholds to the DCC using a Comma-Separated Variable (CSV) file, with the file being digitally signed.
- 21 To facilitate this process the DCC will securely provide Users with a file signing token which will store the relevant cryptographic key material and enable the secure generation of a digital signature. Given these file signing tokens will be used to authenticate the User it is imperative that they are operated and managed securely by the User.

Translation into Detailed Requirements

- 22 To ensure Users take the right steps to securing these file signing tokens, we propose to extend the scope of User risk management obligations in Section G5.14 to incorporate any system, including devices such as file signing tokens, which are used to secure communications between the User and the DCC. This will ensure that the secure use of these tokens will be considered under the User’s risk management obligations and they will be secured in a way that is proportionate to the impact of compromise.
- 23 The need to consider and mitigate the risks will be in addition to any specific usage requirements placed on the User by the DCC. The wording is intentionally broad so as to ensure that tokens and other systems used to secure communications with the DCC are brought into scope of Section G5.14.

Legal Text

Summary of new SEC Provisions

Changes to Section G	<ul style="list-style-type: none"> • G5.14 has been amended to include any system used to secure a connection or communication with the DCC
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Consultation Questions

Scope of Risk Management Obligations for Users

Q3

Do you agree with the proposal, and associated legal drafting, to extend the scope of User risk management obligations to include systems that are used to secure communications with the DCC?

5 Confidentiality

Description of the Issue

- 24 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 on what the DCC can mark as confidential, providing the information relates to the DCC or its Services. 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.
- 25 In the SEC 4 consultation issued in June 2014⁴ we proposed a new category of 'controlled' information. This category would allow the DCC to indicate that the information concerned should be treated sensitively, but liability in the event of a breach by a SEC party would be limited to £1 million. This was because the volume of information likely to be generated and over which there may be some sensitivity (e.g. in relation to testing or performance reporting) was now known to be much greater than believed when the confidentiality provisions were originally drafted. We did not think it appropriate to expose SEC Parties to unlimited liability for breach of confidentiality on such a wide range of material. This proposal would result in two categories of information subject to restricted markings under the SEC: controlled and confidential. Unmarked material would not attract a liability for breach.
- 26 The majority of respondents agreed with our proposals, however a fifth of respondents did not. Those disagreeing argued it would be unusual to create a two-tiered confidentiality regime, and that this would be difficult to administer. We have considered all the responses carefully, and conclude that the two-tier regime is a proportionate means to avoid the risk of creating an unreasonably large volume of material that is subject to the unlimited liabilities regime.
- 27 The SEC 4 consultation also invited views on whether Parties should be able to mark information as 'controlled' when providing it to the DCC. Two-thirds of respondents agreed that Parties should be given the right to utilise the 'controlled' classification.
- 28 One respondent was concerned that any provision that exposed the DCC to unlimited liability would create the risk of substantial costs being passed through by the DCC to Users.
- 29 Given the responses received, and further consideration, we consider that the confidentiality provisions need some further elaboration and we are therefore now consulting further. We will fully conclude on this topic area later in 2015.
- 30 To limit the potential impact on Users and consumers, we consider it prudent to limit the potential liabilities of the DCC and we therefore propose to allow Parties other than the DCC to use only the 'controlled' category of classification with the liability cap of £1 million, and not the 'confidential' category that attracts unlimited liability.
- 31 In delivering the intent outlined above, we now also propose a change of terminology. We have established that it is common industry practice to mark sensitive information as 'confidential', and not as 'controlled' as we had proposed. To avoid imposing a change of

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

administrative processes commonly used by SEC Parties, we propose that the classifications should be the following:

- i. 'Confidential' – This marking will be available for the use of Parties and the DCC. Breach of SEC provisions in regard to 'confidential' information would limit the liabilities the breaching Party would be exposed to, to £1 million.
- ii. 'Classified' – This marking will be available for the use of the DCC only. Parties other than the DCC that breach SEC provisions in regard to 'classified' information would be exposed to unlimited liabilities. The use of this classification will be restricted to the same provisions as the earlier SEC 4 restriction on the 'confidential' classification.

32 The confidentiality provisions upon which we consulted in SEC 4 did not give Parties any discretion on whether or not they received confidential information from the DCC. However, not all SEC Parties may wish to receive (what would now be called) 'classified' information, with the consequent exposure to liabilities. We also consider it prudent that only named individuals should receive information marked as 'classified' from the DCC. This would add an additional control on the flow of the most sensitive information between the DCC and other Parties. To implement this, we propose to amend the drafting to state that Parties may nominate to the DCC representatives who can receive information marked as 'classified', while the DCC shall only disclose such information to these named representatives. If a Party other than the DCC then decides not to name these representatives, the DCC should not send 'classified' information to such Party.

Translation into Detailed Requirements

33 In line with our consultation position in SEC 4 we propose to amend the drafting in Section M of the SEC to allow the DCC to mark data as 'classified' only where:

- i. The data relates to one of its Service Providers;
- ii. 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
- iii. The DCC is not otherwise required (for example by law) to make the information public.

34 We propose to give an amended meaning to the 'confidential' category of data. Parties including the DCC may mark sensitive information as 'confidential'. In line with the SEC 4 consultation on this issue, the DCC may mark such information as 'confidential' only where:

- i. That data belongs to the DCC or relates to the DCC or the Services;
- ii. Uncontrolled release of the information could reasonably be considered to be prejudicial to the DCC (including its Service Providers); and
- iii. It does not conform to the definition of confidential and is not already required to be made public.

35 Liability for disclosure of 'confidential' information will be limited to £1 million per event, or series of related events, and liability for disclosure of 'classified' information will be unlimited. Where Parties consider the DCC has not applied the SEC rules correctly in classifying information as 'confidential', disputes can be referred to an arbitrator.

36 Where a Party other than the DCC wishes to receive 'classified' information from the DCC, they will provide to the DCC the names and contact details of those persons

authorised to receive it. Where the Party does not do so, the DCC shall not disclose such information to that Party.

Legal Text

Summary of new SEC Provisions

<p>Changes to Section M (against the SEC 4 consultation text)</p>	<ul style="list-style-type: none"> • M2.3 has been amended to state a Party’s liability for breaching Section M4 (Confidentiality) in relation to data marked as ‘classified’ will be unlimited, and limited in relation to other data; • M4.8 has been amended to state that the DCC may mark sensitive information as ‘classified’ (when acting in accordance with restrictions present in Sections M4.22 and M4.24) and that all Parties may mark information as ‘confidential’. Consequential amendments have been made throughout M4. • M4.17-19 have been added to have the effect that where a Party wants to receive ‘classified’ information from the DCC, they must provide the DCC with (a) name(s) and contact details of such (an) individual(s) eligible to receive it. The DCC must then send to such person(s) ‘classified’ information, but, notwithstanding other obligations in the Code, shall not do so if such this information is not provided.
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Consultation Questions

Confidentiality

<p>Q4</p>	<p>Do you agree with our proposal to limit DCC’s liabilities in all cases to £1 million when breaching confidentiality of sensitive information and to consequentially amend confidentiality markings? Please provide a rationale for your response.</p>
<p>Q5</p>	<p>Do you agree that Parties should nominate to the DCC individuals eligible to receive sensitive information marked as ‘classified’ to be able to receive such information? Please provide a rationale for your response.</p>

6 Other SEC Amendments

Description of the Issue

- 37 Section M8 of the SEC sets out the powers of the Panel to suspend certain rights under the SEC in circumstances where a SEC Party is in an Event of Default (as defined in Section M8). In the case of a supply or network licence holder acting in that licenced capacity, it has been the policy intention that specified rights to use DCC communication services cannot be suspended by the SEC Panel without the Authority's prior consent. The rationale for this was that suspension of the registered energy or gas supplier's rights could inhibit the ability of that licensee to comply with other regulatory requirements and could result in a negative impact upon the consumer, and that such a step should not therefore be taken by the SEC Panel without the consent of the Authority. However when a licensee is acting in a non-licensed capacity, taking services from the DCC as an 'Other User' (e.g. a competing supplier seeking to offer energy efficiency services to the customer being supplied by another energy supplier), as is the case with non-licensed Other Users, the services that it is entitled to can be suspended without first seeking the Authority's consent.
- 38 Provisions that reflected this policy were originally set out in Section M8.6 of SEC 1 and required that Authority consent was necessary to suspend the right of a User (except when acting in the 'Other User' capacity) to do the following:
- i. Request core communication services from the DCC;
 - ii. Request elective communication services from the DCC;
 - iii. In the case of a supplier, enrol smart metering systems with the DCC.
- 39 An amendment to these provisions was required during the drafting of SEC 2 (January 2014), due to some consequential changes in terminology arising as a result of the (then new) Section H4 and H5 drafting (which introduced Service Requests, Service Responses, Local Command Services, User Roles etc.). The SEC text reflecting these conclusions was legally amended as part of the package of changes that were laid before Parliament in SEC 4A (November 2014). However the SEC 2 drafting inadvertently had the effect of removing the right for the Panel to suspend 'Other User' core services and the requirement for Authority consent if the SEC Panel wished to suspend the rights of a SEC party to take core communication services when acting in the capacity of a licensee. This was not the intended effect and the Government therefore proposes to amend the text in M8.6 to correct this.

Translation into Detailed Requirements

- 40 The relevant versions of the legal drafting (SEC 1 and SEC 2 versions), and the correct drafting that we are proposing to insert into the SEC, are contained in Annex F.

Legal Text

Summary of new SEC Provisions

<p>Changes to Section M</p>	<ul style="list-style-type: none"> • Please refer to Annex F which details the proposed M8.6 amendments.
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Consultation Questions

<p>Other SEC Amendments</p>	
<p>Q7</p>	<p>Do you have any comments on the proposed amendment to the drafting in Section M8.6 which reinstates the ability of the Panel to remove a Defaulting Party’s right to receive core communication services or local command services, but subject to the consent of the Authority where that Party is acting in the capacity of registered supplier or registered network operator?</p>

7 Security Licence Condition Covering DCC Enrolled Smart Meters

Description of the Issue

- 41 The architecture that has been established to secure communications with DCC enrolled smart metering devices is grounded in the principle of end-to-end trust, in particular, between energy supplier systems and their smart meters. Given the role and access rights of energy suppliers it is critical they take the right steps to secure their systems. A detailed set of security obligations on DCC and DCC users are specified within the SEC.
- 42 As noted in Part 2 of the SMETS2 Consultation Response⁵, to reflect and underpin these detailed SEC security arrangements, we are minded to place a specific obligation on suppliers in relation to the security of their enrolled smart metering systems, through a new licence condition. This condition will reinforce the responsibility of suppliers to maintain the security of their enrolled smart metering systems in the event that a deviation existed against security provisions in the SEC.
- 43 The DCC is already subject to licence conditions requiring it to operate secure systems, with more detailed obligations set out in the SEC. Adopting a similar approach for energy suppliers reinforces the importance Government places on security and the sanctions that could result from non-compliance.
- 44 In developing our proposals we have been mindful of the potential overlap with the current security related licence condition covering smart metering systems installed during the Foundation Stage⁶. This could occur where a supplier uses the same infrastructure to communicate with the DCC, and to communicate with the meters they deploy during the Foundation Stage. The current condition, and the proposed new condition (Condition 40A of the gas licence, and Condition 46A of the electricity licence), are both underpinned by the ISO:27000 series of standards and so, where shared infrastructure is implicated by both licence conditions, this should not result in the need for suppliers to implement two separate compliance regimes.

Translation into Detailed Requirements

- 45 The concept of a 'Supplier and Enrolled Smart Metering System' has been developed to ensure the scope of systems to which the new licence condition applies is clear. This includes in home devices which the supplier is responsible for providing (and maintaining for 12 months), and the systems used by the supplier for the purposes of communicating messages to those devices. This excludes the communications infrastructure that is provided by the DCC. To ensure consistency, where possible, we have aligned terminology with the SEC.

⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209840/SMIP_E2E_SMETS2_govt_consultation_response_part_2_final.pdf

⁶ Condition 40 of the current Standard Conditions of Gas Supply Licence, and Condition 46 of the current Standard Conditions of Electricity Supply Licence

Legal Text

Summary of new Supply Licence Provisions

Changes to Condition 46A (Electricity Supply Licence), 40A (Gas Supply Licence)

- Suppliers will be obligated to take all reasonable steps to ensure smart meters enrolled with DCC, and the systems which initiate communications with them, are protected from Compromise.
- A new ‘Supplier and Enrolled Smart Metering System’ definition has been created. Systems that fall under this definition will be subject to the new obligation.

Consultation Questions

Security Licence Condition Covering DCC Enrolled Smart Meters

Q7	In relation to the proposed licence condition requiring suppliers to take all reasonable steps to secure systems used to communicate with DCC enrolled meters, do you agree with the proposed approach and legal drafting?
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8 Implementation Performance Regime

Description of the Issue

- 46 In light of the DCC's alternative delivery plan, which was approved by the Secretary of State on 5 March 2015⁷, there are some impacts in relation to the review process for the Implementation Performance Regime as set out in Schedule 3 of the DCC Licence.
- 47 Under paragraph 3.8 of Part F in Schedule 3 of the DCC Licence, the DCC is under a duty, as soon as reasonably practicable after the date when Implementation Milestone 4 is reached, to undertake a general review of all the Implementation Due Dates and Implementation Criteria that remain in force at that date and to make an application the Secretary of State with respect to the findings of that review. The Secretary of State may direct that any of those remaining Implementation Due Dates and Implementation Criteria are varied or to be further defined and developed. Under the DCC Licence this event can only take place once.
- 48 However, DECC considers it prudent to amend Part F of Schedule 3 of the DCC Licence to provide scope for potential further reviews of the dates and criteria. This will provide flexibility during the implementation phase and allow the Secretary of State to ensure that the DCC is appropriately incentivised while minimising costs and risks for its Users and, ultimately, consumers.
- 49 Furthermore, the DCC's alternative delivery plan gives rise to consequential impacts on the DCC Licence to remove potential ambiguity. The existing licence definition of Baseline Margin Implementation Total (BMIT) in Licence Condition 35 is based on the total of the DCC's Baseline Margin for the period running from licence award until the end of the Regulatory Year in which implementation is defined as being completed subject to amendments for inflation. However, the amount is set out as the total for the first three Regulatory Years (2013/14, 2014/15 and 2015/16) which reflects the DCC's commercial position prescribed within the licence award competition. The DCC's alternative delivery plan results in an inconsistency within this definition and thus we propose to amend the BMIT definition to remove reference to the completion of implementation. There are also consequential minor drafting changes in Licence Condition 36.

Translation into Detailed Requirements

- 50 We propose that the review regime for the Implementation Performance Regime in Part F of Schedule 3 will be amended such that further amendments to each Implementation Due Date and Implementation Milestone Criteria could be made if necessary.
- 51 The definition of 'Baseline Margin Implementation Total' is amended to replace references to the completion of implementation with a total for the first three Regulatory Years.

⁷ See: www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2015-03-05/HCWS345/

Legal Text

Summary of new DCC Licence Provisions	
Changes to Schedule 3	<ul style="list-style-type: none"> The review regime for each Implementation Due Date and Implementation Milestone Criteria is amended to allow for future amendments.
Changes to Condition 35	<ul style="list-style-type: none"> Removal of references to the completion of implementation and clarification of the definition.
Changes to Condition 36	<ul style="list-style-type: none"> Consequential removal of references to the completion of implementation

Consultation Questions

Implementation Performance Regime	
Q8	Do you have any comments on the scope for further amendments to each Implementation Due Date and Implementation Milestone Criteria?
Q9	Do you have any comments on the amendments to the definition of 'Baseline Margin Implementation Total'?

9 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 as a DCC Alert or a Device Alert to a DCC User across the DCC User Interface.

Command

A message sent by the DCC to a Device over the SM WAN (or to a DCC User over the User Interface to be executed locally) in order to instruct the Device to carry out an action.

Commissioned

A Device status recorded in the Smart Metering Inventory. The steps a Device must go through to be Commissioned vary by Device type, but essentially this status is achieved when: the Device has been added to the Smart Metering Inventory; it has been demonstrated that DCC can communicate with it (and vice versa) over the SM WAN; and its relationship with either the Communications Hub Function or a Smart Meter has been established.

Communications Hub

A device which complies with the requirements of CHTS and which contains two, logically separate Devices; the Communications Hub Function and the Gas Proxy Function.

Communications Hub Function

A Device forming part of each Smart Metering System which sends and receives communications to and from the DCC over the SM WAN, and to and from Devices over the HAN.

Communications Hub Technical Specifications (CHTS)

A document (which is to form part of the SEC) which sets out the minimum physical, functional, interface and data requirements that will apply to a Communications Hub.

Communications Service Provider (CSP)

Bodies awarded a contract to be a DCC Service Provider of communications services to DCC as part of DCC's Relevant Services Capability. Arqiva Limited and Telefónica UK Limited have been appointed to provide these services.

Core Communication Services

The services associated with processing a specific set of Service Requests set out in the DCC User Interface Services Schedule in a manner that involves communication via the SM WAN, but excluding the Enrolment Services.

Correlate

A check, to be carried out by DCC Users, to ensure that the Pre-Command created by DCC after transforming a Critical Service Request is substantively identical to the original Service Request.

CoS Party

A separate part of the DCC, responsible for signing critical Commands to update a Supplier's Security Credentials on a Device following the submission of a 'CoS Update Security Credentials' Service Request by an incoming Supplier to the DCC.

Data and Communications Company (DCC)

The holder of the Smart Meter communication licence, currently Smart DCC Ltd.

Data Service Provider (DSP)

The company awarded a contract to be a DCC Service Provider of data services to DCC as part of DCC's Relevant Services Capability. CGI IT UK Limited has been appointed to provide these services.

DCC Licence

The licence awarded under section 7AB of the Gas Act 1986, and the licence awarded under section 5 of the Electricity Act, each currently authorising Smart DCC Ltd to undertake the activity of providing a Smart Meter communication service.

DCC Service Providers

Companies or persons from whom DCC procures Relevant Services Capability; principally the DSP and the CSPs.

DCC Systems

The systems used by the DCC and its DCC Service Providers in relation to the Services and / or the SEC, including the SM WAN but excluding the Communications Hub Functions.

DCC Total System

All DCC Systems and Communications Hub Functions within the control of DCC.

DCC User

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

DCC User Interface

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

DCC User Interface Services Schedule

The SEC Subsidiary Document summarising the services available to Users across the User Interface and specifying a number of other matters such as eligibility to receive those services.

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 Device; (f) a HAN Controlled Auxiliary Load Control; or (g) any Type 2 Device (e.g. IHD).

Distribution Network Operators (DNOs)

Holders of electricity Distribution Licences.

Elective Communications Services

The services associated with processing of Service Requests that are (or are to be) defined in a Bilateral Agreement (rather than the DCC User Gateway Services Schedule) in a manner that involves communication via the SM WAN (provided that such Service Requests must relate solely to the Supply of Energy or its use).

Electricity Smart Meter

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

Eligible User

A DCC User who, acting in a particular User Role, is eligible to receive particular DCC Services, including in relation to a particular Device.

End-to-End Smart Metering System

Any DCC System, Smart Metering System, User System or RDP System.

Enrolled

The status of a Smart Metering System when the Devices which form part of it have all been Commissioned.

Enrolment Services

Services associated with the processing of Service Requests that are involved in the commissioning of Devices in the Smart Metering Inventory, and establishing their inter-relationships, and which ultimately result in the Enrolment of Smart Metering Systems ready for communication via DCC over the SM WAN.

Foundation stage

The period prior to the start of the mass roll-out stage.

Gas Proxy Function

The functionality in the Communications Hub specific to its operation as a data store of the gas meter's operational data.

Gas Smart Meter

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

GB Companion Specification (GBCS)

A document setting out amongst other things, the detailed arrangements for communications between the DCC and Devices and the behaviour required of Devices in processing such communications.

Hand Held Terminal (HHT)

A HAN-connected Device used by authorised personnel for meter installation and maintenance purposes.

Home Area Network (HAN)

The means by which communication between Devices forming part of Smart Metering System takes place within a premises.

In-Home Display (IHD)

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

Mass roll-out stage

The period between the date at which the DCC starts providing Core Communications Services and the fulfilment of the roll-out obligation as specified in the roll-out licence conditions.

MPAN

The Meter Point Administration Number, being a unique reference number for each metering point on the electricity distribution network and allocated under the Master Registration Agreement (defined in Section A of the SEC).

MPRN

The Meter Point Reference Number, being a unique reference number for each metering point on the gas distribution network and allocated under the Uniform Network Codes (defined in Section A of the SEC).

MPxN

A collective reference to the MPAN and MPRN.

Network Operators

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

Outage Detection

The ability for an electricity supply interruption to be identified and communicated to the SM WAN.

Parse

The conversion of Service Responses and Device Alerts received from the DCC over the DCC User Interface into a more user-friendly format.

Parse and Correlate Software

Software to be provided by the DCC which enables the carrying out of the Parse and Correlate activities.

Party (SEC Party)

A person that has acceded to the SEC Framework Agreement.

Pre-Command

A message generated as part of the processes of converting of Service Requests into Commands, i.e. after Transformation by DCC. For Critical Service Requests, Pre-Commands are returned to the DCC User for correlation and signing after DCC has transformed the Service Request.

RDP System

The systems used by, or on behalf of a Network Operator for the collection storage, back-up, processing, or communication of Registration Data (defined in Section A of the SEC) prior to being sent to DCC.

Registration Data Provider (RDP)

A person nominated by a Network Operator to provide Registration Data to DCC under the SEC.

Release Management

The process adopted for planning, scheduling and controlling the build, test and deployment of releases of IT updates procedures and processes.

Relevant Services Capability

The internal and external resources which the DCC relies upon in order to provide services as part of its Mandatory Business.

SEC Panel

A Panel of persons drawn from the energy industry and consumer organisations who oversee governance of the Smart Energy Code, subject to the regulatory oversight of Ofgem.

SECAS

The company appointed and contracted to SECCo to carry out the functions of the Code administrator and the Code Secretariat - Gemserv.

SECCo

A company established under the SEC, owned by SEC Parties and which acts as a contracting body for the SEC Panel.

SEC Subsidiary Documents

Documents that are referenced by and forming part of the SEC, and thus subject to the SEC modifications Process.

Service Request

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

Service Response

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

Services

This refers to the services provided or that will be provided by the DCC pursuant to the requirements in the SEC (including the bilateral agreements).

Smart Energy Code (SEC)

The Code designated by the Secretary of State pursuant to Condition 22 of the DCC Licence and setting out, amongst other things, the contractual arrangements by which DCC provides services to DCC Users as part of its Authorised Business (defined in the DCC Licence).

Smart Meter

A Gas Smart Meter or an Electricity Smart Meter.

Smart Metering Equipment Technical Specifications (SMETS)

A specification (which is to form part of the SEC) of the minimum technical requirements of Smart Metering equipment (other than Communications Hubs which are separately dealt with in CHTS).

Smart Metering Inventory

An inventory of Devices which comprise Smart Metering Systems which are (or are to be) Enrolled with DCC. The Smart Metering Inventory also holds information about Devices and their inter-relationships.

Smart Metering System (SMS)

A particular collection of Commissioned Devices installed in a premises:

- a Gas SMS comprises a Communications Hub Function, a Gas Smart Meter, a Gas Proxy Device and any additional Type 1 Devices (as defined in the SEC); and
- an Electricity SMS comprises a Communications Hub Function, an Electricity Smart Meter and any additional Type 1 Devices.

Smart Metering Wide Area Network (SM WAN)

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

Supplier

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

Technical Architecture

The DCC Systems and the Smart Metering Systems together, including as documented in the Technical Specifications (defined in Section A of the SEC).

Transformation

The conversion, by DCC, of a Service Request into an associated Pre-Command - the format ultimately required in order for the Command to be executed by a Device.

User Role

One of a number of different capacities in which a User may (if appropriately authorised and having gone through the necessary User Entry Processes) act, including: Import Supplier; Export Supplier; Gas Supplier, Electricity Distributor, Gas Transporter or Other User.

User System

Any Systems (excluding any Devices) which are operated by or on behalf of a User and used in whole or in part for:

- constructing Service Requests;
- sending Service Requests over the DCC User Gateway;
- receiving, sending, storing, using or otherwise carrying out any processing in respect of any Pre-Command or Signed Pre-Command;
- receiving Service Responses or alerts over the DCC User Gateway;
- generating or receiving Data communicated by means of the Self-Service Interface
- communicating with the SMKI or Repository Services or other PKI Services; and
- any other Systems from which the Systems used for the above are not Separated.

Annex A: Consultation Questions

Performance Reporting

Q1 Do you have any comments on the additions to the Reported List of Service Provider Performance Measures (Annex E)? Do you have any comments on the revised legal drafting in Section H13 and the proposal to incorporate Section H13 into the SEC towards the end of 2015?

Q2 Do you have any comments on the proposal for the Secretary of State to formally identify the initial Reported List of Service Provider Performance Measures?

Scope of Risk Management Obligations for Users

Q3 Do you agree with the proposal, and associated legal drafting, to extend the scope of User risk management obligations to include systems that are used to secure communications with the DCC?

Confidentiality

Q4 Do you agree with our proposal to limit DCC's liabilities in all cases to £1 million when breaching confidentiality of sensitive information and to consequentially amend confidentiality markings? Please provide a rationale for your response.

Q5 Do you agree that Parties should nominate to the DCC individuals eligible to receive sensitive information marked as 'classified' to be able to receive such information? Please provide a rationale for your response.

Other SEC Amendments

Q6 Do you have any comments on the proposed amendment to the drafting in Section M8.6 which reinstates the ability of the Panel to remove a Defaulting Party's right to receive core communication services or local command services, but subject to the consent of the Authority where that Party is acting in the capacity of registered supplier or registered network operator?

Security Licence Condition Covering DCC Enrolled Smart Meters

Q7 In relation to the proposed licence condition requiring suppliers to take all reasonable steps to secure systems used to communicate with DCC enrolled meters, do you agree with the proposed approach and legal drafting?

Implementation Performance Regime

Q8 Do you have any comments on the scope for further amendments to each

	Implementation Due Date and Implementation Milestone Criteria?
Q9	Do you have any comments on the amendments to the definition of 'Baseline Margin Implementation Total'?

Annex B: Draft SEC Legal Text

The associated SEC legal drafting will be published separately alongside this document.

Annex C: Draft DCC Licence Text

The associated DCC Licence drafting will be published separately alongside this document.

Annex D: Draft Supply Licences Text

The associated Gas and Electricity Supply Licence drafting will be published separately alongside this document.

The above documents can be found on the following webpage:

<https://www.gov.uk/government/consultations/consultation-on-new-smart-energy-code-content-march-2015>

Annex E: Service Provider Performance Measures

Draft Reported List of Service Provider Performance Measures

PART 1 – As per SEC 3B Government Response

DSP Related – from Schedule 2.2

Performance Area	PM No.	SM / KPI	Performance Measure
Availability	2.1	SM	Percentage Service availability – DCC Data Service (Production Services)
	2.2	SM	Percentage Service availability – DCC User Gateway (Production Services)
	2.3	SM	Percentage Service availability – DCC Service Management System
	2.4	SM	Percentage Service availability – Self Service Interface (Production Services)
	2.5	KPI	Percentage Service availability – Average Interface availability
	2.7	SM	Percentage Service availability - Externally exposed test services (08.00 to 20.00 UTC Monday to Saturday)
Application Management	3	SM	Number of Severity Level 1 or 2 Incidents directly related to a Change Release occurring within 30 days of release of the Change Release
Service Management	7	KPI	Notification of Planned Maintenance events within required target
Anomaly Detection	11	KPI	Percentage of anomalous Service Requests notified within 30 minutes.

CSP By Region – from Schedule 2.2

Performance Area	PM No.	SM / KPI	Performance Measure
Communications Hub Connectivity	1.1	SM	First time SMWAN connectivity at install
	1.2 N	SM	First time SMWAN connectivity within 30 days
	1.2 C/S	SM	First time SMWAN connectivity within 90 days
	1.3 N	SM	First time SMWAN connectivity within 90 days
	1.3 C/S	SM	SMWAN Connectivity Level
	1.4 N	SM	SMWAN Connectivity Level
Network Availability	6.2	SM	Percentage availability of DCC WAN Gateway Interface
Service Management	10	KPI	Notification of Planned Maintenance events within required target
	11 N	KPI	Accuracy of Coverage Database provided to DCC Service Users
	11 C/S	KPI	Accuracy of Coverage Database provided to DCC Service Users
Power Outage Events	12.1	KPI	Percentage of Power Outage Event alerts delivered: 50 Communications Hubs or fewer
	12.2	KPI	Percentage of Power Outage Event alerts delivered: Greater than 50 Communications hubs

PART 2 – Additional to the SEC 3B Government Response

CSP All Regions – from Schedule 11 Appendix 2.2

Performance Area	No.	SM / KPI	Performance Measure
Communications Hub delivery	1.1	SM	Percentage of Communications Hubs delivered on time
	1.2	SM	Percentage of Communications Hubs accepted by DCC Service Users
	1.3	SM	Percentage of Communications Hubs determined not to be faulty following attempted installation
Communications Hub "Incidents"	2.1	SM	Percentage of Communications Hub Incidents resolved by remote maintenance

Annex F: Change to M8.6

SEC 1 Drafting

M8.6 The rights referred to in Section M8.4(f) are:

- (a) the right of the Defaulting Party to request or receive any or all Other User Core Services;
- (b) (subject to the Authority's approval) the right of the Defaulting Party to receive any or all Core Communication Services other than Other User Core Services;
- (c) (subject to the Authority's approval) the right of the Defaulting Party to receive any or all Elective Communication Services; and
- (d) (subject to the Authority's approval) the right of the Defaulting Party to initiate Enrolment of Smart Metering Systems.

SEC 2 Drafting now implemented in the SEC

M8.6 The rights referred to in Section M8.4(f) are:

- (a) the right of the Defaulting Party to receive Core Communication Services or Local Command Services in any User Role other than the 'Other User' User Role;
- (b) (subject to the Authority's approval) the right of the Defaulting Party to receive any or all Elective Communication Services;
- (c) (subject to the Authority's approval) the right of the Defaulting Party to initiate Enrolment of Smart Metering Systems; and
- (d) (subject to the Authority's approval) the right of the Defaulting Party to request or receive any or all Services other than those referred to elsewhere in this Section M8.6.

Proposed Amendment to Current SEC drafting

M8.6 The rights referred to in Section M8.4(f) are:

- (a) the right of the Defaulting Party to receive Core Communication Services or Local Command Services in the 'Other User' User Role;
- (b) (subject to the Authority's approval) the right of the Defaulting Party to receive

Core Communication Services or Local Command Services in any User Role other than the 'Other User' User Role;

- (c) (subject to the Authority's approval) the right of the Defaulting Party to receive any or all Elective Communication Services;
- (d) (subject to the Authority's approval) the right of the Defaulting Party to initiate Enrolment of Smart Metering Systems; and
- (e) (subject to the Authority's approval) the right of the Defaulting Party to request or receive any or all Services other than those referred to elsewhere in this Section M8.6.

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URN 15D/019