



Department for
Energy Security
& Net Zero

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Chief Strategy and Regulatory Officer
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By email only: [steve.hervouet @smartdcc.co.uk](mailto:steve.hervouet@smartdcc.co.uk)

Dear Stève,

**SECRETARY OF STATE DIRECTION IN RELATION TO A SEC VARIATION TESTING
APPROACH DOCUMENT FOR THE VIRTUAL WAN SOLUTION**

The Secretary of State has today published a conclusions document¹ in response to the 24 October 2024 consultation on whether to proceed with arrangements that would allow communication with Smart Metering Systems via the internet. In light of the responses received, the conclusions document states the Secretary of State's intention proceed. It sets out that the Secretary of State intends to make legal changes using powers under Section 88 of the 2008 Energy Act to require the implementation of a Virtual WAN Solution via the DCC. This is on the assumption that the solution will be capable of being installed in any no-WAN premises in GB, and that initially 4G Communications Hubs only will support the solution.

In support of the development of the DCC's part of the detailed technical solution, please find attached in the Annex a direction pursuant to SEC Section X11.4 of the SEC. It requires DCC to provide a SEC Variation Testing Approach Document (SVTAD) for the Virtual WAN Solution that the DCC will provide. The SVTAD should be provided to the Secretary of State for approval no later than 31 January 2025 following DCC consultation with interested parties. As is the case with other DCC costs, the costs of the solution will be subject to the review by the Authority in line with the price control conditions of the DCC's licence.

Yours sincerely

James Cosgrove
Deputy Director
Smart Metering Implementation Programme

¹ Published alongside this document

(An official of the Department for Energy Security & Net Zero authorised to act on behalf of the Secretary of State).

CC: SEC Administrator and Melissa Giordano at Ofgem.

Annex – Direction under Section X11 of the SEC – SVTAD

ANNEX: Direction under SEC Section X11.4 of the SEC

1. This direction is made for the purposes of the Smart Energy Code designated by the Secretary of State pursuant to the smart meter communication licences granted under the Electricity Act 1989 and the Gas Act 1986 (such code being the "SEC").
2. Words and expressions used in this direction shall be interpreted in accordance with the smart meter communications licences and Section A (Definitions and Interpretation) of the SEC provided that the term 'Virtual WAN Solution' shall have the meaning set out in paragraph 10 of this direction.
3. Pursuant to Section X11.4 (SEC Variation Testing Approach Document) of the SEC, the Secretary of State hereby directs DCC to develop a draft SEC Variation Testing Approach Document for those variations to the SEC proposed to be made for the purposes of the introduction of a Virtual WAN Solution that relies on communication to and from Smart Metering Systems using the consumer's broadband and a Virtual WAN Device.
4. The scope of the SEC Variation Testing Approach Document should include (without limitation) testing of the Virtual WAN Solution. To the extent that there is a limitation on the number of types of Virtual WAN Devices that can be used in System Integration Testing, the SEC Variation Testing Approach Document should set out the process by which it will be decided which types of Virtual WAN Devices will be selected for use.
5. There may be further changes to the detail of the SEC variations proposed to be made to support the introduction of the Internet-based Smart Metering Solution as the project to implement them progresses and DESNZ will discuss any such changes with DCC. It is acknowledged that it may consequently be necessary for DCC to update the SEC Variation Testing Approach Document in accordance with the process for the modification of that document, that shall be specified within it.
6. Section X11.5 of the SEC sets out the required content for the draft SEC Variation Testing Approach Document, and Section X11.6 of the SEC sets out the procedures that the DCC should follow in developing it to support an approval decision by the Secretary of State.
7. The SEC Variation Testing Approach Document shall provide for the detailed test approach to be set out in an associated Testing Approach Document (TAD). The depth and breadth of each testing phase, and the associated entry and exit criteria should be set out in an associated Test Coverage Document (TCD) also to be developed by the

DCC. It is acknowledged that the SEC variations to support the Internet-based Smart Metering Solution may be implemented at the same time as a number of other SEC Modifications and that for convenience it may be appropriate for the TAD also to set out tests that are required to support these wider changes. The SEC Variation Testing Approach Document shall:

- i. provide for the DCC to revise the TAD and/or TCD in accordance with any request to do so made by the Secretary of State in order to support the introduction of the Internet-based Smart Metering Solution; and
 - ii. provide for the TAD and/or TCD (and any subsequent revised version of either) to be submitted to the SEC Panel's Testing Advisory Group (TAG) for approval and insofar as it relates to any testing associated with the introduction of the Internet-based Smart Metering Solution, and for any disagreements between TAG and the DCC over the content of the TAD or TCD to be submitted for a final and binding determination by the Secretary of State.
8. A draft of the SEC Variation Testing Approach Document should be submitted by the DCC to the Secretary of State in accordance with the requirements of Section X11.6 of the SEC no later than 31 January 2025 and after consultation with SEC Parties.
 9. A draft of the TAD and TCD should be submitted by DCC to the TAG for approval and copied to DESNZ as soon as reasonably practicable after the SEC Variation Testing Approach Document is first submitted by DCC to the Secretary of State for approval.
 10. Virtual WAN Solution means an internet-based Smart Metering solution that relies on the use of the consumer's broadband and that meets the requirements set out in the document "Virtual WAN Service Proposal PID June 2024" which was sent to the DCC on 6 June 2024, or such alternative arrangements as the Secretary of State may approve.
 11. This direction is also being notified to the SEC Administrator and Ofgem.