DP298

'Enhancements to SEC Appendix AW'

Modification Report

Version 0.1

22 July 2025

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About this document

This document is a Modification Report. It sets out the background, issue, solution, impacts, costs, implementation approach and progression timetable for this modification, along with any relevant discussions, views and conclusions. This document will be updated as this modification progresses.

Contents

This document also has two annexes:

- **Annex A** contains the redlined changes to the Smart Energy Code (SEC) required to deliver the Proposed Solution.
- **Annex B** contains a list of the changes to the SEC Performance Assurance Framework (PAF) and the rationale behind the Proposed Solution changes. (**AMBER**)

Contact

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SEC
Smart Energy Code

1. Summary

This proposal has been raised by Emslie Law from OVO.

The Performance Assurance Framework was implemented as an ad hoc SEC Release on 8 November 2024, following Ofgem's approval of MP224 'Performance Assurance Framework'.

Inconsistencies have been identified in SEC Appendix AW 'Performance Assurance Framework' that require resolution to ensure the Performance Assurance Framework and Performance Assurance Board to continue its original intent. Furthermore, several enhancements have been identified that strengthen the management of identified risks.

The Proposed Solution would therefore propose legal text changes to SEC Section A 'Definitions and Interpretations and SEC Appendix AW to address the enhancements that have been identified. The costs associated with this modification are limited to Smart Energy Code Administrator and Secretariat (SECAS) implementation costs. If approved, the modification would be implemented in the November 2025 SEC Release. This is to ensure that these changes are ready for mobilisation of the Performance Assurance Framework in January 2026.

2. Issue

What are the current arrangements?

The Performance Assurance Framework

On the 7 November 2024 Ofgem approved MP224 'Performance Assurance Framework' which was implemented in an ad hoc SEC Release on 8 November 2024. This introduced:

- new defined terms, relating to Performance Assurance into SEC Section A 'Definitions and Interpretation';
- a Performance Assurance Board (PAB) into SEC Section C 'Governance', with specific powers to develop and manage a risk-based PAF to address Parties' obligations on a risk basis; and
- SEC Appendix AW 'Performance Assurance Framework' was created to set out the provisions of the PAF that the PAB would implement and give effect to on behalf of the Panel.

The PAB and PAF were introduced following a project undertaken on the Panel's behalf which concluded that the implementation of a risk-based PAF under the SEC would give confidence to Parties that:

- the obligations set out in the SEC are being fulfilled;
- Parties are not being disadvantaged by the failure of any one Party to meet its obligations; and
- performance risks and issues are dealt with in a standardised manner.

A requirement of MP244 was for a PAB to be set up to develop the appropriate risk-based methodology.

What is the issue?

The PAB identified inconsistencies within the SEC relating to the PAF that would require amendments, to ensure clarity and continuity. Performance assurance-related terms appearing in SEC Section A 'Definitions and Interpretations' and SEC Appendix AW are not currently aligned, and this could lead to confusion for Parties.

Additionally, there are inconsistencies around the structure and wording of Appendix AW sections regarding how the performance assurance processes are expected to operate. The PAB also identified that the legal text does not allow full flexibility and proportionate application of the risk-based risk management framework.

Lastly, code restrictions around what techniques (risk management processes) can be applied.

What is the impact this is having?

Whilst the original implementation of MP244 fulfilled the purpose of setting up the PAF and PAB, Appendix AW requires further clarification to ensure that the original intentions of the PAF and PAB are upheld. Without these clarifications, the PAB defined terms would differ from SEC Section A, which could cause further confusion.

With respect to the changes required as part of Appendix AW, there is an impact on Parties engaging with the PAF if the framework does not have the clarity and transparency required regarding its processes.

Impact on consumers

There is no direct impact on consumers as a result of this modification. However, should the Proposed Solution not be implemented, the PAF ability to manage code-related non-compliance, risks and issues aligned with the SEC objectives may be impaired. This may ultimately have an impact on service delivery to consumers.

3. Solution

Proposed Solution

The Proposed Solution for this modification would aim to simplify, clarify and add flexibility while enhancing and strengthening the provisions governing the PAF's operations. A full breakdown of the changes and the rationale for these is provided in Annex B.

Notable changes and new additions have been included in the table below:

1. The addition of a SEC Risk definition to provide clarity around what risks (and issues) the PAF will address. This will also need to be added to Section A, Definitions and Interpretations.	2. Updating the assessment of the risks to reflect a significance in terms of impact and probability instead of materiality. There is no financial measurement within the SEC that risks can be scored against, therefore a significance is a more accurate description.

3. A reword of the description of the techniques to reflect a balance of a compliance and risk-based approach and mirror wording from Section C9 Performance Assurance Board.	4. Data Requests moved to its own clause rather than within the Performance Assurance Techniques section.
5. Expanding Data Requests to be applicable to any of the assurance framework and not just a detective technique	6. A new section related to publishing Performance Assurance Data.
7. Requirements for PAB to publish on the SECCo Website: • A list of Data requests by Party category • Performance Assurance Operating Plan	8. Data requests to be included with Risk Management Determinations.
9. An obligation for SEC Parties to respond to Performance Assurance Techniques.	10. An escalation from the PAB to the SEC Panel.

The redlined changes to deliver the Proposed Solution can be found in Annex A.

4. Impacts

This section summarises the impacts that would arise from the implementation of this modification.

SEC Parties

SEC Party Categories impacted			
✓	Large Suppliers	✓	Small Suppliers
✓	Electricity Network Operators	✓	Gas Network Operators
✓	Other SEC Parties	✓	Data Communications Company (DCC)

Breakdown of Other SEC Party types impacted			
✓	Shared Resource Providers	✓	Meter Installers
✓	Device Manufacturers	✓	Flexibility Providers
✓	DCC Other Users	✓	MAPs/ MAMs

All SEC Parties will be impacted by this modification. The impact is likely to be a positive one, as the changes to Appendix AW 'Performance Assurance Framework' aim to simplify, clarify and add flexibility and transparency while enhancing the provisions governing the PAF's operations.

DCC Systems

DCC System changes

There are no DCC System changes associated with this modification.

DCC System traffic

This modification will not impact the DCC System traffic.

SEC and subsidiary documents

The following parts of the SEC will be impacted:

- Section A ‘Definitions and Interpretations’
- Appendix AW ‘Performance Assurance Framework’

The changes to the SEC required to deliver the proposed solution can be found in Annex A.

Devices

This modification will not impact Devices.

Consumers

This modification will not have a direct impact on consumers. The PAF is however designed to manage code-related non-compliance, risks and issues aligned with the SEC objectives. As a result of this work, consumers may see improvements in service delivery.

Other industry Codes

This modification will not impact other industry Codes.

Greenhouse gas emissions

This modification will not impact greenhouse gas emissions.

5. Costs

DCC costs

There are no DCC costs associated with implementing this modification.

SECAS costs

The estimated SECAS implementation cost to implement this as a stand-alone modification is one day of effort, amounting to approximately £600. This cost will be reassessed when combining this modification in a scheduled SEC Release. The activities needed to be undertaken for this are:

- Updating the SEC and releasing the new version to the industry.

SEC Party costs

There are no costs anticipated for SEC Parties as part of implementing this modification.

6. Implementation approach

Recommended implementation approach

SECAS is recommending an implementation date of:

- **6 November 2025** (November 2025 SEC Release) if a decision to approve is received on or before 22 October 2025; or
- **ad hoc SEC Release** ten Working Days after decision if a decision to approve is received after 22 October 2025.

It is recommended that the modification be implemented in the earliest available SEC Release, to ensure the enhancements to the PAF are delivered in time for mobilisation of the Performance Assurance Framework. This would benefit the PAF and the PAB's ability to carry out its established operations. The modification does not have any projected costs for Parties, and it is a legal-text change only, without any DCC-delivered changes or implications. The benefits of providing clarity would be beneficial to the PAF and PAB, as well as for SEC Parties.

7. Assessment of the proposal

Areas for assessment

Sub-Committee input

SECAS has engaged with the Chairs from the Operations Group (OPSG), the Technical Architecture and Business Architecture Sub-Committee (TABASC), the Security Sub-Committee (SSC), the Smart Metering Key Infrastructure Policy Management Authority (SMKI PMA), the Privacy Sub-Committee (PSC), the Smart Metering Device Assurance Sub-Committee (SMDASC), the Performance Assurance Board (PAB) and the Testing Advisory Group (TAG) to confirm what input is required from these forums. SECAS believes the following Sub-Committees will need to provide the following input to this modification:

Sub-Committee input	
Sub-Committee	**Input sought**
OPSG	No input required.
PAB	Input on the legal text for the Proposed Solution.
PSC	No input required.
SMDASC	No input required.
SMKI PMA	No input required.
SSC	No input required.
TABASC	No input required.
TAG	No input required.

8. Case for change

Business case

The modification would provide beneficial clarifications to SEC Appendix AW. This would support the PAF and PAB in identifying and mitigating areas of greatest risk to the achievement of the SEC Objectives and make sure that appropriate Performance Assurance Techniques are in place to manage these risks.

Views against the General SEC Objectives

Proposer's views

The Proposer believes this modification better facilitates SEC Objectives (a)[1] (g)[2], as the proposed changes would provide more clarity for the PAF and its governing operations. The issues addressed as part of the PAF are likely to facilitate the installation of Smart Metering Systems (SMS) at consumers' premises. The PAF itself facilitates the individual SEC Objectives, depending on the issues addressed as part of it.

Views against the consumer areas

Improved safety and reliability

This modification will have a positive impact on reliability by ensuring that potential issues are addressed on a risk basis, with the highest risks addressed first. The changes proposed as part of this modification will support this.

Lower bills than would otherwise be the case

This modification will have no impact on consumer bills.

Reduced environmental damage

This modification will have no impact on reduced environmental damage.

Improved quality of service

This modification will have a positive impact on quality of service as the PAF should reduce the impacts of any issues and risks to the SEC Objectives.

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[1] facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain

[2] facilitate the efficient and transparent administration and implementation of this Code.

Benefits for society as a whole

This modification will have no impact benefits for society as a whole.

Appendix 1: Progression timetable

Timetable	
Event/Action	**Date**
Draft Proposal raised	22 July 2025
Presented to CSC for initial comment	*19 Aug 2025*
CSC converts Draft Proposal to Modification Proposal	*19 Aug 2025*
Modification Report approved by CSC	*19 Aug 2025*
Modification Report Consultation	*20 Aug – 10 Sep 2025*
Change Board Vote	*24 Sep 2025*

Italics denote planned events that could be subject to change

Appendix 2: Glossary

This table lists all the acronyms used in this document and the full term they are an abbreviation for.

Glossary	
Acronym	**Full term**
CSC	Change Sub-Committee
DCC	Data Communications Company
OPSG	Operations Group
PAB	Performance Assurance Board
PAF	Performance Assurance Framework
PSC	Privacy Sub-Committee
SEC	Smart Energy Code
SECAS	Smart Energy Code Administrator and Secretariat
SMDASC	Smart Metering Device Assurance Sub-Committee
SMKI PMA	Smart Metering Key Infrastructure Policy Management Authority
SSC	Security Sub-Committee
TABASC	Technical Architecture and Business Architecture Sub-Committee
TAG	Testing Advisory Group