INDUSTRY WEBINAR

LAUNCH OF PERFORMANCE ASSURANCE FRAMEWORK (PAF) CONSULTATION - PROOF OF CONCEPT PHASE

18 MARCH 2026

WEBINAR AGENDA AND LOGISTICS

01 **Welcome and introduction to SEC Performance Assurance**
Beth Procter (10:00-10:05)

02 **The role of the Performance Assurance Board and Performance Assurance Function**
Beth Procter (10:05-10:15)

03 **Introducing the Performance Assurance Framework and overview of the assurance artefacts published for consultation**
SEC Performance Assurance (10:10-10:40)

04 **Q&A session**
SEC Performance Assurance (10:40-11:00)

WELCOME AND INTRODUCTION TO SEC PERFORMANCE ASSURANCE

BETH PROCTER (10:00-10:05)
SENIOR PERFORMANCE ASSURANCE MANAGER
PERFORMANCE ASSURANCE BOARD (PAB) CHAIR

SEC PERFORMANCE ASSURANCE TEAM

								
Name	**Beth Procter**	**Harry Jones**	**Lewis McKenzie**	**Lewis Hall**	**Karen Lee**	**Joe Deal**	**Matthew Breen**	**Will Miller**
Role	Performance Assurance Manager and PAB Chair (SECCo)	Performance Assurance Analyst (SECCo)	Assurance Lead (Moorhouse)	Tools and Technology Lead (Moorhouse)	Strategy SME (Moorhouse)	Assurance Manager (Moorhouse)	Data and Tooling Manager (Moorhouse)	Assurance Support (Moorhouse)

SEC PERFORMANCE ASSURANCE

Section C Governance

C1.1 General SEC Objectives

C9 Performance Assurance Board

Performance Assurance Board (PAB) Terms of Reference

Appendix AW Performance Assurance

THE ROLE OF THE PERFORMANCE ASSURANCE BOARD AND PERFORMANCE ASSURANCE FUNCTION

BETH PROCTER (10:05-10:15)

PERFORMANCE ASSURANCE BOARD (PAB)

Ensure the integrity and efficiency of the Smart Energy Code (SEC) by proactively identifying, managing, and mitigating performance risks and issues.

Through a structured, proportionately applied assurance framework, the Performance Assurance Board (PAB) promotes compliance, transparency, and continuous improvement, fostering confidence among SEC Parties in the effective equitable execution of their obligations.

SEC PERFORMANCE ASSURANCE

A "SEC Risk" is a risk that a failure to adhere to, or errors in delivering an obligation or mandated process under the SEC (including a risk which has materialised as an actual failure or error) could significantly and measurably affect the achievement of General SEC Objectives.

- To facilitate the efficient provision, installation, operation, and interoperability of Smart Metering Systems
- To facilitate innovation in the design and operation of Networks for the delivery of a secure and sustainable Supply of Energy
- To enable the DCC to comply at all times with the General Objectives of the DCC
- To ensure the protection of Data and the security of Data and Systems
- To facilitate Energy Consumers' management of their use of electricity and gas
- To facilitate the efficient and transparent administration and implementation of this Code
- To facilitate effective competition between persons engaged in the Supply of Energy
- To facilitate the establishment and operation of the Alt HAN Arrangements

INTRODUCING THE PAF AND OVERVIEW OF ASSURANCE ARTEFACTS PUBLISHED FOR CONSULTATION

SEC PERFORMANCE ASSURANCE (10:10-10:40)

SEC PA PURPOSE AND PRINCIPLES

Our **purpose** is to operate, support and administer the Performance Assurance Framework (PAF) to…

Ensure that organisations operating under the Smart Energy Code follow the Code correctly and that any risks to its Objectives are proactively managed

We'll do this by applying the following **principles**:

PROPORTIONALITY	CONSISTENCY	TRANSPARENCY	OBJECTIVITY
Assurance activity is scaled to the materiality of SEC Risks, focusing effort on the highest-impact and most likely risks, while minimising unnecessary burden on Parties.	Risk evaluation and management is applied uniformly using common risk information and assessment criteria, ensuring fairness, comparability, and effective tracking of risk trends over time.	Risk assessments, prioritisation decisions, and mitigation actions are clearly documented, auditable, and published where appropriate to provide visibility to Parties and stakeholders.	Risk assessments and relevant Performance Assurance activities are evidence-based, using agreed scoring criteria and robust datasets.

OUR APPROACH TO ASSURANCE ARTEFACT DEVELOPMENT

SEC Smart Energy Code

Assurance artefacts support the administration of the PAF by providing the **structured documentation, data, and outputs used to identify risks, plan assurance activities, monitor party performance, and provide evidence-based reporting and recommendations** to governance bodies such as the Performance Assurance Board (PAB).

To test and refine the effectiveness of the PAF prior to wider implementation, SEC PA is carrying out a "**Proof-of-Concept**" (PoC) phase. The PoC is a time-limited period where the SEC PA will apply the PAF processes and artefacts to a defined, real-world issue. SEC PA processes and artefacts will be iterated throughout the Mobilisation (PoC), Pilot and Enduring phases.

SEC PA Delivery Phase	**Mobilisation (Jan – Sep 2026)** Proof-of-Concept (Apr – Jun 2026)	**Pilot Implementation Oct 2026 – Mar 2027**	**Enduring Performance Assurance Service Apr 2027 onwards**
What SEC Parties should expect	Light-touch engagement with a subset of SEC Parties to test and refine initial versions of assurance processes and artefacts by applying them to a single, real-world issue.	Engagement with a larger subset of SEC Parties to validate and finalise assurance processes and artefacts on a larger number of risks.	Full roll-out of assurance processes and artefacts across all SEC Parties. Ongoing outcomes-driven assurance applying preventive, detective, corrective, and incentive techniques, delivering industry-wide risk reports with tailored party-specific recommendations.

Industry is invited to **review and comment** on the draft assurance artefacts prior to PoC commencement.

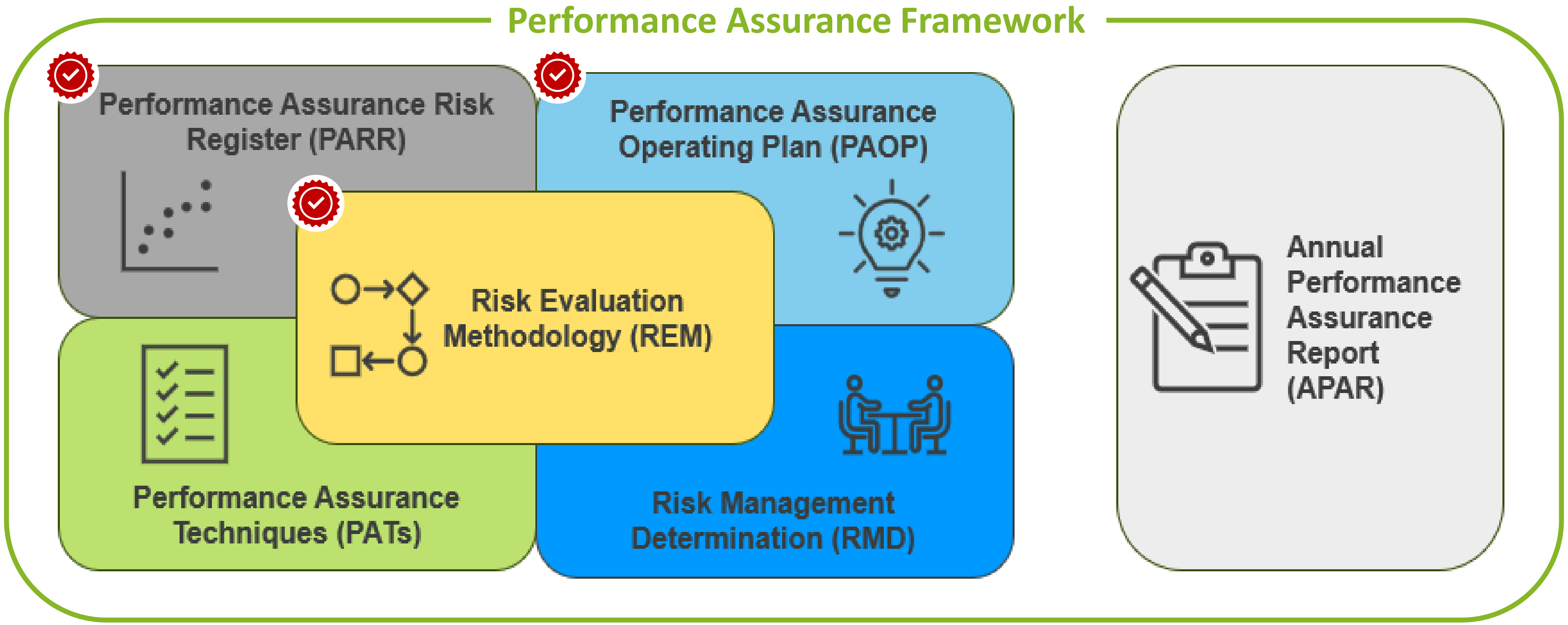
OVERVIEW OF ASSURANCE ARTEFACTS

SEC Smart Energy Code

Risk Evaluation Methodology (REM) - Overview

The REM sits at the heart of the Performance Assurance Framework (PAF), underpinning other assurance artefacts and informing the Annual Performance Assurance Report (APAR).

Published for industry consultation



OVERVIEW OF ASSURANCE ARTEFACTS

SEC Smart Energy Code

Risk Evaluation Methodology (REM) – Risk Identification Methods

SEC Performance Assurance (PA) will identify SEC Risks in many ways, including but not limited to:

Method	Description
Assurance Insights	Insights derived from the application of PATs (e.g. SEC Risk Data Requests and Ongoing Monitoring)
Compliance Submissions and Disclosures	Incidents and patterns of non-compliance, breaches or failures reported by Parties or relevant stakeholders.
Escalation	Notifications or reports escalated through SEC governance processes
Feedback	Observations from SEC Parties, Sub-Committees and other stakeholders on threats to the achievement of the General SEC Objectives
Incident Logs	Evidence of operational incidents, service disruptions or Data issues recorded in SEC Party incident logs
Issues	Analysis of current and previous issues (e.g., those captured in SEC Sub-Committee Risk Registers)
Market Intelligence	Intelligence gathered from industry forums and working groups, market-wide performance trends and media or public interest signals
SEC or Other Code Modifications	Review of proposed and approved modifications
PAB Direction	Guidance, recommendations and directives from the PAB on areas where a SEC Risk has been observed
Policy	Monitoring of government, regulatory and industry policy shifts

PROOF-OF-CONCEPT SCOPE

Performance Assurance Risk Register (PARR) – Introduction to the Proof of Concept

What is it?

"**Proof-of-Concept**" (PoC) is a time-limited period during which SEC Performance Assurance (SEC PA) applies the PAF processes, artefacts and subset of Performance Assurance Techniques (PATs) to a defined, real-world issue in order to test, refine and validate their effectiveness prior to wider implementation.

What's the focus?

Identified risk/issue

- '**Incorrect or No DNO (Electricity Network Party) Certs**' issue from OPSG

What is in Scope?

- Electricity Network Party Certificates on Electricity Smart Metering Equipment (ESME) only.
- Addresses incorrect or missing DNO certificates applied by Suppliers post-commissioning.

What is Out of Scope?

- Gas Smart Metering Equipment (GSME).
- SMETS1 obligations.

What are the next steps involved?

1. Review of existing material and work done to date
2. Data review
3. Root cause analysis
4. PAF artefacts
5. PAT PoC
6. Assurance closure report & outcome review

OVERVIEW OF ASSURANCE ARTEFACTS

SEC Smart Energy Code

Performance Assurance Risk Register (PARR) – Risk Assessment Approach

Once SEC Risks have been identified, they will be captured for assessment in the PARR, using the fields below. The Proof-of-Concept version of the PARR includes detail of the 'Incorrect or no Electricity Network Parties certificates' issue that will be investigated.

Type	Item ID	Date Raised	Title	Description	Source	Source Information	Primary Category	Relevant SEC Objective	Relevant SEC Process	Relevant SEC Obligation	Drivers	Accountable SEC Parties	Impact	Impacted SEC Parties
Risk or issue	A unique numerical identifier for each risk or issue	Date risk or issue was raised	A description of the event that would lead to the negative consequence on the fulfilment of SEC objectives	A description of the risk or issue	The Sub-Committee where the risk or issue was raised	Corresponding Sub-Committee risk/issue ID(s)	The area that the risk or issue relates to. Categories include: • Safety • Environment • Reputation • Client & Customer • Asset • Legal & Regulatory • Financial Impact • People • Maintaining Operations of Smart Devices • Install and Commission • Maintaining DCC Service • Other Operational Processes • Security • Strategic	The General SEC Objective is impacted by the risk or issue	The SEC process or set of processes to which the identified SEC risk or issue most directly relates, as defined within the SEC Code and its Appendices.	The specific obligations set out in the SEC Code and its Appendices that are directly associated with the identified SEC risk or issue	A description of the root causes of the risk or issue	The SEC Party responsible for the risk or issue	A description of the consequences of the risk materialising, or the impact the issue is having	The SEC Party(s) impacted by the risk or issue.
Issue	PARR_001	29/01/2026	Incorrect or no Electricity Network Parties certificates	There is an issue that Electricity Network Parties are unable to communicate with ESME devices, nor receive relevant alerts from ESME devices, installed in their Electricity Network Parties region(s). February 2026 Report 'SMKI012_DNO certificate mismatch per supplier' shows that the number of devices with incorrect Electricity Network Parties is 1.15% of the total market estate (c. 225k of 22.2m ESMEs).	OPSG	I008	Install and Commision	a) To facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain	Install and Commission (post commissioning obligations)	SEC Appendix AC 'Inventory, Enrolment and Decommissioning Procedures' - Section 5.3	Failure of Supplier parties to place the correct Electricity Network Party security credentials on ESME devices during installation and commission (and thereby failing their obligation under SEC Appendix AC section 5.3)	Suppliers	**Unable to realise Smart Meter benefits.** This may result in failure to identify potential, or actual, health and safety risks associated with ESME devices, thereby causing consumer detriment. Electricity Network Parties are unable to deliver consumer and system benefits. Electricity Network Parties may be required to send out emergency calls for prepayment customers.	Electricity Network Parties

PARR CONTENT FOR PROOF-OF-CONCEPT ISSUE

OVERVIEW OF ASSURANCE ARTEFACTS

SEC
Smart Energy Code

Performance Assurance Risk Register (PARR) – Risk Assessment Approach

Once SEC Risks have been identified, they will be captured for assessment in the PARR, using the fields below. The Proof-of-Concept version of the PARR includes detail of the 'Incorrect or no Electricity Network Parties certificates' issue that will be investigated.

Sub-Committee Risk Scoring			SEC PA Risk Scoring									
Current Impact (SC)	**Current Probability (SC)**	**Current Severity (SC)**	**Current Impact (PA)**	**Current Probability (PA)**	**Current Proximity (PA)**	**Current Severity (PA)**	**SEC PA Risk/Issue Spread**	**Classification**	**Determination**	**Relevant PAOP Item**	**Comments**	**Status**
Where the risk or issue has been inherited from a Sub-Committee Register, the 'Current Impact' from the relevant register is reflected here.	Where the risk or issue has been inherited from a Sub-Committee Register, the 'Current Probability' from the relevant register is reflected here.	Where the risk or issue has been inherited from a Sub-Committee Register, the 'Current Severity' from the relevant register is reflected here.	The scale of the negative consequence on the fulfilment of General SEC Objectives, resulting from the risk or issue materialisation, assigned by the SEC PA team. Rated from 1-5 (see '5. Risk Assessment Method' below)	The probability of the risk materialising, assigned by the SEC PA team. Rated from 1-5 (see '5. Risk Assessment Method' below). Issues will be assigned a score of 5 by default.	The time horizon of potential risk or issue occurrence, assigned by the SEC PA team. Rated from 1-5 (see '5. Risk Assessment Method' below). Issues will be assigned a score of 5 by default.	The overall numerical score assigned to the risk or issue to determine its significance (Likelihood x Impact + Proximity)	The breadth of risk or issue impact, expressed, where practicable, as the number of affected Meter Point Administration Numbers (MPANs). The value should reflect the best available estimate at the time of assessment and may be expressed as a range where precise data is not available. Where MPANs are not an appropriate measure, an alternative unit of measurement may be used, provided this is clearly stated and justified.	Low, Medium, High, Critical. Classification is determined by the severity score. In some cases, it may be appropriate to upgrade/downgrade the Classification based on 'SEC PA Risk/Issue Spread'. In these scenarios, the justification should be documented in the 'Comments'.	Determination on how the risk or issue should be treated. Determinations include: • Avoid • Mitigate • Transfer • Accept • Monitor • Reduce	Related PAOP activity, and corresponding PATs.	A date-stamped log of material changes to the risk or issue entry in the PARR	The current lifecycle stage of the risk or issue (Open, Closed or In Draft)
2	5	10	2	5	5	15	225k ESMEs (based on February 2025 Report 'SMKI012_DNO certificate mismatch per supplier')	Medium	Reduce			Open

PARR CONTENT FOR PROOF-OF-CONCEPT ISSUE

OVERVIEW OF ASSURANCE ARTEFACTS

Performance Assurance Operating Plan (PAOP) - Format

The PAOP translates the outputs of the REM and the PARR into a forward-looking, operational view of assurance activity.

Ref	Activity	Objective	Intended Outcome / Benefit	Retail Risk Mapping	Indicative Impact	Code Requirement	PAB Determined	Beneficiary Party	Investigated Party	Responsible Party
SEC PA Deep Dive on Single-Focused Risk (Proof of Concept)										
1	Application of Performance Assurance Techniques (PATs).	To reduce the number of ESME devices with an incorrect Electricity Network Party certificate.	To improve Supplier performance during installation and commissioning with respect to ensuring that the correct Electricity Network Party security credentials are applied to ESME devices, recognising that the underlying cause of current inconsistencies has not yet been identified. If achieved, this will: a) Reduce instances of Supplier non-compliance with SEC obligations under SEC Appendix AC section 5.3; and b) Reduce instances where the Electricty Network Party is unable to communicate with the ESME devices installed in their region(s); and c) Reduce instances of unrealised smart metering benefits and deriment for consumers, resulting from the non-communicating ESME device	PARR_001	●	SEC Appendix AC 'Inventory, Enrolment and Decommissioning Procedures' -Section 5.3	✓	Electricity Network Parties	Suppliers	SEC Performance Assurance

Task/PAT	Expected Output	SEC Forecast Cost	Status	Schedule								
				20/04/2026	27/04/2026	04/05/2026	11/05/2026	18/05/2026	25/05/2026	01/06/2026	08/06/2026	15/06/2026
1) Guidance and Education 2) Specific Risk Monitoring and Reporting 3) SEC Risk Data Request 4) SEC Modification (subject to outcome) 5) Peer Comparison 6) Positive Reinforcement 7) Party Notification 8) Report Drafting ◊ PoC Findings and Lessons Learned Report	Proof of Concept Findings and Lessons Learned Report (SEC PA)	£ 73,994.04	Planned	1.1 1.2 1.3 1.5	1.1 1.2 1.6 1.7	1.1 1.2 1.3 1.5	1.1 1.2 1.6 1.7	1.1 1.2	1.1 1.2	1.1 1.2 1.3 1.5	1.8	◊

PAOP CONTENT FOR PROOF-OF-CONCEPT ACTIVITY

Q&A SESSION

SEC PERFORMANCE ASSURANCE (10:40-11:00)