Department for Energy Security & Net Zero
3-8 Whitehall Place
London SW1A 2AW
www.gov.uk/energysecurity

Department for Energy Security & Net Zero

The Authority (Ofgem), the SEC Panel, SEC Parties
and other interested parties

10 July 2026

Dear Colleague,

VIRTUAL WAN ARRANGEMENTS: CONCLUSION ON SEC CHANGES FOR VWAN AND FURTHER CONSULTATION

On 13 May 2026, DESNZ published a consultation that set out, and invited views on, a number of proposed SEC changes relating to the enduring Virtual WAN Arrangements.

The proposed changes included:

- Providing for there to be a SEC subsidiary document setting out the steps that need to be taken by DCC, other SEC Parties, the SSC and SMKI PMA to mitigate a compromise (or suspected compromise) of the principal private keys that govern the operation of the Virtual WAN Key Infrastructure (i.e. the VWKI Root Private Key or a VWKI Issuing Authority Private Key), or in the circumstances where DCC suspends communications with VWDs of one or more VWD Device Models.

- Changes to the obligations on Virtual WAN Device (VWD) Manufacturers such that they no longer have to confirm that they do not levy post installation maintenance charges. It is proposed that the existing obligation to do this[1] is replaced by an obligation on suppliers to ensure that VWDs will continue to operate for at least 28 days following a change of supplier event.

- Changes to the assurance regime for VWDs to require independent test lab verification that satisfies the Security Sub-Committee that VWDs sufficiently meet the principles of ETSI EN 303 645, albeit with a degree of flexibility to minimise the burden on manufacturers.

- Clarification over the wording that explains that basic VWD capability is classified as Type 2, but that the VWD functionality can be incorporated with PPMID in which case, the overall device becomes a PPMID.

- Providing for any changes to the WAN Selection Arrangements to be subject to the approval of the department.

- Setting out proposed enduring reporting obligations on DCC with regard to VWAN.

---

[1] SEC Section F2.41(c).

The consultation closed on 19 June 2026 and five responses were received, one of which was confidential.

In light of the responses and a discussion at the SEC Panel's Operations Group[2] on the proposed obligation on suppliers to ensure that VWDs will continue to operate for at least 28 days following a change of supplier, we are further consulting on alternative wording in this area.

More generally, and again in light of the responses, we propose to make the changes put forward, albeit with a few amendments to take into account comments made as described in the conclusions document in Annex 1.

Yours faithfully,

James Cosgrove
Deputy Director
Smart Metering Implementation Programme

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

Annex 1: Conclusions Document

Annex 2: Updated SEC changes

2 OPSG 166X 30 June 2026

Annex 1 – Response Document

1. DESNZ proposed a number of changes to the Smart Energy Code relating to the enduring arrangements for Virtual WAN (VWAN) and invited comments upon those proposals.

Virtual WAN Recovery Procedure

Proposals:

2. It was proposed that a new SEC subsidiary document be provided for which details the steps to be taken by the DCC, other SEC Parties and code bodies (such as the Security Sub-Committee (SSC) and the SMKI Policy Management Authority (SMKI PMA)) to mitigate a compromise (or suspected compromise) of the principal private keys that govern the operation of the Virtual WAN Key Infrastructure (i.e. the VWKI Root Private Key or a VWKI Issuing Authority Private Key), or in the circumstances where DCC suspends communications with one or more VWD Device Models.
3. It was also proposed that this subsidiary document will be developed by DESNZ in conjunction with SSC/SMKI PMA and DCC and introduced into the SEC following consultation with SEC Parties.

Consultation Questions Asked:

Q1: Do you agree that it would be appropriate to document the steps to be taken in the event of a compromise or suspected compromise of a VWKICA Private Key or in the event of the suspension of communications with one or more Virtual WAN Device Models in a new subsidiary document?

Q2: Do you agree that the Virtual WAN Recovery Procedure should be treated as a VWKI SEC Document?

Responses received:

4. All respondents supported the proposals.

Government Response:

5. We propose to make the changes as set out in the consultation.

Obligations on Virtual WAN Device Manufacturers and Suppliers

Proposals:

6. It was proposed that the provisions of SEC Section F2.41(c) were overly onerous on Virtual WAN Device Manufacturers, because it prevents them from issuing reasonable charges for the ongoing support of Virtual WAN Devices following installation (e.g. ongoing maintenance and continued firmware development). We, therefore, proposed to remove it.
7. We also proposed that in order to avoid suppliers being in a potentially distressed position of being required to enter into arrangements with the VWD Manufacturer, outgoing Lead Suppliers[3] should be required to ensure where a Communications Hub relies upon a VWD, the VWD will continue to operate for a period of at least 28 days following the change of supplier event. It was intended that this will give the incoming supplier enough time to either enter into an agreement with the VWD Manufacturer for ongoing use of the device or to send an alternative replacement VWD to the consumer.

Consultation Questions Asked:

---

3 Where a Communications Hub supports Smart Metering Systems for both gas and electricity, the Import Supplier at the premises is the Lead Supplier. Where it supports a single Smart Metering System, it is the Gas Supplier or Import Supplier as relevant.

Q3: Do you agree with our proposal to delete F2.41(c)?

Q4: Do you agree with our proposed alternative obligation on outgoing suppliers on change-of-supplier and if so, do you agree with the proposed 28-day timescale?

Responses received:

8. The majority of respondents who commented supported the removal of Section F2.41(c) to remove the restriction on VWD manufacturers. One respondent disagreed stating that a change of Responsible Supplier in of itself should not cause any change of behaviour/communication issues with the VWD and that any future FW update to installed VWDs must not adversely affect its functions, in particular communication capability.

9. A number of comments were received on the proposed replacement obligation on the outgoing supplier. In particular:

   - One respondent believed that the proposed 28-day period was too short and that three months would be more appropriate to give incoming suppliers more time to react.

   - Three respondents supported the obligation in principle, but two believed that the proposed obligation on the outgoing supplier was overly onerous, inappropriate or not clear. It was suggested that the obligation should be more clearly linked to maintaining a contractual relationship with the device manufacturer to provide support for a period after the change-of-supplier event occurs. One respondent suggested that it would be helpful to develop revised wording and reconsult on it or discuss it with the SEC Panel's Operations Group. One respondent noted that following a change of supplier, the outgoing supplier has no visibility of the lost devices from a system/DCC perspective, and so cannot utilise diagnostic checks during the suggested period. Furthermore, they noted that the outgoing supplier does not have any ownership of the customer relationship at this point, and this, therefore, potentially introduces GDPR issues.

   - Following the SEC Panel's Operations Group meeting, we also received an additional comment from a Supplier Party stating that there were no ongoing charges under their arrangements with a VWD Manufacturer.

Government Response:

10. We continue to be of the view that it is appropriate to remove the existing Section F2.41(c). We agree that a change of supplier event should not cause a change of behaviour or communication issues or adversely affect the function of a VWD. Our proposal to alternatively place obligations on the outgoing supplier are intended to support this. It is noted that the change we are making is to lift the restriction on VWD Manufacturers such that maintenance charges are not precluded, but we are not requiring them to be applied.

11. We do accept that the proposed obligation for the outgoing supplier should be clarified, including for example so as to not imply that the outgoing supplier should be required to undertake a site visit or to interact with the consumer regarding the device. We believe that the focus of the obligation should be that the outgoing supplier should ensure that its arrangements with the VWD manufacturer mean that the VWD functionality of a VWD is not disabled or reduced for a period of 28 days following a change of supplier event. We developed alternative wording for this proposed obligation to address the concerns raised and discussed it with the SEC Panel's Operations Group as suggested on 30 June 2026[2].

12. In light of the discussions at the Operations Group and consultation responses received, we have not at this stage made changes to introduce the text into the SEC. Instead, we are inviting further views on our proposed revised draft which is as follows:

F2.46 Where a Supplier Party is the Lead Supplier for a Communications Hub at a Virtual WAN Reliant Premises, the Supplier Party shall ensure that its arrangements with the VWD Manufacturer provide that the VWD Manufacturer will not, until at least 28 days have *elapsed after a change of Lead Supplier, disable or reduce the Virtual WAN functionality of the Virtual WAN Device by reason only of the change of Lead Supplier.*

13. We consider that the revised text above focusses on arrangements with the VWD Manufacturer rather than referring to more general obligations on the outgoing supplier to ensure that the VWD remains in operation. In addition, it is focussed solely on the VWD functionality of the device.
14. We note the suggestion that the 28-day period should be extended to three months. However, we do not wish to place relatively long-term obligations on outgoing suppliers in relation to devices that are installed in premises that they no longer supply. Consequently, we continue to believe that a 28-day period is reasonable and can be kept under review in light of experience.

Subject to responses to this consultation we are proposing to:

i) Incorporate the above drafting into the SEC via a change the Virtual WAN Transition Document;

ii) Re-designate the Virtual WAN Transition Document to do this on 23 October 2026 (or as soon as reasonably practicable within one month thereafter) to coincide with the implementation of the other changes set out in this document that are being laid before Parliament.

iii) In due course, incorporate the revised wording into Section F via a change using Section 88 of the 2008 Energy Act.

New Consultation Questions

1. Do you have any comments on the proposed revised wording for F2.46?
2. Do you agree that the Virtual WAN Transition Document should be re-designated to incorporate the proposed wording into the SEC on 23 October 2026 (or as soon as reasonably practicable within one month thereafter)?

VWD ETSI Certification

15. We proposed changes to the assurance regime for VWDs to require independent test lab verification of VWDs that satisfies the Security Sub-Committee (SSC) that VWDs with a particular Device Model sufficiently meet the principles of ETSI EN 303 645.
16. It was proposed to afford a degree of discretion for the SSC to operate these arrangements in a flexible manner.
17. We also suggested that it would be helpful if the SSC would consider issuing guidance to VWD Manufacturers on the detail of how the process would work.

Consultation Questions Asked:

Q5: Do you have any comments on the proposals set out above?

Q6: Do you agree that it would be helpful for the SSC to produce guidance on the process?

Responses received:

18. The majority of respondents supported the proposals. One respondent believed that there should be additional transparency on the principles and areas of equivalence. A second respondent did not agree with the proposals if they were to be implemented before July 2027. They also suggested that worked examples or use cases should be provided, including to clarify what would be interpreted as being materially equivalent.

Government Response:

19. We continue to be of the view that the Security Sub-Committee (SSC) is in the best position to consider when these arrangements should come into effect, and for them to have a degree of

flexibility in their implementation. In light of the comments received, we have updated the drafting to require the SSC to consult with VWD Manufacturers prior to specifying a date from which the new requirements would take effect, and having published guidance on the application of the arrangements.

20. We expect the consultation to take place via an industry working group established by the SSC and that any manufacturer that wishes to be involved should contact the SSC at the following contact e-mail address ssc@talan.com.

Clarification of wording

21. We proposed a change to SEC Section F2.39 to clarify that Virtual WAN Devices are (by virtue of the VWAN functionality alone) Type 2 Devices and so they are not identified in the Central Products List and have no SMI Status unless the Device with the VWD functionality is a PPMID.

Consultation Questions Asked:

Q7: Do you agree with our new proposed wording?

Responses received:

22. All respondents agreed with the proposed changes.

Government Response:

23. We will make the change as proposed.

Governance of WAN Selection Arrangements (WANSA)

24. We proposed to move the governance of the WANSA document which is currently set out in the Virtual WAN Transition Document, to Section F of the SEC with any changes to the WANSA needing to be approved by the department.

Consultation Questions Asked:

Q8: Do you have any comments on the above?

Responses received:

25. Most respondents agreed with the proposed changes. One suggested that DCC should be able to change the document where:

   i. changes are needed to deliver local performance improvements (e.g. resolving communications or service performance issues) on a comms hub by comms hub basis;

   ii. system impacting / major incidents could be resolved via parameter changes (to restore expected service); and

   iii. changes could impact commercial and contractual positions – this should be managed through appropriate governance processes rather than consultation.

Government Response:

26. We do not believe that the WANSA document is intended to be used to manage VWCHs on a device-by-device basis. If there are specific circumstances in which it would be appropriate to modify settings for one or more devices, then we would be prepared to discuss those circumstances and if appropriate make changes to the document to allow the flexibility. Nor was the WANSA intended to be used to resolve system incidents – although again if there are specific proposed changes in this area, we would be prepared to consider them. We do not however agree that broad discretion should be given to the DCC to be able to modify the settings on individual or groups of VWCHs.

27. We will make the change as proposed in the consultation. Please note that we have recently modified the Virtual WAN Transition Document to recognise that there will be two versions of WANSA operating for an interim period of time (one applying to VWCHs with the Soft-Launch firmware version and the other to later “4G Release 2” VWCHs) and we are proposing to

continue this arrangement until such time as the Soft-Launch VWCHs are upgraded to the 4G Release 2 firmware version.

Reporting Obligations on the DCC

28. We proposed to require the DCC to provide monthly information on Virtual WAN to the department. The information we are seeking is intended to allow us to form a picture of how Virtual WAN is being used in practice, and the extent to which it is being used in prepayment mode.
29. The information would be available on request to the SSC. It is also proposed that DCC should make available information on the numbers and types of VWKI Certificates that have been issued where requested by the SMKI PMA.

Consultation Questions Asked:

Q9: Do you have any comments on the proposed reporting obligations on the DCC?

Responses received:

30. Most respondents agreed with the proposed changes or had no comments. One respondent suggested that the reports should also be made available to the SEC Panel’s Operations group.

Government Response

31. We will make the change as proposed in the consultation and in addition make the information available to the SEC Panel’s Operations Group on request.

Other

32. We also invited any other comments on the proposals.

Consultation Questions Asked:

Q10: Do you have any other comments on the issues raised in this consultation or on the proposed legal drafting changes in Annex 2.

Responses received:

33. One respondent pointed out a typographical error in Section F2.41(a), which we have corrected.

Next Steps

34. We propose to make the changes described above using the process set out under Section 89 of the 2008 Energy Act.
35. Responses to the questions set out at paragraph 14 in relation to the proposed revised drafting for continued operation of VWDs on a change-of-supplier event (and associated reasons) should be submitted to smartmetering@energysecurity.gov.uk by 17:00 on 21 August 2026.

Annex 2 –SEC Changes

Published separately – *change marked to show the changes made in response to consultation comments vs that originally consulted upon.*