

Stage 01: Modification Proposal

What stage is this document in the process?

01	Modification Proposal
02	Initial Modification Report
03	Draft Modification Report
04	Final Modification Report

SECMCP0021:

Increase the representation of the “Other SEC Party” category on the SSC and TABASC

The Proposer would like to increase the “Other SEC Party” representation on the SSC to three and on the TABASC to four.

The Proposer recommends that this Modification Proposal should be:



- progressed as a Path 3: Self-Governance Modification
- This Modification Proposal should be
- progressed through the Refinement Process



Potential Impact on:
Other SEC Parties

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Modification Proposal

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MODIFICATION PROPOSAL FORM V1.0

1. Proposer's Contact Details

Details of Proposer

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2. Modification Proposal Details

Mod Submission Date:	3 rd October 2016
Title of Mod Proposal:	Increase the representation of the "Others SEC Party" on the SSC and TABASC
Description in Detail of the Proposed Modification:	<u>Issue Description:</u> The "Other SEC Parties" Members has now become the largest membership group within the SEC Parties and their number is on the increase, though they are the least represented on the Panel Sub-Committees. I understand that companies join for different reasons and interests, some wanting to take an active role while others might not. The point here for us is to provide the mechanism for those who are interested in contributing and have things to offer as surely this will benefit us all. I also understand that the SMETS2 consultation back in 2014 sought views on security governance proposals. Part 2 of the government response outlined plans for a Security Sub-Committee (SSC) to be created under the SEC Panel to keep security arrangements under review and to consider whether they continue to be appropriately balanced against the SEC objectives and the wider threat and risk landscape. I am also aware of the responses received by large and small suppliers about the number of representatives. I am also aware of the small minority response stating the

importance of the Other DCC Users and groups that represents consumers. It was also acknowledged that membership within these communities may bring wider expertise and an additional perspective on security risk than otherwise represented on SSC.

Although the number of representation of these Other SEC Parties was not questioned during the consultation, this was probably due to a number of reasons. For example, the number of Other SEC Parties at the time, the lack of understanding by the industry of what the SEC is and what it will lead to. Surely things have moved since then, hence this modification.

The Other SEC Party membership covers a rich and wide type of companies. For example, Information Technology (IT), electricity meter manufacturers, gas meter manufacturers, Communications Hub manufacturers, In Home Display (IHD) manufacturers, smart home appliances, academics, communication, data handling, accounting and others. How can all be represented by a single seat on the SSC and two seats on TABASC? I am aware that Panel Sub Committee members (with the exception of the Change Board) are required to act independently and they are not representing a particular category or organisation and they are only voted on to the committee by that the Other SEC Party category. However, what I am arguing here is that a single 'Other SEC Party representative' on the SSC and two on the TABASC could be not enough. Therefore, a single seat or representation for all the Other SEC Party category on the SSC and two on the TABASC will not fully address the issues and the concerns that will be faced by the industry, especially in the immediate months during and after the DCC Live.

The Other SEC Party Category includes a diverse range of business with a wide range of experience that could benefit both the SSC and TABASC, so allocating more seats to that sector of the SEC Party and allow more individuals to join, represent and contribute to these sub committees. This will serve to enhance the knowledge and will help it doing its job and deliver to all sector of the industry.

I sincerely hope that we do not underestimate the impact the lack of representation brings and take the necessary steps in increasing the number of representatives of that category especially as we embark on the roll out. Who is to know what issues we will find and face? Hence, we need strong input from the wider sector of the industry. Keeping the Other SEC Party membership on the SSC and TABASC at the current membership levels will not benefit anyone, while increasing the representation and allow others from participation will bring the expertise and the experience which will benefit all and help us moving forward and faster.

This is especially important given that the Other SEC Party category has become the largest group with a very diverse range of business activities and backgrounds. The current SSC and TABASC membership could also give the impression that the program is only interested in the richer part of the industry which could imply a lack of transparency that has been adopted by BEIS throughout the SMIP so far. The industry can't seriously afford this, as the lack of representation for the "Other SEC Party" could be viewed as unfair as it is not proportional to their size and business coverage when compared with the allocation given to other type of categories with the SEC Parties. Surely this is how it could appear to that sector of members who are underrepresented.

We should avoid and minimise the possibility of taking the wrong decision, this would surely be improved by seeking a wider expertise. What if for example a certain topic or issue was misunderstood and the wrong decision was reached? This will definitely have a disastrous consequence, as it would lead those affected to question the process and setting of these committees and will cause a loss of trust.

BEIS has always promoted and adopted a transparent approach. This has been proven to work, benefited us all, delivered and got us to where we are.

I do understand that we have a membership scheme with different level of duties, DCC charges, and position. However, we should not let this stop the reflection of the wider SEC Party membership, within the Other SEC party category, needs. Other SEC Parties interest and fairness should always be equally reflected and maintained. We are all facing the same challenges, hence there should be a greater number nominated and elected by Other SEC Party members to ensure that all matters and impacts are considered. Anything less will give the wrong message to existing and future Other SEC Parties. It is better for the program to be well represented than to be under represented. The benefit is that the additional resources will only serve to improve the various processes and benefit all SEC Parties.

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Further, new changes to the SEC is consulted within the industry, so members have the opportunity to address and suggest their views. However, this is not always possible as consultations could land at busy times, and also consultations receive many conflicting views and some could negate others when reviewed. Therefore, this can't substitute for direct involvement, where members get early opportunity to discuss the topics and make knowledgeable decisions.

The Solution:

The SSC seat allocation is addressed in the SEC while for the TABASC they are decided by the SEC Panel, I hence propose to add the TABASC seat allocation to the SEC just like the SSC.

I propose to increase the number of members that are voted on to the:

- SSC by the Other SEC Party category to three; and
- TABASC by the Other SEC Party category to four.

No changes are proposed to the membership of the SMKI PMA or the Change Board as I believe and trust that the membership of these two sub-committees are balanced and have the needed representation. Therefore, the modification is limited to the SSC and TABASC membership.

This proposed modification will surely enhance both committees and help them moving forward. It will also reflect positively on the current Other SEC Parties and will send a good message to any future companies that are considering acceding to the SEC and indeed to current Other SEC Parties that are considering becoming DCC Users.

3. Path Type and Urgency Recommendation

Proposer's recommendations on Path Type (delete as appropriate)

Path 3 – Self-Governance Modification Proposal

Statement for recommended Path Type:

The Modification Proposal has no material impact on DCC or User System and therefore should proceed as a Path 3 Self-governance – Modification Proposal.

Statement of whether Proposal is intended to be Fast-Track Modification (only Panel may raise this type of modification):

N/A

Is the Proposal Urgent? (delete as appropriate)

No

Statement of whether Proposal should be treated as an Urgent Proposal:

Although the Modification Proposal does not meet the Ofgem Urgency Criteria, there is a preference to have this modification in place (if approved) as soon as possible. Hence I would appreciate if this modification is implemented as soon as possible, either as part of the June 2017 Release or sooner as an ad-hoc amendment to the relevant SEC Sections.

4. Modification Impact Assessment

4.1 SEC Objectives

Facilitation of SEC Objectives	Tick
General SEC Objectives (C1.1)	
(a) the first General SEC Objective is to facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain;	☐
(b) the second General SEC Objective is to enable the DCC to comply at all times with the General Objectives of the DCC (as defined in the DCC Licence), and to efficiently discharge the other obligations imposed upon it by the DCC Licence;	☐
(c) the third General SEC Objective is to facilitate Energy Consumers' management of their use of electricity and gas through the provision to them of appropriate information by means of Smart Metering Systems;	☐
(d) the fourth General SEC Objective is to facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy;	☒
(e) the fifth General SEC Objective is to facilitate such innovation in the design and operation of Energy Networks (as defined in the DCC Licence) as will best contribute to the delivery of a secure and sustainable Supply of Energy;	☐
(f) the sixth General SEC Objective is to ensure the protection of Data and the security of Data and Systems in the operation of this Code;	☐
(g) the seventh General SEC Objective is to facilitate the efficient and transparent administration and implementation of this Code.	☒
Transition Objective (X1.2)	
X1.2 The objective to be achieved pursuant to Section X: Transition is the efficient, economical, co-ordinated, timely, and secure process of transition to the Completion of Implementation.	☐
Charging Objectives (C1.3) (in respect of the Charging Methodology)	

C1.4 The First Relevant Policy Objective: (a) applies in relation to Smart Metering Systems installed (or to be installed) at Domestic Premises; and (b) requires the Charging Methodology to ensure that Charges (other than Charges for Elective Communication Services) in respect of such Smart Metering Systems do not distinguish (whether directly or indirectly) between Energy Consumers at Domestic Premises in different parts of Great Britain.	☐
C1.5 The Second Relevant Policy Objective is that, subject to compliance with the First Relevant Policy Objective, the Charging Methodology must result in Charges that: (c) facilitate effective competition in the Supply of Energy (or its use) under the Electricity Act and the Gas Act; (d) do not restrict, distort, or prevent competition in Commercial Activities that are connected with the Supply of Energy under the Electricity Act and the Gas Act; (e) do not deter the full and timely installation by Energy Suppliers of Smart Metering Systems at Energy Consumers' premises in accordance with their obligations under the Energy Supply Licence; and (f) do not unduly discriminate in their application and are reflective of the costs incurred by the DCC, as far as is reasonably practicable in all of the circumstances of the case, having regard to the costs of implementing the Charging Methodology.	☐
C1.6 The Third Relevant Policy Objective is that, subject to the Compliance with the First and Second Relevant Policy Objectives, the Charging Methodology must result in Charges that: a) facilitate effective competition in the Supply of Energy (or its use) under the Electricity Act and the Gas Act; b) do not restrict, distort, or prevent competition in Commercial Activities that are connected with the Supply of Energy under the Electricity Act and the Gas Act; c) do not deter the full and timely installation by Energy Suppliers of Smart Metering Systems at Energy Consumers' premises in accordance with their obligations under the Energy Supply Licence; and d) (d) do not unduly discriminate in their application and are reflective of the costs incurred by the DCC, as far as is reasonably practicable in all of the circumstances of the case, having regard to the costs of implementing the Charging Methodology.	☐

Statement of how the proposed variation would better facilitate the achievement of the SEC Objectives:

This Modification Proposal will enhance the activities of the two specified Panel Sub-Committees as it widens its membership and helps bring the experts and those who are willing to help. It will also be a true reflection and transparent to SEC Parties.

By increasing the number of these Sub-Committees, they will be viewed by the industry as a fairer representation as more Others SEC Party members will have the opportunity to nominate their candidates. It will also encourage parties to vote as this will bring a choice of candidates and offer them choice, as industry will obviously vote to experts that relates and understand their field and market. Therefore if we only allow a single seat then only one would get elected, however if we allow more seats, then more get elected.

(d) the fourth General SEC Objective is to facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy;

This modification supports this objective because it will include representation from the wider sector of the industry that work with and alongside the energy suppliers. A better and strong representation from this sector is beneficial to both the industry and energy suppliers.

(g) the seventh General SEC Objective is to facilitate the efficient and transparent administration and implementation of this Code.

This modification supports this objective because having a greater level of Other SEC Party membership on the TABASC and SSC will bring extra knowledge and expertise to address the views of that sector of the market. This will strengthen the above statement and help achieve it. It will also avoid any potential disagreements.

4.2 Impacts

Statement of impact on Greenhouse Gas Emission:

No Impact

Statement of impact on which parts of the SEC would need amending (e.g. proposed legal drafting):

SEC Section G7.3 would need to change as to reflect the new number of Other SEC Party Members to the SSC.

Section F1 of the SEC will need to be modified to reflect the new number of Other SEC Party Members to the TABASC.

Statement of impact on likely changes to other Energy Codes:

No impact.

Statement of impact on likely Party Categories:

Large Supplier Parties	☐	Small Supplier Parties	☐
Electricity Network Parties	☐	Gas Network Parties	☐
Other SEC Parties	☒		

Other SEC Parties are impacted here because they need to provide the nomination and take part in the election.

Statement of impact on Consumers:

Please indicate how this change will affect end users.

Statement of impact on Central Systems:

DCC Systems	☐	User Systems	☐
Smart Metering Systems and/or Communications Hubs	☐	Other (i.e. on Smart Metering Key Infrastructure, or security)	☐

N/A

5. Proposed Timetable

Proposed Timetable for Modification Proposal:

Considering where we are in the rollout, I would appreciate if this modification is implemented as soon as possible, either as part of the June 2017 Release or sooner as an ad-hoc amendment to the relevant SEC sections.

Note the timetable assumes progression as a Path 3 Modification Proposal and therefore does not include Authority Determination.

6. Additional Information

Additional information:

The proposal, if successful, will help to move the work forward and will help enhance the Sub-Committees, which is beneficial to all those involved, suppliers, device manufacturers, service provider and SEC. We are working to deliver the solution, this is a system that contains many elements that are supplied by various business section, and so we should treat and reflect the interest of all involved.

APPENDIX 1: Glossary of Terms

The table below illustrates useful definitions of the terms used in this form. If you require any further information please contact the [SECAS Helpdesk](#).

Term	Definition
DCC Systems	Means the Systems used by the DCC and/or the DCC Service Providers in relation to the Services and/or this Code (Section A1, SEC Stage 3.0). The Proposer may wish to consider anticipated impacts on the DCC Licensee's enterprise systems (e.g. billing) or the Data Service Provider or Communications Service Providers.
Fast-Track Modifications	Means Modification Proposals (Path 4 Modifications) to correct typographical or other minor errors or inconsistencies to the Code (Section D2.8, SEC Stage 3.0).
General SEC Objectives	Has the meaning given to that expression in Section C1 (SEC Objectives) (Section C1, SEC Stage 3.0). The SEC Objectives are those objectives that the SEC has been designed to achieve.
Greenhouse Gas Emission	Means emissions of Greenhouse Gases, as defined in section 92 of the Climate Change Act 2008 (Section A1, SEC Stage 3.0).
Other Systems	Other systems identified in the section Statement of Impact on Central Systems. The Proposer may wish to consider Prepayment vendors, Electricity Central Online Enquire Service (ECOES), Single Centralised Online Gas Enquiry Service (SCOGES), BSC Settlement Systems, etc.
Path Type	Means the Modification Path to be followed in respect of a Modification Proposal. The type of Path will depend upon the nature of the variation proposed in the Modification Proposal (D2.1, SEC Stage 3.0). The four Modification Paths under the SEC are: • Path 1 Modifications: Authority-led (Section D2.4/D2.5, SEC Stage 3.0) • Path 2 Modifications: Authority Determination (Section D2.6, SEC Stage 3.0) • Path 3 Modifications: Self-Governance (Section D2.7, SEC Stage 3.0) • Path 4 Modifications: Fast-Track Modifications (Section D2.8, SEC Stage 3.0)

Party Category	Means one of the following categories: (a) the Large Supplier Parties collectively; (b) the Small Supplier Parties collectively; (c) the Electricity Network Parties collectively; (d) the Gas Network Parties collectively; or (e) the Other Sec Parties collectively. (Section A1, SEC Stage 3.0).
Smart Metering Systems	Means a system installed at premises for the purposes of the Supply of Energy to the premises that, on the date it is installed, as a minimum; (a) consists of the apparatus identified in; (b) has the functional capability specified by; and (c) compiles with the other requirements of, the Smart Metering Equipment Technical Specification that is applicable at the date (Section A1, SEC Stage 3.0). In summary, this includes: • Gas Smart Metering Equipment; • Electricity Smart Metering Equipment; • In Home Display; • Prepayment Interface Device; and • HAN Connected Auxiliary Load Control Switch.
Urgent Proposal	Means a Modification Proposal deemed an Urgent Proposal where the Authority directs the Panel to treat the Modification Proposal as an urgent Proposal (whether following a referral by the Panel pursuant to Section D4.5, or at the Authority's own initiation) (Section D4.5/D4.6, SEC Stage 3.0).
User Systems	Means, in respect of each User (DCC User), the Systems of that User (including, where relevant, those of its Supplier Nominated Agent) used in relation to the Services and/or Smart Metering Systems (Section A1, SEC Stage 3.0). The Proposer may wish to consider Suppliers; Network Operators; Registration Data Providers; Other DCC Users (e.g. Authorised Third Parties / Switching Sites); Supplier Nominated Agents.