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SECMP0069 'EU Exit Changes'

Modification Report Version 1.0

Administered by



About this document

This document is the Modification Report for [SECMP0069 'EU Exit Changes'](#). It provides detailed information on the background, issue, solution, costs, impacts and implementation approach. It also summarises the discussions that have been held and the conclusions reached with respect to this Modification Proposal.

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This document also has two annexes:

- **Annex A** contains the redlined legal text changes to the Smart Energy Code (SEC) required to deliver the proposed solution.
- **Annex B** contains a summary of the Smart Energy Code Administrator and Secretariat's (SECAS's) assessment of the changes needed to the SEC for this modification.

1. Summary

On 23 June 2016 the UK voted to leave the European Union (EU). Following the United Kingdom (UK) Government triggering Article 50 of the Lisbon Treaty, the date of the UK's exit from the EU was set at 29 March 2019. Ofgem have requested all Code Administrators prepare the Modifications and legal text changes needed in the event that the UK leaves the European Union in a 'No Deal' scenario.

Work has been undertaken to identify all European references within the SEC and establish what changes will be needed if European Law no longer applies to the UK. These changes will be required on 'Exit Day' which is currently set at 29 March 2019, but will also be required in the event that the UK leaves the EU at a date, not yet set, in the future following a Withdrawal Agreement and/or a Transitional Period. This modification seeks to implement these changes.

No impact is anticipated on any SEC Parties to implement these changes, and costs will be limited to SECAS time and effort in implementing the changes to the SEC. This modification is targeted for implementation on the date the UK leaves the EU, or as soon as possible thereafter.

2. Background

What is the issue?

On 23 June 2016 the UK voted to leave the European Union. The UK Government triggered Article 50 of the Lisbon Treaty, setting the exit date at 29 March 2019, and immediately began exit negotiations. Following two years of negotiations, the current situation remains unclear but could end in one of three ways:

- The UK secures a Withdrawal Agreement with a Transitional Period;
- The UK leaves the EU with another agreement; or
- The UK leaves the EU with 'No Deal'.

Ofgem have requested all Code Administrators to prepare Modifications and legal text changes for a 'worst-case' 'No-Deal' scenario. SECAS has performed an assessment of the changes needed, consulting with the SEC Lawyer, relevant Sub-Committees and the Data Communications Company (DCC) where needed to ensure accuracy.

The changes identified will need to be made to the SEC if and when the UK leaves the EU. This applies if there is 'No Deal' but also in future, if exit day is delayed or agreed for a future date following a Transitional Period as part of any Withdrawal Agreement negotiated by the UK government.

SECMP0069 was raised by Centrica on 28 January 2019 to resolve this issue.

3. Solutions

Proposed Solution

SECMP0069 seeks to update the SEC for the changes needed when the UK leaves the EU. All changes identified are non-material in nature, either by removing references to EU bodies from the SEC or clarifying the directives that would or would not apply following the UK's exit from the EU.

Assessment of the changes needed

SECAS identified all the European references within the SEC and set out the legal text changes that are needed in the event that EU Law no longer applies to the UK. SECAS sought legal advice which confirmed that the wording of many references means they do not need to be removed. The results of SECAS' assessment can be found in Annex B.

There were four references that SECAS sought specific advice on:

- SECAS sought the views of the Smart Meter Key Infrastructure (SMKI) Policy Management Authority (PMA) at their meeting on 15 January 2019 regarding the reference in SEC Appendix C 'SMKI Compliance Policy' paragraph 2.2 to Article 3(2) of Directive 1999/93/EC on a Community framework for electronic signatures. The SMKI PMA confirmed that the reference could either remain or be removed, and it was decided that the reference should remain to ensure an appropriate standard of working and security.
- SECAS sought legal advice from the SEC Lawyer on Appendix H 'CH Handover Support Materials' Annex C on references to the European Telecoms Standards Institute ETSI EN 300 019-1-.1 Class 1.2 in paragraph 1.2(b) and to the European Telecoms Standards Institute ETSI EN 300 019-1-.2 Class 2.3 in paragraph 1.3(b). The SEC Lawyer agreed that these could be retained.
- SECAS sought legal advice on Section A 'Definitions and Interpretation' on the definition of "Notification", which refers to EU Directive 2015/1535/EU. The SEC Lawyer agreed that this could be removed.
- SECAS sought legal advice on references in Schedules 8, 9 and 10 to the use of 'Euros'. Whilst the SEC Lawyer agreed these could be removed, technical assessment found that changes to these sections would require an update of each section. This would potentially incur financial costs for what is essentially an unnecessary change (as this functionality is not currently used) as well as the potential to reduce the battery life in gas meters by requiring a firmware update. The references to 'Euros' will therefore be retained for now and raised as an 'Issue' at the Technical Specifications Issue Resolution Subgroup (TSIRS).

Legal text

The changes to the SEC required 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

This modification is expected to have no impact on SEC Parties.

DCC System

This modification will have no impact on DCC Systems.

SEC and subsidiary documents

The following parts of the SEC will be impacted:

- Section A 'Definitions and Interpretation'
- Schedule D 'Modification Process'

Other industry Codes

This modification will have no impact on other industry codes.

Greenhouse gas emissions

This modification will have no impact on greenhouse gas emissions.

5. Costs

DCC costs

There will be no impacts on DCC costs as a result of this modification.

SECAS costs

The estimated SECAS cost to implement this modification is two days of effort, amounting to approximately £1,200. The activities needed to be undertaken for this are:

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

SEC Party costs

There will be no impacts on SEC Party costs as a result of this modification.

6. Implementation approach

Recommended implementation approach

We recommend an implementation date of:

- **UK EU Exit Day** (as determined by the UK Government) if a decision to approve is received no later than one Working Day before this date; or
- **One Working Day following decision** if a decision to approve is received on or after the UK EU Exit Date.

If a decision is made under Self-Governance, the modification would be implemented no earlier than the first Working Day after the referral period ends.

This will allow us to implement the changes on 29 March 2019 or as soon as possible thereafter, if the UK leaves with no deal on this date. Alternatively, if the UK government reach an agreement for the UK to exit the EU on a later date the changes will take effect on that alternative date.

7. Conclusions

Benefits and drawbacks

The Proposer has identified the following benefits and drawbacks in implementing this modification:

Benefits

- Updating the SEC to provide clarity and remove any unnecessary burden on SEC Parties.

Drawbacks

- No drawbacks were identified.

Proposer's rationale against the General SEC Objectives

Objective (g)¹

The Proposer believes that SECMP0069 will better facilitate SEC Objective (g), by allowing any references in the SEC to EU Law to be removed or changed to bring the SEC in line with UK Law.

Sub-Committee views

On 15 January 2019 the SMKI PMA discussed Appendix C 2.2:

The quality requirements specified in this Part 2.2 are that the SMKI Independent Assurance Scheme must be a scheme: (a) which is recognised as an accreditation scheme for the purposes of Article 3(2) of Directive 1999/93/EC on a Community framework for electronic signatures

This obligation requires SEC Parties to comply with the EU standard for electronic signatures. One SMKI PMA member suggested that this should be taken out as it will no longer be relevant if the UK leaves the EU. Another member indicated that this reference was included at the inception of the SEC to ensure there was harmony across Codes. Another member suggested there was no reason to take it out as it is a standard that all Parties are using successfully. They feel it is a good standard and, as the SEC quotes a specific version of the standard, any updates would not apply unless SEC Parties agreed the update was needed. The SMKI PMA therefore decided that the standard should remain.

¹To facilitate the efficient and transparent administration and implementation of this Code.

Appendix 1: Glossary

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

Glossary	
Acronym	Full term
DCC	Data Communications Company
EU	European Union
PMA	Policy Management Authority
SEC	Smart Energy Code
SECAS	Smart Energy Code Administrator and Secretariat
TSIRS	Technical Specifications Issue Resolution Subgroup
SMKI	Smart Meter Key Infrastructure



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