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Action:	For Decision
<u>Acronyms and Defined Terms SEC Glossary</u>	

Consultations Update – January 2026

1. Purpose

This paper outlines the key messages that will be used for the response to the following open consultations:

- DESNZ consultation on proposed changes to the Network Evolution Transition and Migration Approach Document (NETMAD) in SEC Appendix AU;
- Ofgem consultation on the proposed Forward Work Programme for 2026 to 2027;
- Ofgem consultation on competitive code manager selection for energy code reform; and
- DCC consultation on updates to the go-live arrangements for the Future Service Management (FSM) programme.

The Panel is requested to discuss the messages outlined for each consultation and delegate approval of the final responses to the Panel Chair.

2. Proposed changes the NETMAD

Ofgem published [this consultation](#) on 17 December 2025, with responses invited by 26 January 2026. However, the SEC Panel has secured an extension to 28 January. This consultation seeks views on proposed changes that aim to introduce a new obligation on the DCC to procure external funding to fund the reimbursement amounts payable to energy suppliers.

The key messages we propose the SEC Panel response focuses on are:

- **Proposed updates to the NETMAD** – Support the amendments to the NETMAD to require the DCC to finance its payments to energy suppliers for the costs of site visits for 2G/3G Communications Hub-only swap-outs for SMETS2 in the Central and South regions.

- **Application of interest to late payments** – Support the proposal in principle and agree that applying interest to retrospective reimbursements can help ensure fairness and consistency with established SEC arrangements. Seek assurance that delays will be tightly controlled and limited to no more than two months, and request clarification on the cost and complexity of introducing an interest-calculation process to the payment system, given the relatively limited benefit expected.
- **Re-designation into the SEC** – Agree in principle that the NETMAD should be redesignated into the SEC in mid-February; however, seek rationale as to why a specific implementation date has not been provided.

3. Proposed Forward Work Programme for 2026 to 2027

Ofgem published [this consultation](#) on 12 December 2025, with responses invited by 12 February 2026. This consultation seeks views on Ofgem's proposed work programme for the year ahead which will be published by 31 March 2026.

The key messages we propose the SEC Panel response focuses on are:

- **Code governance reform** – Support the overarching objectives of code governance reform. Emphasise the importance of establishing early clarity on timelines, roles, and sequencing for SEC transition activities, alongside strong coordination across codes to prevent conflicting or overlapping changes during 2026–27.
- **Digitalisation, data, and consumer consent** – Support the objectives of improving data use and strengthening consumer control. Stress the need for alignment across codes and proportionate implementation timelines, particularly where SEC changes are contingent on DCC systems or Party IT changes.
- **DCC transition and regulation** – Welcome the commitment to ensuring a smooth DCC transition and highlight the need for regulatory and operational continuity throughout the process, particularly for SEC governance, assurance activities, and SEC Parties during the transition period.
- **Smart metering, MHHS, and flexibility** – Support the direction of travel, but emphasise the need for careful sequencing between MHHS, flexibility initiatives, and SEC changes to manage delivery risk and avoid unnecessary regulatory burden and costs on Parties.
- **Prioritisation and regulatory load** – Note the cumulative impact of multiple concurrent reforms on code bodies and Parties and encourage Ofgem to maintain transparency on prioritisation and phasing of code-related deliverables.

4. Competitive Code Manager selection

Ofgem published [this consultation](#) on 8 December 2025, with responses invited by 23 January 2026. However, the SEC Panel has requested an extension to 30 January. This consultation seeks views on Ofgem's proposed approach to evaluating code manager candidates as part of a competitive licensing assessment, and on the amended draft guidance.

The key messages we propose the SEC Panel response focuses on are:

- **Selection assessment approach** – Agree with the proposals set out in the consultation, covering scoring methodology, word limits, weighting structure, and the tie breaking process.
- **Competitive Code Manager Selection** – Supports the introduction of competitive Code Manager selection where this is proportionate and deliverable, in line with Ofgem’s Energy Code Reform objectives. However, for certain complex and system-critical codes, such as the SEC, the primary risk arises from changing the Code Manager itself rather than from the absence of competition. These codes rely on deep, specialist expertise and significant institutional knowledge that is unlikely to be readily available in the market and would require a lengthy, complex, and costly transition to replicate. In such cases, continuity, delivery assurance, and effective risk management should take precedence over competition. Early clarity on scope and expectations, efficient and well-designed selection processes, and the avoidance of unnecessary transition costs are essential to protect consumer outcomes.

5. FSM updates to go-live arrangements

DCC published [this consultation](#) on 5 January, with responses invited by 30 January. This consultation seeks views on changes to the requirements for the migration of historical data for the FSM programme.

The key messages we propose the SEC Panel response focuses on are:

- **NETMAD updates** – Agree with DCC’s proposed amendments to the NETMAD for the migration of historical DSMS data.
- **Re-designation into the SEC** – Agree with the proposed redesignation date for the NETMAD of 27 February 2026 (or as soon as reasonably practicable within one month thereafter).

6. Recommendations

The Panel is requested to:

- **DISCUSS and COMMENT** on the key messages for the consultations detailed in the paper; and
- **AGREE** to delegate approval of the final responses to the SEC Panel Chair.

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19 January 2026