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

Smart Data Futures Project Update

1. Background

Following agreement from the SEC Panel in late 2025, SECCo has utilised the services of Ctrl-Shift, a boutique consulting firm, specialising in smart data concepts, industries and capabilities, to support the Smart Data Futures project. This paper following provides a summary of both the extensive research and recommendations of this work and requests the Panel approves the next steps of immediate action.

2. Smart Energy System Summary

The UK smart energy system is at a structural inflection point. Decisions made during 2026–2028 on data governance architecture, cost allocation and market access will determine whether regulated participants retain value in the Smart Data economy or cede it to unregulated platform incumbents with no obligations to UK consumers, the grid, or the public interest.

The project has identified three key findings:

a) The system is fragile

- Investor confidence is fragile and market concentration is rising.

b) The cost model is broken

- Costs are locked onto regulated incumbents; benefits are migrating to unregulated actors.

c) The window of opportunity is closing

- The value of the energy Smart Data pool is currently estimated to be in excess of £31bn¹, but approximately 60% of this could accrue to non-regulated (ie non Ofgem-licenced or Code Body accredited) actors under current trajectory.

¹ Calculated from the long-list of potential opportunities identified throughout the project by evaluating 38 different potential business opportunities. £31bn is the upper end of the opportunity spectrum; £9.4bn is the lower end.

- Crucial data architecture choices on consent and data repositories (such as CCS and SDR) are being made now. Architectural choices made in 2026–2028 will lock in value pool distribution for the next decade. Given this, there is a danger that non-regulated participant dominance may become structurally irreversible after 2028.

SECCo has a unique and time-limited asset: governance authority over core data exchange capabilities across the energy system, combined with multi-fuel neutrality and no commercial stake in who captures Smart Data value. As the only body that can credibly act as interoperability enabler without conflict of interest, SECCo is positioned to define the governance architecture before hyper-scalers (AWS, Google etc) and other unregulated participants lock in proprietary alternatives by virtue of their sheer scale and trans-national business models. However, to maintain this positioning, immediate action is needed; the 2026–2028 window is narrow and closing.

Therefore, the project recommends the following actions:

- Lead** structured cross-code coordination;
- Note** the strategic positioning as part of future SECCo strategy considerations;
- Define** further Smart Data capabilities that can be mutualised; and
- Instigate** the development of an Energy Smart Data Value Creation Roadmap.

We wish to immediately progress actions (i) and (ii) and outline these in more detail in Section 3 below. Actions (iii) and (iv) will be progressed at a later stage following the creation and initial discussions of the cross-code coordination and as our strategic positioning develops and engagement with the SEC Panel (including the next SEC Panel Strategy Day) and wider industry continues through Q1 and Q2 2026 – these are discussed in Section 4.

3. Immediate Actions

3.1 Lead cross-code coordination

A Cross-Code Coordination function is the single highest-leverage, no-legislation-required intervention identified across all three focus areas. Current, segmented projects including Data Repositories, Consumer Consent and Identity Standards may lock in incompatibility and risk interoperability within their stated delivery windows, a fracture at the precise junction that Smart Data architecture depends upon. Recovery from that fragmentation would take time and money that the sector doesn't have.

This opportunity also allows the SEC to continue to build its reputation as a knowledgeable voice within the industry – developing further from our responses to public consultations and our involvement in cross-industry work such as the Energy Codes Reform.

We have identified cost savings by implementing automated Code Administration and Smart Data capability mutualisation:

- SEC and DCC acting in concert could generate an estimated saving of £12m per annum (~1%).
- However, if this could be achieved cross-code, the savings increase to an estimated £172m per annum (~18%). This would equate to £4.84 on every customer bill.

3.2 Strategic positioning: Establish leadership in smart data co-ordination and governance across the sector

We will focus the objectives of wider co-ordination on reducing cost and increasing value to industry. Therefore, we will take a more proactive and strategic approach in positioning the SEC (and the tools available to us) as the natural leader to deliver a better and more holistic approach to managing Smart Energy data.

We will develop a co-ordinated communications and stakeholder management approach to ensure effective engagement with other Code Bodies and to influence industry parties and stakeholders. This will drive towards a more mutualised approach across industry, attempting to realise benefits for a wide range of market participants and, ultimately, consumers.

The approaches above supports the SEC Objective to “facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems”, and can be delivered under existing obligations in the SEC Section C12 2.3 (I)².

4. Additional Actions

In addition to the detail outlined in Section 3 above (relating to actions (i) and (ii), the following provides a high-level view of actions (iii) and (iv) for information on the further direction.

4.1 Define further Mutualisable Smart Data Capabilities

We intend to commission a 12-week sprint to define three to five mutualisable infrastructure functions (e.g., developer sandbox and onboarding; shared assurance reporting; shared rule interpretation tooling; shared architecture baselines; and shared governance services). We will utilise the cross-code coordination function we establish to help support and prioritise these functions.

We will then work with the TABASC to publish an authoritative technical baseline, including proposed market modelling and scenarios based on different incentives and payment models (e.g., a beneficiary-based charging model that includes unregulated participants).

4.2 Instigate the Development of an Energy Smart Data Value Creation Roadmap

We will share SECCo’s new archetype-based segmentation and new value business modelling with SEC stakeholders. This will form a foundation for engagement with wider industry and energy system stakeholders including existing UK Research & Innovation assets (such as Energy Catapult, Smart Data Catapult, Smart Energy Data Service, DESNZ Innovation Hub) to build an Energy Smart Data Value Creation Roadmap. This roadmap will detail capabilities and mechanisms to facilitate cooperation to address systemic and legacy energy market models. This, in turn, will unlock new

² [The Panel shall] establish (and, where appropriate, revise from time to time) joint working arrangements with the panels, committees and administrators responsible for the governance and operation of other Energy Codes, in order to facilitate the timely: (i) identification, co-ordination, making and implementation of changes to other Energy Codes consequent on a Draft Proposal or Modification Proposal (and vice versa).

value and accelerate the green transition and facilitate equitable and well-functioning energy Smart Data markets.

5. Recommendations

The Panel is requested to:

- **AGREE** that SECCo initiates a cross-code coordination Working Group, mandating SECCo executive engagement with RECCo, Elexon, NESO, Xoserve, Ofgem and DESNZ within Q2 2026; and
- **NOTE** the strategic positioning assessment, incorporating the wider vision for the SEC to clearly establish its position as the smart data governance facilitator via cross code and wider industry collaboration.

Oli Meggitt, Senior Strategy Manager

Rob Parvin, Smart Energy Data Architecture Manager

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