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| **Paper Reference:** | **SECP_63_1412_12** |
| **Action:** | **For Decision** |

# SECMP0059 Modification Report

## 1. Purpose

SECMP0059 'Amendments to SEC Security Assessments for Non-Domestic Suppliers and Other Users' has undergone the Refinement Process and the Working Group has now completed its assessment of the areas requested by the Panel and prepared the Modification Report. We are recommending that this modification be progressed to the Report Phase and that the Panel approves the Modification Report, the implementation approach, and that SECMP0059 is a Self-Governance Modification.

This paper provides a high-level summary of the key points. Full details can be found in the draft Modification Report in Appendix A.

## 2. Summary of the proposal

**What is the issue?**

***Non-domestic energy Suppliers***

The SEC sets out the arrangements for the type of User Security Assessment for the second and subsequent User Security Assessment for Suppliers who supply gas and/or electricity to Domestic Premises. However, the SEC is silent on the arrangements for the second and subsequent User Security Assessment for Suppliers who supply gas and/or electricity to Non-Domestic Premises. This has resulted in high levels of queries being sent to SECAS from non-domestic energy Suppliers asking for clarification on the nature of the second and subsequent User Security Assessment.

***Other Users***

At present, the SEC sets out the arrangements for the annual User Security Assessments for Other Users after the initial Full User Security Assessment. Other Users are required to have a Self-Assessment in year two and a further Self-Assessment in year three. The Security Sub-Committee (SSC) considers that the security profile for the Other User role has changed since the existing SEC obligations for security assurance were established and that a Self-Assessment in the second year is no longer proportionate to the security risks.

**What is the Proposed Solution?**

***Non-Domestic Suppliers***

The SSC proposes that the SEC should explain the arrangements for the type of User Security Assessment for the second and subsequent User Security Assessment for Suppliers who supply gas and/or electricity to Domestic Premises. The SSC has proposed that the threshold for the supply of Non-Domestic Premises for which determines the type of User Security Assessment Supplier Parties are subject to, be set at 50,000, which if exceeded will obligate the Supplier Party to undergo a Full User Security Assessment every year. To consider the risk associated to Supplier Parties with a combined portfolio of Domestic and Non-Domestic Premises, the SSC has proposed an equation that where the sum exceeds 250,000, the Supplier Party will also undergo a Full User Security Assessment every year. If the Supplier Party does not exceed the defined criteria, they will be subject to a Full Assessment in year one, a Verification User Assessment in year two, and a User Self-Assessment in year three.

***Other Users***

The SSC proposes to align the User Security Assessments for Other Users in SEC Section G8.47 with the existing arrangements for Small Suppliers. For clarification the proposed User Security Assessment guidelines for Other Users have been set out below:

- Year 1 – The Other User will schedule a Full User Security Assessment;
- Year 2 – The Other User will schedule a Verification User Security Assessment;
- Year 3 – The Other User will schedule a User Security Self-Assessment.

## 3. Proposed progression

We believe that this modification is now ready to progress to the Report Phase.

**Self-Governance**

The Panel previously agreed on 14 September 2018 that SECMP0059 should be progressed as a Self-Governance Modification Proposal.

**Implementation approach**

The Working Group recommends an implementation approach of:

- 28 February 2019 (February 2019 SEC Release) if a decision to approve is received by 14 February 2019; or
- 10 Working Days following approval if a decision to approve is received after 14 February 2019.

## 4. Recommendations

The Panel is requested to:

- **AGREE** that SECMP0059 should be progressed to the Report Phase;
- **APPROVE** the Modification Report;
- **APPROVE** the implementation approach; and
- **AGREE** that SECMP0059 should be progressed as a Self-Governance Modification.

**Joe Hehir**

**SECAS Team**

**7 December 2018**

**Attachments:**

- **Appendix A:** SECMP0059 Modification Report
  - **Annex A:** SECMP0059 Legal Text
  - **Annex B:** SECMP0059 Working Group Consultation Responses