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# SEC Panel Approved Budget

**2019 – 2022**

Effective 1st April 2019

## Change History

VERSION	STATUS	ISSUE DATE	AUTHOR	COMMENTS
0.1	Draft	28/09/2018	SECAS	Initial Draft release for PFCG Review
0.2	Draft	04/10/2018	SECAS	Panel initial review
0.3	Draft	07/12/2018	SECAS	Panel second review
0.4	Draft	04/01/2019	SECAS	Consultation version, post Panel comments
0.5	Draft	08/01/2019	SECAS	Figures corrected
0.6	Final	08/03/2019	SECAS	Revisions made following consultation, and Panel approval

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## 1. Summary

The Smart Energy Code (SEC) requires the SEC Panel to develop a 3-year budget for consultation in January of each year.

In April 2018 the current 2018-19 Approved Budget was set at £6,767,775. At that time the SEC Panel also approved an Estimated Budget for the 2019-20 financial year of £6,816,810.

After reviewing the estimate set last year versus anticipated activities, the SEC Panel Budget for 2019-20 (effective 1 April 2019) is now £7,753,956. This is an increase of £937,146 against the Estimated Budget for 2019-20.

### 1.1 SEC Panel Challenge

The SEC Panel take their responsibility for setting the SEC budget very seriously. They are conscious of the cost challenges faced by the industry and as such seek a balance between prudent provisions, quality of service, flexibility and economic efficiency.

Over the next financial year there will be significant change within the Smart Metering market. Governance is changing from a transitional regime to the enduring operational approach at a time when the roll out rate is increasing exponentially, and operational issues are coming to the fore. We are already seeing a number of challenges arising in the areas of security, technical operations and governance and do not expect this work to dissipate in the short term.

Despite the growing workload, and uncertainty over issues in an operational regime, the Panel has worked hard with SECAS to keep costs down and within budget. The Panel continually examine the costs to ensure there is value for money, balanced with ensuring there is sufficient budget to address any known issues.

### 1.2 Budget Control

Any expenditure against the budget set out in this document requires approval and oversight from the SEC Panel and SECCo Board. The SECCo Board provide oversight of the budget and control the spend against the budget based on quarterly reports and monthly updates.

Activities undertaken by SECAS team members are reported to the Panel and SECCo Board through the Operations and Management Reports on a monthly basis. In addition, an aggregated view of timesheet reports is provided to the SECCo Board as an attachment to the Management Report.

Furthermore, SECAS present a quarterly report to the Board which includes an estimate of the costs, timescales and resources required to deliver the expected activities during the up-coming quarter. The report also includes actuals against estimated costs for the previous quarter.

### 1.3 Overview of Budget

Table 1 below provides an overview of the 2019/20 Approved Budget, segmented by each budget category and their associated budget lines. This is presented alongside the 2018/19 Approved Budget, Estimated Outturn for 2018/19 and the Estimated 2019/20 budget for comparison.

Any variances in each budget line are set out below in section 1.4.

Sections 2 – 5 of this document provide a breakdown of each budget category and give further detail on the drivers behind the budget.

Budget Category	2018/19		2019/20		
	Approved Budget	Estimated Outturn	Estimated Budget	Approved Budget	Variance Approved vs. Estimated
<b>SECCo and Panel Operations</b>	<b>£727,500</b>	<b>£732,700</b>	<b>£784,500</b>	<b>£760,651</b>	<b>£23,849</b>
<b>SECAS Services –</b>					
Core Delivery Team	£3,490,000	£3,480,000	£3,594,700	£3,755,769	£161,069
Community of Expert Resource	£1,232,000	£1,415,000	£1,240,000	£1,240,000	£0
Support Costs	£288,000	£217,000	£250,000	£235,300	£14,700
Accommodation Costs	£198,000	£224,000	£188,000	£198,000	£10,000
<b>SECAS Services Sub-Total</b>	<b>£5,208,000</b>	<b>£5,335,700</b>	<b>£5,272,700</b>	<b>£5,429,069</b>	<b>£156,369</b>
<b>Projects</b>	<b>£510,000</b>	<b>£290,000</b>	<b>£435,000</b>	<b>£1,195,000</b>	<b>£760,000</b>
Contingency (5%)	£322,275	£0	£324,610	£369,236	£44,626
<b>Total</b>	<b>£6,767,775</b>	<b>£6,358,700</b>	<b>£6,816,810</b>	<b>£7,753,956</b>	<b>£937,146</b>

**Table 1: Overview of 2019/20 Budget against 2018/19 Approved Budget**

#### 1.4 Variance from 2018/19 Approved Budget and 2019/20 Estimated Budget

This section sets out a summary of the key variances of the 2019/20 Approved Budget compared to the 2018/19 Approved Budget and 2019/20 Estimated Budget. This is only a summary of the variations - a further detailed explanation on variations in each budget line can be found in sections 2-5 of this document.

The key variations include:

- SECCo and Panel Operations category has increased by £33,151 (from £727,500 to £760,651) compared to the 2018/19 budget. This is predominantly due to an increase in the budget for independent chairs of £31,000 (from £396,000 to £427,000). This additional provision is in line with the actual outturn from 2017/18 and the current run rate from 2018/19.

The Approved 2019/20 Budget total of £760,651 is, however, £23,849 lower than the estimate provided in the 2018/19 Approved Budget due to a decrease in the provision for legal expenses of £50,000 (from £100,000 to £50,000).

- SECAS Services budget category has increased by £221,069 (from £5,208,000 to £5,429,069) compared to the 2018/19 Approved Budget. This is an increase of £156,369 when compared to the estimate provided for 2019/20. This is due to the following variations:
  - An increase in Core Delivery Team of £265,769 (from £3,490,000 to £3,755,769) when compared to the 2018/19 budget. Of this figure, £77,249 is due to the uplift in CPI (as per contractual arrangements) of 2.1%. The remainder provides for additional members in, and restructuring of, the Core Delivery Team required to deliver SECAS obligations at an appropriate level and expertise. As noted in the sections above, the workload over the last year has increased and is set to remain high in the foreseeable future. In addition, SECAS is aware that it could improve the service provided to customers and take a more proactive approach in managing the Code; comments supported by our customers in the recent industry survey. However, improvements to processes and services cannot be made without reinforcing the Core Delivery Team which provides these functions. With additional support within the team we do expect that costs in other areas of the budget will decrease over the next 3 years, namely the time and effort provided by Independent Chairs and the central costs of the User CIO. When compared to the size and cost of teams supporting more established Codes in a more certain and stable environment, these additional costs seem proportional.
  - The Community of Expert costs remain the same as those estimated in the previous budget. There is a slight increase of £8,000, when compared to the 2018/19 budget, in the security section of Community of Expert costs, to supplement any additional privacy expertise that may be required as ad hoc support. The Panel have scrutinised this area closely. The original intent was that the CoE area should decrease, as knowledge from those who helped establish the SEC transferred to the Core Delivery Team. This transfer of knowledge has occurred. However, the function of the CoE support has evolved over time. The CoE team are there as a resource that can be called down as required when looking at more technical issues or for one off projects that have been established throughout the year. Having this resource set in this way is more economic and efficient than building the resource into the Core Delivery Team. For example, the CoE supporting the Security area can be ramped up or down depending on the level and complexity of assessments being undertaken. Equally,

predicting the size, type and impact of Modifications that have yet to be raised is difficult at this stage of the SEC's development. Having a pool of resource that can support when required allows for greater flexibility and more proactive management of the Code and its obligations.

- A £10,000 increase in meeting room costs based upon the outturn from this financial year. This would align with the 2019/20 Approved Budget.
- A decrease of £50,000 (from £250,000 to £200,000) in centralised User CIO costs reflecting the effort in reducing these costs over the 2018/19 year and the plans to further reduce in the upcoming financial year.
- SEC Project category has increased by £685,000 compared to the 2018/19 Approved Budget, and an increase of £760,000 when compared to the Estimated Budget for 2019/20. This is driven by the Panel's view on the number and scale of projects required to be delivered in the first year of live operations, covering areas such as Data Quality, SMETS1 Device Assurance, SMETS1 enrolment, Security Threats, and Annual Security Obligations.
- The Contingency budget has been maintained at 5% to ensure there is provision to cover the level of uncertainty surrounding the budgets required to deliver the projects within the first year of live operations. Once these projects have been further scoped out, the respective budget will be transferred from Contingency into the Projects Category.

## 2. SECCo and Panel Operations

### 2.1 Overview

The budget for the SECCo and Panel Operations category is set out in Table 2 below. It includes the following budget lines:

- Panel and SECCo Board Operations – which covers any costs associated with the Panel and SECCo Board Members, or contractual requirements;
- Sub-Committee Expenses – to cover any potential expenses for each governance entity;
- Independent Chairs and Specialist Resource – provisions to cover the expenditure on Independent Chairs and any specialist resource required; and
- Systems – provides for costs incurred for systems that are maintained on behalf of the Panel and SECCo.

Description	2018/19 Approved Budget	2019/20 Estimated Budget	Budget Lines	2019/20 Approved Budget	Variance Approved vs Estimated
Panel and SECCo Board Operations	£155,000	£164,000	1. Panel Members	£163,801	-£199
	£25,000	£25,000	2. SECCo	£25,000	£0
	£50,000	£100,000	3. Legal	£50,000	- £50,000
	£7,500	£7,500	4. SEC Party Engagement Day	£5,500	- £2,000
	£11,000	£11,000	5. Customer Satisfaction Survey	£10,350	- £650
<i>Sub Total</i>	<b>£248,500</b>	<b>£307,500</b>		<b>£254,651</b>	<b>-£52,849</b>
Sub-Committee Expenses	<b>£30,000</b>	<b>£30,000</b>	6. All Sub-Committees	<b>£30,000</b>	<b>£0</b>
Independent Chairs and Specialist Resource	£50,000	£50,000	7. SMKI Specialist	£35,000	- £15,000
	£216,000	£218,000	8. SSC and SMKI PMA Independent Chair	£200,000	-£18,000
	£58,000	£58,000	9. TABASC Independent Chair	£72,000	£14,000
	£72,000	£72,000	10. OPSG Independent Chair & OPSG Independent Specialist	£120,000	£48,000
<i>Sub Total</i>	<b>£396,000</b>	<b>£398,000</b>		<b>£427,000</b>	<b>£29,000</b>
Systems	£15,000	£15,000	11. Website Maintenance	£15,000	£0
	£30,000	£30,000	12. Business Process Modelling	£30,000	£0
	£8,000	£4,000	13. File Sharing Solution	£4,000	£0
<i>Sub Total</i>	<b>£53,000</b>	<b>£49,000</b>		<b>£49,000</b>	<b>£0</b>
<b>Total</b>	<b>£727,500</b>	<b>£784,500</b>		<b>£760,651</b>	<b>-£23,849</b>

**Table 2: SECCo and Panel Operations Budget Line Provision Detail**



## 2.2 Assumptions and variations

The following assumptions/notes have been made for each budget line within Table 2. Where there are variations from the 2018/19 Approved Budget, and from previous budget estimates, these are also explained.

### Panel and SECCo Board Operations

1. Panel Members – forecast composed of Panel Chair remuneration and Panel Member expenses. It covers the SECCo Board, SEC Panel and Panel Finance and Contracts Sub-Group (PFCG) meetings, and any liaison with other Codes.

There is an increase of £8,801 compared to last year's budget. This is based upon the current run rate of costs from this financial year and includes a 2.7% RPI uplift in Panel Chair Remuneration.

The total of £163,801 is £199 less than the estimated budget.

2. SECCo – cover for audit, tax and insurance. This budget line remains in line with previous year's budget and the estimated 2019/20 figure.
3. Legal – a provision for general legal counsel based upon the forecast out-turn for 2018/19.

There is a decrease of £50,000 from the estimated budget due to a reduction at the end of the 2017/18 financial year. It is, however, in line with the 2018/19 Approved Budget.

4. SEC Party Engagement Day – held in July each year in line with SEC Section C2.3(k). The provision covers the venue hire and facilities, and represents a £2,000 reduction on prior years further to the removal of printing costs.
5. Customer Satisfaction Survey (CSS) – this provision allows for the annual contractual CSS, at a cost of around £6,000. It also includes budget of £4,350 to undertake the SEC portion of the annual cross-code survey introduced by Ofgem in 2017.

In 2018/19 it was estimated that the cost of the cross-code survey would be £5,000. The cost of the survey has since been fixed at £4,350. The budget has consequently been reduced by £650.

### Sub-Committee Expenses

6. Sub-Committee Expenses – Sub-Committee expenses are based on the Panel Expenses Policy with a provision of circa £217 per meeting. This budget remains in line with previous year's budget and the estimated 2019/20 figure.

### Independent Chairs and Specialist Resource

7. SMKI Specialist – a provision for the support to the SMKI Policy Management Authority (SMKI PMA) as outlined within SEC Section L1.14(a). This amount is based on current contractual arrangements with the SMKI Specialist.

The number of days the SMKI Specialist is contracted for has been reduced. Consequently, there is a reduction of £15,000 (£50,000 to £35,000).

8. Security Sub-Committee (SSC) and SMKI PMA Independent Chair<sup>1</sup> – a provision for the Independent Chair for both the SSC and the SMKI PMA, including specialist activities and support. This is based on current contractual arrangements, 2018/19 forecast outturn and 2017/18 actual outturn.

<sup>1</sup> The Independent Chairs for each of the Sub-Committees are contracted on the same terms

The budget line for both SSC and SMKI chair has been reduced by £18,000 based upon actual outturn in 2017/18 and current run rate from the 2018/19 budget.

9. TABASC Independent Chair – a provision for the Independent Chair of the Technical Architecture and Business Architecture Sub Committee (TABASC), including specialist activities and support. This is based on current contractual arrangements, 2018/19 forecast outturn and 2017/18 actual outturn.

The TABASC chair provision has been increased by £14,000 (from £58,000 to £72,000). This reflects the actual outturn in 2017/18 and the current run rate from the 2018/19 budget.

10. Operations Group Independent Chair – this provision captures activities of both the Independent Chair for the Operations Group as well as an Independent Expert to support the Operations Group. This is based on current contractual arrangements, 2018/19 forecast outturn and 2017/18 actual outturn.

This budget provision has increased £48,000 (from £72,000 to £120,000). This reflects the actual outturn in 2017/18 and the current run rate from the 2018/19 budget. It also includes a £20,000 provision for Independent Specialist resource to support the Operations Group.

## Systems

11. Website Maintenance – to cover second line support from the external website provider. First line support is provided by SECAS through its Community of Experts (CoE). This provision is based on £675 per month as per the contractual arrangements with the Service Provider, a reduction from £750 per month in previous years. An additional £7,000 has been included to cover any enhancements required to the Website over the period.
12. Business Process Modelling – in line with the current Memorandum of Understanding between SECCo and the Master Registration Agreement Service Company (MRASCo), this provision covers the shared service costs for Casewise. Costs have also been included for any required updates to the Business Architecture Model.
13. File Sharing Solution – a provision for Egress as the solution to provide confidential file sharing for all Governance Committees and the User CIO to share User Security Assessment reports with Parties. The provision relates to the annual licence and platform support.

### 3. SECAS Services

#### 3.1 Overview

SECAS are required to undertake code management tasks and activities as described within SEC Sections C7.2 and C7.3, which at a high level specify:

- Advising and supporting governance entities in the delivery of obligations and improvements that better facilitate the objectives of the SEC;
- Establishing and managing the proceeding of governance entities, including the nominations and elections of Members;
- Advising and supporting the planning and progression of parties through accession and user entry processes. This includes the co-ordination of activities with the DCC and the Competent Independent Organisation;
- Providing and procuring services and expertise as prescribed or required from time to time by the Panel;
- Advising, planning and managing the progression of modifications and releases, including the publication of the Modification Register; and
- Acting in accordance with the principles of the Code Administration Code of Practice (CACoP).

The SECAS Services budget has the following four budget lines:

#### 1. Core Delivery Team

The Core Delivery Team consists of a range of grades that have developed within the team, or have joined as part of the expansion of the services since initial designation of the SEC.

The team structure has continued to evolve to absorb the new services required and to continue to deal with the increased workload as the SEC becomes fully operational. Where possible, the team is embedding appropriate knowledge from the CoE resource to drive cost efficiencies. Further detail on the core SECAS team structure is provided in Section 3.3 of this document.

#### 2. Community of Expert (CoE) Resource

The Core Delivery Team is supported by named individuals within the CoE for SECAS project work and provides specialist in-depth technical and security expertise as required.

The CoE effort is not included within the Core Delivery Team forecasted budget and is included as a separate provision under each Service Area to allow further control and oversight over this flexible resource. The CoE resource is used on a call-off basis when demand requires and spend is controlled on a monthly basis through the management report, and at a work package level on a quarterly basis.

#### 3. Support Costs

Costs to cover any required spend on expenses (such as required memberships or licences) and any Service Provider costs (such as User CIO costs).

#### 4. Accommodation Costs

This includes meeting rooms, Panel Chair office and contractor space rental in line with previous Panel Approved Budgets.

In order to make the budget more transparent, we have separated out the Accommodation Costs from the other SECAS Services so that the drivers behind each service area are more easily understood.

Section 3.2–3.3 of this document covers the SECAS Services budget by Service Area, whilst section 3.4 details the budget for Accommodation Costs.

### 3.2 Service Areas

Since establishment of the SEC in September 2013, the SECAS services have grown in line with development of the SEC and through requests from the Panel and its Sub-Committees. An enhanced and intelligent SECAS function is now provided covering the following Service Areas:



Table 3 below sets out the 2019/20 budget provisions for each Service Area, splitting the Service Area into Core Delivery Team costs, Community of Expert (CoE) resource costs and any Support Costs as described in Section 3.1.

Service Area	2019/20 Approved Budget			Total
	Core Delivery Team	Community of Expert Resource	Support Costs	
Committee Support	£903,259	N/A	N/A	£903,259
Technical & Operational Activities	£682,803	£250,000	£1,800	£934,603
Security & Privacy	£682,803	£640,000	£201,500	£1,524,303
Change Management	£892,189	£350,000	N/A	£1,242,189
Party Engagement & Support	£594,714	N/A	£32,000	£626,714
<b>TOTAL</b>	<b>£3,755,769</b>	<b>£1,240,000</b>	<b>£235,300</b>	<b>£5,231,069</b>

**Table 3: 2019/20 SECAS Services Budget Line Provision**

A comparison of the 2019/20 Approved Budget compared to the 2018/19 Approved Budget and Estimated 2019/20 budget is set out in Table 4 below. Any variation in budget is explained as part of the breakdown of each Service Area detailed in the following Sections 3.2.1 – 3.2.5.

In the previous budget the Committee Support function had been smeared across the other service areas. However, in order to provide greater granularity and oversight we have separated out Committee Support as a distinct service area.

Description	2018/19 Approved Budget	2019/20 Estimated Budget	Budget Lines	2019/20 Approved Budget	Variance Approved vs. Estimate
<b>Committee Support</b>	£830,000	£854,900	Core Delivery Team	£903,259	£48,359
	N/A	N/A	Community of Expert	N/A	N/A
	N/A	N/A	Support Costs	N/A	N/A
<i>Sub Total</i>	<b>£830,000</b>	<b>£854,900</b>		<b>£903,259</b>	<b>£48,359</b>
<b>Technical Operations</b>	£625,000	£643,750	Core Delivery Team	£682,803	£39,053
	£250,000	£250,000	Community of Expert	£250,000	£0
	£1,000	£1,000	Support Costs	£1,800	£800
<i>Sub Total</i>	<b>£876,000</b>	<b>£894,750</b>		<b>£934,603</b>	<b>£39,853</b>
<b>Security &amp; Privacy</b>	£470,000	£484,100	Core Delivery Team	£682,803	£198,703
	£632,000	£640,000	Community of Expert	£640,000	£0
	£253,000	£215,000	Support Costs	£201,500	-£13,500
<i>Sub Total</i>	<b>£1,355,000</b>	<b>£1,339,100</b>		<b>£1,524,303</b>	<b>£185,203</b>
<b>Change Management</b>	£995,000	£1,024,850	Core Delivery Team	£892,189	£132,661
	£350,000	£350,000	Community of Expert	£350,000	£0
	N/A	N/A	Support Costs	N/A	N/A
<i>Sub Total</i>	<b>£1,345,000</b>	<b>£1,374,850</b>		<b>£1,242,189</b>	<b>£132,661</b>
<b>Party Engagement &amp; Support</b>	£570,000	£587,100	Core Delivery Team	£594,714	£7,614
	N/A	N/A	Community of Expert	N/A	N/A
	£34,000	£34,000	Support Costs	£32,000	-£2,000
<i>Sub Total</i>	<b>£604,000</b>	<b>£621,100</b>		<b>£626,714</b>	<b>£5,614</b>
<b>Total</b>	<b>£5,010,000</b>	<b>£5,084,700</b>		<b>£5,231,069</b>	<b>£146,369</b>

**Table 4: 2019/20 SECAS Services Budget line detail**

A breakdown of each of the above Service Areas is provided in the following sections.

### 3.2.1. Committee Support

2018/19 Approved Budget	2019/20 Estimated Budget	Budget Lines	2019/20 Approved Budget	Variance Approved vs. Estimate
£830,000	£854,900	Core Delivery Team	£903,259	£48,359
N/A	N/A	Community of Expert	N/A	N/A
N/A	N/A	Support Costs	N/A	N/A
<b>£830,000</b>	<b>£854,900</b>		<b>£903,259</b>	<b>£48,359</b>

#### Core Delivery Team Activities

The Committee Support function provides not only support to the SEC Panel and SECCo Board, but also meeting management services to the regular and ad hoc committee meetings. It is anticipated that we will provide support for 138 standard meetings over the 2019/20 period, which does not take into account other ad hoc meetings that are required during the period.

The following types of activities are included under this budget category for each SEC committee:

- Meeting attendance, secretariat, and other post meeting activities as required;
- Maintenance of action logs and decision logs;
- Liaison with the Independent Chair on specific items of business, approval of meeting agendas, gaining input on required actions;
- Liaison with the DCC and BEIS in relation to specific agenda items and preparation for each meeting;
- Maintenance of Risk Registers and Activity Planners;
- Financial reporting, development of annual budgets (including engagement with the PFCG) quarterly Work Packages, re-forecasting activities and support to the annual SECCo audit;
- Undertaking Company Secretariat activities for SECCo Ltd;
- Undertaking scheduled elections and any ad hoc elections required; and
- Member support, including maintenance of distribution lists.

#### **Variations**

There is an increase of circa £18,500 within this budget category when compared to the 2018/19 budget to reflect the contractual CPI uplift of 2.1%. There is also an additional increase of circa £54,500 to provide for additional team members and leadership. Due to the number of meetings and the scope and understanding of subject matter, we believe these changes are necessary to respond to customer needs, make improvements and deliver an exceptional service. This figure is £48,359 higher than the estimated 2019/20 budget.

#### **Forward look – years 2 and 3**

It is anticipated that this budget category should remain stable for years 2 and 3 of the budget with the exception of the contractual CPI uplift, unless additional sub-committees are established by the Panel.

### 3.2.2. Technical & Operational Activities

2018/19 Approved Budget	2019/20 Estimated Budget	Budget Lines	2019/20 Approved Budget	Variance Approved vs. Estimate
£625,000	£643,750	Core Delivery Team	£682,803	£39,053
£250,000	£250,000	Community of Expert	£250,000	£0
£1,000	£1,000	Support Costs	£1,800	£800
<b>£876,000</b>	<b>£894,750</b>		<b>£934,603</b>	<b>£39,853</b>

#### Core Delivery Team Activities

Technical Operational activities support the work undertaken by the Testing Advisory Group (TAG), Technical Architecture Business Architecture Sub Committee (TABASC) and the Operations Group (OPSG). The following activities are included under this provision:

- Processing submissions of the Certified Products List, including undertaking validation, liaising with the submitter, publication on the Website, extracting and digitally signing the file and submitting to the DCC, and informing all Parties of the updates to the CPL. Assumption of effort is based on the current Submissions Process;
- Development and continuous improvement of the CPL Submissions Process, including liaison with the DCC;
- Supporting the routine maintenance of the Technical Architecture Document and the Business Architecture Document.
- Supporting the Issues Process, liaising with SEC Parties, Technical Experts, Sub-Committees and the DCC on solutions and workarounds;
- Reviewing and liaising with the DCC / BEIS / Ofgem on the DCC reporting suite, specifically the monthly DCC Performance Report;
- Supporting the Technical and Business Expert Community (TBEC), including managing any nominations and providing regular updates on TABASC activities;
- Maintenance of Issues Log and updating Parties as and when required;
- Maintenance of Design Notes, including updating, as required, in line with SEC releases;
- Providing support for ad hoc requests from the OPSG, TAG and TABASC;
- Supporting the DCC with development of any testing documentation required for upcoming releases, including providing review comments as required;
- Interaction with transitional and DCC-led groups as required, including Technical and Business Design Group (TBDG), Technical Specification Issue Resolution Subgroup (TSIRS), Technical Design and Execution Group (TDEG) and Design Forum.



## Variations

There is an increase of circa £14,000 within this budget category when compared to the 2018/19 budget to reflect the contractual CPI uplift of 2.1%. There is also an additional increase of circa £44,500 to provide for additional team members and support.

The work undertaken by the team in supporting TAG, TABASC and the OPSG has been intensive over the last year and it is not expected to dissipate during the 2019/20 period. Additional resourcing is required to support the team in its activities and to provide a suitable level of contingency and succession planning. This will be important as we move from a phase of exploratory operations by DCC and Users, into full scale installation and operations.

The Approved Budget is £39,853 higher than the estimated 2019/20 budget.

## Forward look – years 2 and 3

It is anticipated that this budget category should remain stable for years 2 and 3 of the budget with the exception of the contractual CPI uplift.

### Community of Expert Resource Activities

A provision has been included for technical expertise sourced from the CoE to provide ad hoc activities to support the TABASC, TAG and Operations Group. This expertise includes those who have been involved with the technical aspects of the Smart Metering Implementation Programme (SMIP), and therefore have the in-depth knowledge and expertise to support the activities below.

The intention of the CoE resource is that it is demand led and is therefore more cost effective than budgeting for such expertise as permanent members of the team.

Activities expected throughout 2019/20 include:

- Reviewing impacts on the Technical and Business Architecture Documents, including assessing where change is required from approved Modification Proposals and any BEIS-led change;
- Supporting releases of the Business Architecture Model. It is assumed that three releases will be required per year in line with the current Panel Release Management Policy;
- Providing expert support and knowledge on User and DCC Testing requirements as required, e.g. input into testing documentation reviews, attendance on weekly testing update calls; and
- Any ad-hoc support required in relation to the technical and operational aspects of the SEC, e.g. providing expert knowledge required to support the helpdesk, CPL submissions, advice on issue resolution, dispute resolution and events of default.

## Forward look – years 2 and 3

The CoE support for Technical Operations is very much demand led, so it is difficult to predict with certainty the level of support that will be required. Whilst we expect the levels of support to remain fairly consistent in year 2, we do believe there will be a reduction in support as the operational environment settles down as we approach year 3, unless more detailed technical groups need to be established as the DCC operations ramp up. This has been reflected in the forecast in section 6.



### Support Costs

A provision of £1,800 has been included for the DLMS User Association annual membership fee. The TABASC agreed in June 2017 that SECAS should become a member to enable access to the DLMS specifications. It is assumed that this membership will continue throughout 2019/20 and subsequent years.

### **Variations**

There is an increase of £800 to reflect the increase in membership fees.

### **Forward look – years 2 and 3**

It is assumed that membership fees will rise at a rate of circa £500 per year. As such these figures have been used in the estimates for years 2 and 3.

### **3.2.3. Security & Privacy**

2018/19 Approved Budget	2019/20 Estimated Budget	Budget Lines	2019/20 Approved Budget	Variance Approved vs. Estimate
£470,000	£484,100	Core Delivery Team	£682,803	£198,703
£632,000	£640,000	Community of Expert	£640,000	£0
£253,000	£215,000	Support Costs	£201,500	-£13,500
<b>£1,355,000</b>	<b>£1,339,100</b>		<b>£1,524,303</b>	<b>£185,203</b>

### Core Delivery Team Activities

SECAS are required to support a number of activities in relation to the security and privacy obligations in the Code. The area of security is a new one to the industry, and as the processes and obligations become clearer, the activities surrounding the security infrastructure have increased. This provision provides for SECAS to undertake the obligations as set out in the SEC, to support Parties through their security assessments and to proactively manage the User CIO.

The following activities are provided for within this Service Area:

- Administering the booking process for Users' Security and Privacy Assessments;
- Providing support to Parties through the Assessment process. This includes setting up secure areas on the file sharing site to enable the sharing of confidential information, and providing helpdesk support via a dedicated security mailbox. Over the last year, the SECAS team have supported 41 Parties through the assessment process;
- Administering and attendance on engagement calls with Parties in the lead up to their User Assessments;
- Requesting, logging and responding to feedback received from Parties in relation to the Security / Privacy Assessment process;
- Liaison with the User CIO in relation to assessment booking, the Assessment process, and updates to documentation;

- Development and continuous improvement of the Security and Privacy Assessment process, including developing and monitoring a feedback mechanism; and
- Supporting the Security Incident Management Process, including liaising with Parties, handling any sensitive information, communications to SEC Parties and liaising with the SSC, Security Experts and the DCC on appropriate resolution.

## Variations

There is an increase of £169,303 within this budget category when compared to the 2018/19 budget. This not only takes into account the 2.1% CPI uplift, but takes into consideration an increase in resource to support the security obligations. There have been challenges over the last year due to the focus on security assessments rather than other SEC obligations within Section G, and providing the necessary support to Parties. The increased headcount within the team would also provide additional resource to support the wider functions of the SSC, and greater management of the User CIO would increase the quality of service and reduce overall costs for Parties.

The Approved Budget is £185,203 higher than the estimated 2019/20 budget.

## Forward look – years 2 and 3

It is difficult to predict the requirements for years 2 and 3 as we are still within the first couple of years of security assessments, which are still within the theory based review rather than practical based assessments. We have held the rates in line with the CPI uplift at this stage.

## Community of Expert Resource Activities

The CoE support to the Security and Privacy Service Areas covers 2 FTE in line with previous years budgets and current run-rate. The resource required is to cover specialist activity to be undertaken by accredited security professionals. The FTE requirement is expected to continue at the current run-rate, however is not expected to be transferred into the Core Delivery Team, to allow flexibility in call-off against the high-end resource i.e. the resources will only be utilised if demand requires. It should be noted that the CoE now includes effort previously budgeted to a BEIS seconded security expert. We expect such efficiencies to continue.

The following activities are provisioned for:

- Undertaking the validation stage of the User Security Assessment Process. This involves reviewing the User Security Assessment Report and the Management Response against any observations;
- Attendance at the Security Sub-Committee meetings to provide expert advice and support;
- Providing security expertise on any security incidents raised;
- Updating the Security Controls Framework and Privacy Controls Framework following direction by appropriate governance entity;
- Identification of detailed security impacts on any Modification Proposals raised; and
- Support to any activities outlined in the SEC and as directed by the SSC Chair.

## Variations

There is an additional provision of £8,000 compared to 2018/19 Approved Budget, for a Data Privacy Expert to support any Privacy Assessment validation required and any updates to the Privacy Controls Framework. This is expected to be required with more Parties requesting privacy assessments as DCC operations ramp up.

## Forward look – years 2 and 3

It is anticipated that this budget category will remain the same for year 2 and 3, however there is a chance that support will be required to progress the type of assessments within the process cycle and in helping to support the growing number of privacy assessments that will also need to be processed.

### Support Costs

As outlined in the SEC, the costs for the User CIO, in relation to undertaking the Security and Privacy Assessments, will be charged directly to Users via Explicit Charges from the DCC.

In addition to the specific assessment costs, the User CIO also undertakes activities to support the Security and Privacy Assessment processes. It has previously been agreed that the costs associated with these activities are centralised and not attributed to any one Party. Therefore, a budget provision of £200,000 has been included to allow for:

- The attendance of the User CIO at Security Sub-Committee meetings;
- Attending engagement sessions for Parties in the form of seminars and tailored individual workshops;
- Any additional support that may be required in line with the SEC provisions. For example, the User CIO providing advice on the suitability of any remedial action plan as a consequence of an Event of Default; and
- Undertaking such activities as required in further relation to SEC Section G8.

This budget provision is based on the current run rate, which is expected to remain at the same level over the next 12 months as Parties begin to undertake their second-year assessments. The provision remains at this level in years 2 and 3 of the budget, although it is expected that efficiencies will be made during this time.

A £1,500 provision has also been included to cover costs in relation to any subscription required to the British Standards Institution (BSI) in order to keep up to date with any changes to the standards referred to within the SEC e.g. ISO27001.

## Variations

Due to efficiencies made over the last year we have reduced the central CIO cost by £50,000. We have also reduced the costs of subscription to BSI from £3,000 to £1,500 to better reflect the estimated cost.

## Forward look – years 2 and 3

It is anticipated that the additional support and resource being introduced within the Core Delivery Security team, will lead to further reductions in the User CIO costs over the next few years. We have already seen a reduction in the central costs due to the efforts put in this financial year and believe this reduction can continue. We also expect to see a reduction in costs as Parties become more accustomed to their User Assessments and less reliant on the support provided by the CIO.

### 3.2.4. Change Management

2018/19 Approved Budget	2019/20 Estimated Budget	Budget Lines	2019/20 Approved Budget	Variance Approved vs. Estimate
£995,000	£1,024,850	Core Delivery Team	£892,189	- £132,661
£350,000	£350,000	Community of Expert	£350,000	£0
N/A	N/A	Support Costs	N/A	N/A
<b>£1,345,000</b>	<b>£1,374,850</b>		<b>£1,242,189</b>	<b>-£132,661</b>

#### Core Delivery Team Activities

The Modification Process was switched on in February 2016, with SECAS being required to support Modification Proposals through the process in line with the requirements set out in the Code. Since the switch on of modifications, SECAS have supported the raising of over 60 Modification Proposals.

The volume of Modification Proposals being raised is expected to continue at the current rate as Users commence Mass Rollout and identify areas of improvement and/or issues that require resolution. Therefore, the provision is based on 16 Modification Proposals being raised throughout the year.

The following Core Team activities will be undertaken to support the Modification Proposals through the process:

- Drafting and reviewing of Initial, Draft and Final Modification Reports for each Modification Proposal in the Process;
- Liaising with the DCC regarding Preliminary Assessments and Impact Assessments of Modification Proposals and solution development;
- Liaising with the Proposers of Modification Proposals and providing Critical Friend support throughout the process;
- Undertaking Critical Friend activities before the formal raising of a Modification Proposal, including undertaking a review of the Modification Proposal Form submitted;
- Facilitating and chairing Modification Working Groups;
- Hosting a Modifications Question Hour on a monthly basis, involving preparation, managing attendees, attendance and any post-teleconference follow-up required;
- Liaison with the Authority regarding final determinations on Modification Proposals;
- Administering the Modifications Process in accordance with the CACoP, including providing up-to-date guidance on the process;
- Implementing and undertaking actions as required to undertake continuous improvement to the Modifications Process; and
- Providing secretariat and administrative support to the Change Board and Working Groups.

Also included in this Service Area, are the SECAS activities required to support enduring SEC Releases, such as configuration management and oversight of releases in line with the Panel release management policy.

## Variations

There is a reduction of £102,811 within this area, compared to 2018/19 Approved Budget. This reflects both the movement of resource to other areas of the team, where support can be better utilised, and also the reallocation of more ad hoc support away from the Core Delivery Team and into the CoE team, where more flexible resourcing is appropriate (for example, supporting change focused projects such as development of the release management policy and reviewing the framework for the delivery of Modifications).

## Forward look – years 2 and 3

It is anticipated that this budget category should remain stable for years 2 and 3 of the budget with the exception of the contractual CPI uplift. However this is dependent on the number of modifications - if this exceeds 16 per annum, then additional support will be required from the Community of Experts on a call off basis.

### Community of Expert Resource Activities

In line with the previous Approved Budget, a provision of £350,000 for technical expertise has been included to support Modification Proposals through the Modifications Process. The Modification Proposals raised to date are, in the majority, very technical in nature and as a result, require in-depth technical analysis and solution development. To date, technical experts have been involved in the development of the Initial Modification Reports (IMRs), participation in the discussions at the Working Group meetings, and ad-hoc support of the modifications through the Refinement Process. The provision covers the following activities:

- Undertaking initial reviews of Modification Proposals to highlight any impacts, inaccuracies, and/or questions;
- Providing technical support at the Working Group meetings and modification updates at Sub-Committees; and
- Reviewing DCC Preliminary and Impact Assessments to check the solution against requirements.

## Forward look – years 2 and 3

Due to the demand led nature of change it is difficult to predict the size and scope of upcoming modifications. However, based upon the unstable nature of the SEC as we move into an operational regime, it is anticipated that these support costs will remain consistent for years 2 and 3. However, this will be reviewed every year when the budget is set. We would expect to see a reduction in this support as the environment becomes more stable, but this is dependent on the number of Modifications and the resulting technical nature of the proposals.

### 3.2.5. Party Engagement and Support

2018/19 Approved Budget	2019/20 Estimated Budget	Budget Lines	2019/20 Approved Budget	Variance Approved vs. Estimate
£570,000	£587,100	Core Delivery Team	£594,714	£7,614
N/A	N/A	Community of Expert	N/A	N/A
£34,000	£34,000	Support Costs	£32,000	-£2,000
<b>£604,000</b>	<b>£621,100</b>		<b>£626,714</b>	<b>£5,614</b>

#### Core Delivery Team Activities

Since the Party Support function was launched in March 2016, the service has grown substantially as Parties have started to undertake DCC User Entry activities and smaller parties have been engaged. For 2019/20, the following activities have been provisioned for under the Core Delivery Team budget:

- Helpdesk support via email and telephone. The SECAS helpdesk currently deal with an average of 150 telephone calls and 1000 emails per month. There has been an increasing trend since DCC Live as Parties become engaged in the User Entry Process, SEC Governance and the Modifications Process;
- Administration of the Accessions Process, including providing tailored support and advice to Parties, as well as administering the EUI-64 Identifier and Signifier allocation processes following accession;
- Support to Parties through the DCC User Entry Process as set out in SEC Section H1;
- Administering, presenting and attendance at education events, including quarterly Spotlight on the SEC Seminars and Introduction to the SEC Sessions;
- Sessions with individual Parties on an ad-hoc basis, covering specific areas of the SEC, or providing a general overview of the SEC arrangements;
- Maintenance and development of guidance, including updating existing guidance documents in line with updates to the SEC;
- Liaison with BEIS, Ofgem and the DCC to share information and knowledge on how best to provide support to industry;
- Cross-code liaison and attendance at Cross-Code Administration Meetings and attendance at other industry code meetings as required;
- Review of consultation, decision and technical documents from BEIS, Ofgem and the DCC;
- Ongoing management and maintenance of SEC Party Details and distribution lists;
- Development and circulation of monthly newsletters and other ad hoc news items;
- Maintenance of the contact list required to support the management of Critical Alerts after DCC User to Non-DCC User churn;
- General website maintenance and management of content; and

- Internal knowledge sharing sessions and other research activities required to support the development of guidance documents, presentations with external stakeholders or questions.

### **Variations**

There is an increase of circa £12,000 within this budget category when compared to the 2018/19 budget to reflect the contractual CPI uplift of 2.1%. There is also an additional increase of circa £12,500 to provide for additional support in the team. Parties have requested more regular and better communication from SECAS. The restructure of the team is designed to provide this requested support from Parties.

### **Forward look – years 2 and 3**

It is anticipated that this budget category should remain stable for years 2 and 3 of the budget with the exception of the contractual CPI uplift. However, if there is additional support required to assist Parties in their DCC journey, this will be managed under Party Support.

### Support Costs

This provision provides for the non-resource costs associated with Party Engagement sessions e.g. meeting room hire and catering costs, and represents a £2,000 reduction on the prior year's budget following the removal of printing costs.

This provision also enables SECAS to claim expenses in relation to Party Support visits. This will allow SECAS to claim travelling expenses when attending meetings held at the request of a Party, for education or knowledge sharing activities. In the first instance, video or teleconferencing would be offered to minimise the impact of external travel.

### **Forward look – years 2 and 3**

It is anticipated that this budget category should remain stable for years 2 and 3.



### 3.3 SECAS Core Delivery Team

To undertake the activities set out in Section 3.2 above, the following level of resource is anticipated to be required. The team comprises a range of grades to enable appropriate senior level oversight, expertise and knowledge, as well as junior level grades to undertake day-to-day activities.

Grade	2018/19 Approved Budget FTE	2019/20 Approved Budget FTE	Role
Grade 6	0.6	0.6	Head of Code (0.3 FTE) – the Head of Code provides support to Core Team activities including providing technical/governance expertise and input into the modifications process.  Head of Delivery (0.3 FTE) – Provides contractual oversight and maintains strategic direction.
Grade 5	1	1	Responsible for the SECAS delivery team and strategic decisions. Contract manager with regular client interactions.
Grade 4	4.2	5.2	Delivery Managers with day-to-day responsibility for the SECAS Core Delivery team. Also includes financial support and corporate reporting from the finance team.
Grade 3	4	5	Team Leaders for each service area.
Grade 2	8	10	Party Support Analysts, Change Modification Analysts, Security Analysts, and Tech Ops Analysts.
Grade 1	5	3	Provides secretariat support to the Panel and Sub-Committees whilst supporting Parties via helpdesk calls and general correspondence.
<b>Total</b>	<b>22.8</b>	<b>24.8</b>	

**Table 5: Core Delivery Team Resource Breakdown**



The diagram below provides an indication of where the SECAS Core Delivery Team effort is placed on a per FTE basis. Resources are shared across functions, however for illustrative purposes, are placed where the majority of their effort is based.

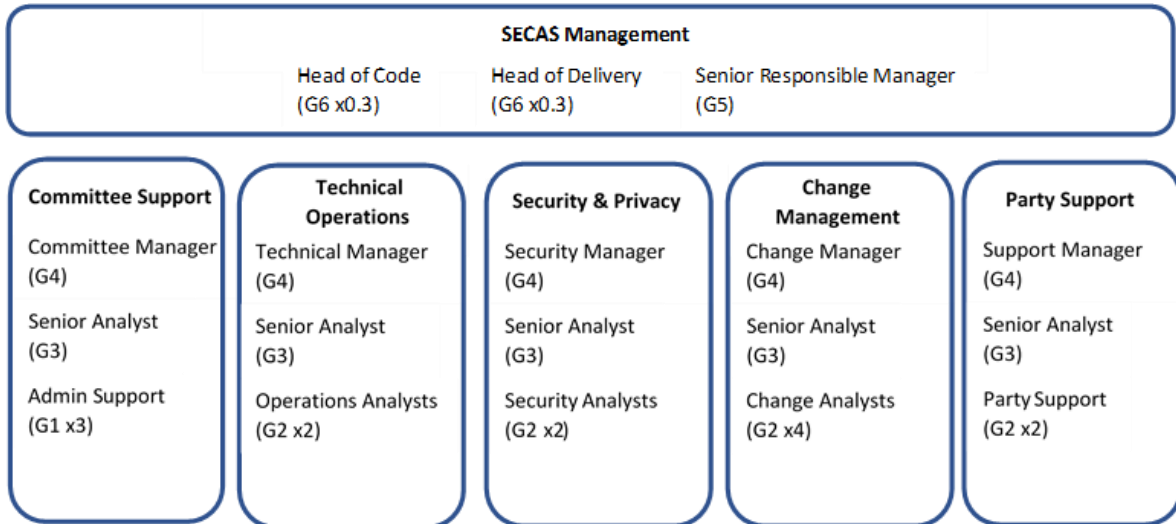


Figure 1: SECAS Resource per Service Area

### 3.4 Accommodation Costs

Accommodation costs comprise the following elements:

- Meeting Rooms;
- Panel Chair Office; and
- Contractor Space Rental.

#### 3.4.1. Meeting Rooms

Meeting rooms are arranged through SECAS and can either be provided at SECCo’s registered premises or via an external meeting provider, if rooms are not available.

Where meeting rooms are arranged at the registered premises, they are charged at £1,000 per day for those that take a room for a significant part of the day, and are serviced with the appropriate facilities including catering and business support to attendees. Where a meeting room is required at an external meeting provider, costs will be charged as they are invoiced by the provider, which will likely exceed £1,000 depending on the number of attendees<sup>2</sup>. However, Gemserv has negotiated preferential rates with a number of providers in close proximity to the registered premises. Every effort is made to hold meetings at the registered premises where possible, with client meetings taking precedence over internal meetings.

During 2019/20, it is envisaged that the Panel and its Sub-Committees will meet on a regular basis as detailed below. A budget provision of £1,000 per meeting has been included.

Meeting	2019/20
Panel/Board and PFCG	14
Change Board and Working Groups	52
SMKI PMA	12
SSC	24
TABASC and Expert Groups	12
Operations Group	12
TAG	12
<b>Total</b>	<b>138</b>

**Table 6: Meeting Forecast**

Meeting rooms hired for training events and seminars are included within the Support Costs under the Party Engagement and Support Service Area in Section 3 of this Approved Budget.

#### 3.4.2. Panel Chair Office

In line with previous years, the cost of the Panel Chair’s dedicated office has been capped at £2,000 per month, without indexation, across the three years of this Approved Budget. This is based on comparable market rates for an average of 13 days per month, and includes a private room and associated infrastructure.

<sup>2</sup> Average c.£1,500 per meeting  
Approved SEC Panel Budget 2019 – 2022

### 3.4.3. Contractor Space Rental

SECCo have contracted with a number of individuals who provide specialist support to the Panel’s Sub-Committees including Independent Chairs. SECAS provides office accommodation to these contractors within its registered premises:

- SMKI Specialist;
- SMKI PMA & SSC Independent Chair;
- TABASC Independent Chair; and
- Operations Group Independent Chair

The provision of £36,000 covers 20 days office accommodation per month at the rate of £150 per day. The provision is based on contractual arrangements with the above contractors and expected out-turn for 2018/19.

### 3.4.4. Total Accommodation Costs

Taking the three areas above into consideration, the total accommodation costs are provided below:

Cost	2019/20
Meeting Room Hire	£138,000
Panel Chair Office	£24,000
Contractor Space Rental	£36,000
<b>Total</b>	<b>£198,000</b>

**Table 7: Accommodation Costs**

#### Variations

The total cost of £198,000 is in line with the 2018/19 Approved Budget. It had been anticipated that the need for meeting rooms would slightly dissipate during 2018/19, and therefore the estimated budget for 2019/20 had reduced the meeting costs slightly. However, the current run rate for 2018/19 has shown that the number of meetings have not diminished, and with the creation of a new Change Working Group to oversee the pre-modification process, we believe it prudent to maintain the current levels.

## 4. Projects

This budget category outlines additional items of SEC expenditure during the next three Regulatory Years which are at the discretion of the Panel, and as such have been provided as 'bolt-ons' to the activities.

Any expenditure against the Project budget requires prior approval and oversight from the SEC Panel and SECCo Board. SECAS will provide a Project Brief (including proposed scope, budget, milestones and deliverables) for each project, which will first be approved by the relevant SEC Sub-Committee, before being presented to the SECCo Board for approval prior to release of funds.

The SECCo Procurement Policy is followed to guide the SECCo Board when determining the delivery approach for new activities, work packages and projects, and by SECAS when undertaking procurements on behalf of the SECCo Board. The policy requires consideration of the approximate cost of the activity, the skills required to perform it, independence requirements and the enduring need for the activity.

Actual expenditure is controlled by the SECCo Board. Activities undertaken by the SECAS team and Third Party Consultancies are reported to the SEC Panel and SECCo Board through the Operations and Management Reports on a monthly basis. In addition, an aggregated view of timesheet reports is provided to the SECCo Board as an attachment to the Management Report.

Furthermore, SECAS present a quarterly work package report to the Board which includes an estimate of the costs, timescales and resources (both internal and external) required to deliver the expected activities during the up-coming quarter. The reporting also includes actuals against estimated costs for the previous quarter.

The following sub-sections include estimates for budgetary purposes only, and represent a combination of expected Third Party Consultancy expenditure, and SECAS costs.

Project	2018/19 Approved Budget	2019/20 Estimated Budget	2019/20 Approved Budget	2020/21 Estimated Budget	2021/22 Estimated Budget
CSS/Smarter Markets	£150,000	£100,000	£150,000	£100,000	£0
TABASC support to CSS	N/A	N/A	£0	£0	£0
Technical Effectiveness Review	£100,000	£50,000	£0	£0	£0
TAD & BAD updates (for R3, SMETS1 enrolment)	N/A	N/A	£75,000	£75,000	£75,000
Half Hourly Settlements	N/A	N/A	£0	£0	£0
TSIRS transfer from BEIS (issues log, processes)	N/A	N/A	£75,000	£0	£0
Electric Vehicles	N/A	N/A	£0	£0	£0
Annual Security Obligations	£260,000	£260,000	£250,000	£250,000	£250,000
Security Threats	N/A	N/A	£150,000	£150,000	£0
Independent Expert Crypto Analysis	N/A	N/A	£20,000	£100,000	£100,000
SMETS1 Device Assurance	N/A	N/A	£75,000	£0	£0
SMETS1 Migration Operational Oversight & Assurance	N/A	N/A	£75,000	£70,000	£0

Operational Issues Management (including Data Quality)	N/A	N/A	£150,000	£150,000	£150,000
SEC Compliance & Assurance Review	N/A	N/A	£0	£0	£0
Review of Operational Performance	N/A	N/A	£50,000	£0	£0
DCC Delivery of Modifications	N/A	N/A	£25,000	£0	£0
Release Management (establishment)	N/A	N/A	£75,000	£0	£0
Digitalisation of SEC	N/A	N/A	£25,000	£0	£0
Strategic Plan	N/A	N/A	£0	£0	£0
CPL Database	N/A	N/A	£0	£0	£0
SoLR/ Change of Supplier	N/A	N/A	£0	£0	£0
Supplier Hub	N/A	N/A	£0	£0	£0
<b>Total</b>	<b>£510,000</b>	<b>£410,000</b>	<b>£1,195,000</b>	<b>£895,000</b>	<b>£575,000</b>

**Table 8: 2019-22 Project Budgets Category**

#### 4.1 Central Switching Service/Smarter Markets

The CSS/Smarter Markets project had originally been created to support Ofgem’s Smarter Markets project by providing SECAS resources in the form of business process modellers and design leads. This workstream has since evolved. A provision is now being put in place to provide support post the Ofgem project, to help support a review of any impacts on the SEC and to ensure that the systems, business architecture and governance remain appropriate.

#### 4.2 TABASC support to CSS

The TABASC Independent Chair initially proposed budget to support the Central Switching Service work. This budget was later removed on the assumption that all necessary work will be carried out by the Central Switching Service/Smarter Markets project above.

#### 4.3 Technical Effectiveness Review

SEC Section F1.4 (e) requires that the TABASC, on behalf of the Panel, undertakes a review of the effectiveness of the End-to-End Technical Architecture (including an evaluation of whether the Technical Code Specifications continue to meet the SEC Objectives), and report the outcome to the Panel. In August 2016, the Panel directed the TABASC to undertake the development of the review.

The TABASC developed an approach to undertake the review based on two stages. The initial stage involved a risk-based questionnaire being prepared and sent out to Parties/Users, followed by a deeper delve into any areas identified. It was anticipated that technical expertise, procured via an external organisation, would be required to provide initial analysis of the responses to the questionnaire and a more in-depth review. It had also been planned that a large portion of this work would be undertaken in the 2018/19 budget. However, the initial questionnaire, issued in 2018/19, resulted in a limited response, with no actionable items, so this was not required. It is assumed that the work to carry out the Technical Effectiveness Review in 2019-20 will be covered by the Core budget. Budget for any follow-on work is not included.

#### 4.4 TAD & BAD Updates

Work to update the Technical and Business Architecture to cater for SMETS1 enrolment will kick off in January 2019 but continue into the next financial year. Updates will then be required for Release 3 and subsequent releases thereafter.

#### 4.5 Half Hourly Settlements

Half Hourly Settlement is planning to leverage the capabilities for smart metering data. There are early signs of concern that misunderstanding, and assumptions, may lead to these industry developments being sub-optimal or potentially not working. TABASC requested some investigation into / engagement with these projects to mitigate the risk of problems arising and undesirable impacts on the smart technical and business architectures. Budget was later removed as part of an exercise to drive down the overall Project Budget, and on the basis that this work may not be required.

#### 4.6 TSIRS Transfer from BEIS

Budget has been proposed by the TABASC Chair for work to be carried out transferring the Issues Log and Processes from BEIS over to SECAS, along with website updates being made. If this project is approved, additional budget will need to be allocated to Core SECAS Services for the ongoing secretariat provision of this forum.

#### 4.7 Electric Vehicles

It is assumed that no activity will be required during the period.

#### 4.8 Annual Security Obligations

SEC Section G7.16 specifies that the SSC must carry out reviews of the Security Risk Assessment at least once each year, in order to identify any new or changed security risks to the End-to-End Smart Metering System.

The SSC will procure the services of a specialist security organisation to complete the risk assessment whilst providing appropriate governance support. The last assessment took approximately eight months to complete.

Additionally, there is a requirement to review the End-to-End Security Architecture and the Security Obligations and Assurance Arrangements on an annual basis. This needs to be updated for SMETS1 in the new financial year. It is assumed that Security Expertise from the SECAS Community of Experts will undertake this work.

The legal text of a further obligation on the SSC, to maintain the CPA Security Characteristics, is currently being consulted upon by BEIS, with the intention of transitioning this responsibility to the SSC in March 2019 following the consultation concluding at the end of November 2018.

This budget line includes:

- a provision for undertaking the risk assessments and updating the appropriate documentation with regular updates to the SSC;
- a provision for undertaking the review of the security architecture, updating the documentation with regular updates to the SSC; and

- undertaking an exercise to update the Security Characteristics including NCSC and industry experts.

Activity	Resource Grade	Cost
Risk Assessment	External Estimate	£150,000
End to End Security Architecture and Security Obligations and Assurance Arrangements review and maintaining the CPA Security Characteristics	SECAS CoE Resource	£100,000
Total		£250,000

**Table 9: Costs associated with annual security obligations**

#### 4.9 Security Threats

This proposed provision, as suggested by the Security Sub-Committee Independent Chair, has been included to deal with threats from Consumer Access Devices, Internet of Things and Type 2 Devices, as highlighted in the current SSC Risk Assessment as 'High Risk'. Work is required to identify mitigations and reduce the residual risk to 'medium'. A procurement has commenced so that work can begin as soon as possible.

#### 4.10 Independent Expert Crypto Analysis

This provision, as suggested by the Security Sub-Committee Independent Chair, covers crypto algorithms to deal with the threats from Quantum Computing as noted to the Panel in September 2018. It may result in new standards for SMKI and DCCKI, and the redesign of metering equipment with a long lead time. The work envisaged for 2019-20 includes some initial facilitated workshops involving SSC and SMKI PMA.

#### 4.11 SMETS 1 Device assurance

This proposed provision has been included to cover SMETS1 assurance of Enrolment and Adoption as it progresses, and problems emerge in 2019/20. BEIS currently have a project covering this, but it will not continue past this financial year. It is envisaged that all devices should be enrolled by the end of 2019-20, hence budget is only included for next year.

#### 4.12 SMETS 1 Migration Operational Oversight & Assurance

Operational oversight will be required to ensure that SMETS1 enrolment does not impact existing services and SEC measures. This will include oversight of migration and mini releases next financial year, and potentially rolling into the following financial year, after which the activity will become business as usual.

#### 4.13 Operational Issues Management (including Data Quality)

The SEC Panel issued a request for information regarding data quality issues based on early experience of SMETS2 solutions. Responses to the RFI indicate that a variety of wider industry issues will need to be addressed, such as incorrect labelling of SMETS meters, inconsistent RDP/DCC views of industry standing data items, and CSP WAN coverage address data



inconsistency. It is suggested that an initial scoping exercise be undertaken to size each potential project, thereafter each project is prioritised and overseen by a Steering Group. Previous introduction of new market arrangements has led to significant effort and resources, centrally and around industry, to address data quality issues, hence the inclusion of this item as a separate project.

#### **4.14 SEC Compliance & Assurance Review**

At present there is currently no work being undertaken to assure ongoing SEC compliance. Budget was initially assigned to consider and propose the appropriate approach, and, subsequently, to put in place the necessary processes. This was later removed in an effort to reduce overall Project Budget.

#### **4.15 Review of Operational Performance**

By the end of the 3rd Quarter 2019, it is anticipated that the population and usage of DCC services will have reached significant levels, both as a result of SMETS2 ramp up and SMETS1 migration. It will therefore be an appropriate time to review performance of DCC services, to provide assurance to the Panel and Parties that DCC service performance is fit for purpose, given the anticipated requirements for 2020.

#### **4.16 DCC Delivery of Modifications**

The purpose of this project is to provide assurance to the Panel that the cost of change for DCC services has been reviewed and justified, and appropriate strategies have been put in place to ensure that such changes are undertaken in the most cost-effective manner. The indicative budget proposed allows for engagement with the DCC and oversight of the work, and will follow on from the independent review commissioned by the DCC.

#### **4.17 Release management**

The Panel has determined that it will oversee the implementation of releases on behalf of SEC Parties; a modification to enable this has been raised. This project is to establish the required capability (including the development of the necessary management processes). After the establishment of the capability, the execution of work will be included in the Core budget.

#### **4.18 Digitalisation of the SEC**

Ofgem have signalled within the Retail Energy Code consultation, its desire for industry codes to be digitalised. A provision has been included for a proof of concept to provide party specific code versions for ease of reference. As the first dual fuel code and a highly technical code, it may be beneficial for Parties and for the SEC to be seen to be leading the way in the future of code governance.

#### **4.19 Strategic Plan**

The Panel Chair has suggested that a project be set up to formulate a Strategic Plan, which would allow the Panel to plan and deal with the future of the SEC and the needs of SEC parties in a more active manner. The project would involve gathering members' inputs on what is important to them, and would identify actions, activities and owners to ensure they are delivered. No budget is currently



assigned to this.

#### 4.20 CPL Database

The CPL is currently maintained on an excel document, but the increasing number of CPLs being processed now means that a database is required. No budget is currently assigned to this.

#### 4.21 SoLR/ Change of Supplier

It has been assumed that no additional budget is required for SECAS to undertake work on the SoLR or Change of Supplier.

#### 4.22 Supplier Hub

It has been assumed that no additional budget is required for SECAS to undertake work on the Supplier Hub or Change of Supplier.

### 5. Contingency

A contingency provision of 5% has been included for 2019-20, which equates to £369,236. As these become approved, budget will be moved out of the contingency budget into the projects budget. As with any other part of this budget, any spend from contingency must be authorised by the Panel and overseen by the Board.

### 6. Approved 2019-22 Budget

The table below provides an overview of the 2019/20 Approved Budget and the estimated budget for the following 2 years based upon commentary provided in the sections above.

Budget Category	2019/20 Approved Budget	2020/21 Estimated Budget	2021/22 Estimated Budget
<b>SECCo and Panel Operations</b>	<b>£760,651</b>	<b>£768,000</b>	<b>£772,000</b>
SECAS Services –			
Core Delivery Team	£3,755,769	£3,915,000	£4,100,000
Community of Expert Resource	£1,240,000	£1,240,000	£1,000,000
Support Costs	£235,300	£195,000	£185,000
Accommodation Costs	£198,000	£198,000	£198,000
<b>SECAS Services Sub-Total</b>	<b>£5,429,069</b>	<b>£5,548,000</b>	<b>£5,483,000</b>
<b>Projects</b>	<b>£1,195,000</b>	<b>£895,000</b>	<b>£575,000</b>
Contingency (5%)	£369,236	£360,550	£341,500
<b>Total</b>	<b>£7,753,956</b>	<b>£7,571,550</b>	<b>£7,171,500</b>

*Table 10: SECCo/SEC Panel Budget Projections*