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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.

Contents

1. Summary.....	3
2. Background.....	4
3. Solutions	5
4. Impacts	6
5. Costs	7
6. Implementation approach	8
7. Conclusions	9
Appendix 1: Glossary	10

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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SECMP0069 ‘EU Exit Changes’

Annex A

Legal text – version 1.0

About this document

This document contains the redlined changes to the SEC that would be required to deliver this Modification Proposal.

These changes have been drafted against SEC Version 6.3.

Section A ‘Definitions and Interpretation’

Amend the following terms in Section A1 as follows:

~~Agency for the Co-operation of Energy Regulators~~

~~means the agency of that name established under Regulation 2009/713/EC of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Co-operation of Energy Regulators.~~

Competent Authority

means the Secretary of State, the Authority, and any local or regional or national agency, authority, department, inspectorate, minister, ministry, official or public or statutory person (whether autonomous or not) of the government of the United Kingdom ~~or of the European Union~~ (but only insofar as each has jurisdiction over the relevant Party, this Code or its subject matter).

EU Regulations

Means any retained EU Law:

~~(a) Regulation 2009/714/EC of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchange in electricity and repealing Regulation 2003/1228/EC; and~~

~~(b) Regulation 2009/715/EC of the European Parliament and of the Council of 13 July 2009 on conditions for access to the national gas transmission networks and repealing Regulation 2005/1775/EC, as amended by Commission Decision 2010/685/EU of 10 November 2010 amending Chapter 3 of Annex I to Regulation~~

~~2009/715/EC of the European Parliament and of the Council on conditions for access to the natural gas transmission networks.~~

Notification

~~means, in respect of a Modification Proposal, notification of that modification to the EU Commission pursuant to EU Directive 2015/1535/EU.~~

Significant Code Review

means a review of one or more matters by the Authority which the Authority considers is:

- (a) related to this Code (whether on its own or together with other Energy Codes); and
- (b) likely to be of significance in relation to the Authority's principal objective and/or general duties (as set out in section 3A of the Electricity Act and section 4AA of the Gas Act), and statutory functions ~~and/or relevant obligations arising under EU law,~~

and concerning which the Authority has issued a notice that the review will constitute a significant code review.

Section D 'Modification Process'

Amend Section D1.3 as follows:

Persons Entitled to Submit Modification Proposals

D1.3 A Modification Proposal may be submitted by any of the following persons (the **Proposer**):

- (a) a Party;
- (b) Citizens Advice or Citizens Advice Scotland;
- (c) any person or body that may from time to time be designated in writing by the Authority for the purpose of this Section D1.3;
- (d) the Authority or the DCC acting at the direction of the Authority, but in each case only in respect of variations to this Code which:
 - ~~(i) the Authority reasonably considers are necessary to comply with or implement the EU Regulations, any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators; and/or~~
 - ~~(ii)~~ are in respect of a Significant Code Review; and
- (e) the Panel (where all Panel Members at the relevant meeting vote unanimously in favour of doing so), but only in respect of variations to this Code which are intended to give effect to:
 - (i) recommendations contained in a report published by the Panel pursuant to Section C2.3(i) (Panel Duties);
 - (ii) recommendations contained in a report published by the Code Administrator pursuant to Section C7.2(c) (Code Administrator);
 - (iii) Fast-Track Modifications (as described in Section D2 (Modification Paths)); and/or

- (iv) consequential changes to this Code required as a result of changes proposed or already made to one or more other Energy Codes.

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SECMP0069 'EU Exit Changes' Table of EU References in the SEC – version 1.0

About this document

This document contains a table of the EU references within the SEC that need to be considered and rationale for changes required to deliver this Modification Proposal. These changes have been drafted against SEC Version 6.3.

EU Exit – EU References in the SEC

Code Reference	Suggested Redlining	No Deal or EU Exit Day Changes Rationale
Section A, Definition of “Agency for the Co-operation of Energy Regulators”	“means the agency of that name established under Regulation 2009/713/EC of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Co-operation of Energy Regulators.”	ACER is a European Union Agency therefore removal of any reference is necessary
Section A, Definition of “Competent Authority”	“means the Secretary of State, the Authority, and any local or regional or national agency, authority, department, inspectorate, minister, ministry, official or public or statutory person (whether autonomous or not) of the government of the United Kingdom or of the European Union (but only insofar as each has jurisdiction over the relevant Party, this Code or its subject matter).”	Removing the reference to the European Union leaves an appropriate definition of ‘Competent Authority’
Section A, Definition of “EU Regulations”	“means: (a) Regulation 2009/714/EC of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchange in electricity and repealing Regulation 2003/1228/EC; and (b) Regulation 2009/715/EC of the European Parliament and of the Council of 13 July 2009	This will be changed to refer to any retained EU Law

	on conditions for access to the national gas transmission networks and repealing Regulation 2005/1775/EC, as amended by Commission Decision 2010/685/EU of 10 November 2010 amending Chapter 3 of Annex I to Regulation 2009/715/EC of the European Parliament and of the Council on conditions for access to the natural gas transmission networks.” any retained EU Law.	
Section A Definition of “General Data Protection Regulation”	“means EU Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.”	No changes needed. Law still applies.
Section A, Definition of “Notification”	“means, in respect of a Modification Proposal, notification of that modification to the EU Commission pursuant to EU Directive 2015/1535/EU.”	EU Notifications are required when a new technical specification is required to ensure all EU manufacturers have the same information and an ‘level playing field’. The specific reference in the SEC is an obligation on TABASC to inform the Authority if an EU Notification is required. If we are no longer subject to EU rules this no longer applies.
Section A, Definition of “Significant Code Review”	“means a review of one or more matters by the Authority which the Authority considers is: (a) related to this Code (whether on its own or together with other Energy Codes); and (b) likely to be of significance in relation to the Authority’s principal objective and/or general	Removal of the reference to EU law leaves an appropriate definition of SCR

	duties (as set out in section 3A of the Electricity Act and section 4AA of the Gas Act) and; statutory functions and/or relevant obligations arising under EU law, and concerning which the Authority has issued a notice that the review will constitute a significant code review.”	
Section A Definition of “Laws and Directives”	means any law (including the common law), statute, statutory instrument, regulation, instruction, direction, rule, condition or requirement (in each case) of any Competent Authority (or of any authorisation, licence, consent, permit or approval of any Competent Authority).	Definition of a Competent Authority has been changed to remove reference to the EU.
Section D1.3(d)	“(d) the Authority or the DCC acting at the direction of the Authority, but in each case only in respect of variations to this Code which: (i) the Authority reasonably considers are necessary to comply with or implement the EU Regulations, any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators; and/or (ii) are in respect of a Significant Code Review; and	This section sets out who can submit a Modification Proposal. Removal of references to the EU leave an appropriate definition of who can raise a Modification.
Section I 11.7 (g)	not transfer or Process that Personal Data outside the European Economic Area	No changes needed. Law still applies.
Section I 11.7 (d) & (m)	if the DCC is aware that, or is of the opinion that, any requirement of paragraph (a) (b) or (c) above infringes the Data Protection Legislation, the DCC shall immediately inform the User of this giving details of the infringement or potential infringement (unless the DCC is prohibited from doing so by any of its other obligations under Laws and Directives)	EU directives will no longer be applicable (other directives may). No changes needed. GDPR Law still applies.

	at the written election of the User, either securely destroy the Personal Data or return it to the User together with all copies (save to the extent that to retain a copy of the Personal Data)	
Section I 11.7 (i)	taking into account the nature of the Processing and the information available to the DCC, assist the User in ensuring compliance with the User's obligations in Articles 32-36 of the General Data Protection Regulation (or its national equivalent), including:	EU directives will no longer be applicable (other directives may). No changes needed. GDPR Law still applies.
Schedule 8 Various	European Central Bank Euro	References to Euros to be kept. The removal of these is complex and potentially costly. Also mandating removal will require a firmware update which will reduce gas meter battery life unnecessarily as this functionality is not currently used.
Schedule 9 3: Introduction	<p>Mutual recognition: Any requirement for any device to comply with any of the technical specifications contained or referred to in this document shall be satisfied by compliance with:</p> <ul style="list-style-type: none"> • a relevant standard or code of practice of a national standards body or equivalent body of any EEA State or Turkey; or • any relevant international standard recognised for use in any EEA State or Turkey; or • any relevant technical regulation with mandatory or de facto mandatory application for marketing or use in any EEA State or Turkey 	There is no necessity to remove these references and to do so will cost the industry unnecessarily as an update to Schedule 9 would be required.
Schedule 9 Various	European Central Bank Euro	References to Euros to be kept. The removal of these is complex and potentially costly. Also mandating removal will require a firmware update which will reduce gas meter battery life

		unnecessarily as this functionality is not currently used.
Schedule 10 3: Introduction	<p>Mutual recognition: Any requirement for a Communications Hub to comply with the CHTS or any of the technical specifications contained or referred to in this document shall be satisfied by compliance with:</p> <ul style="list-style-type: none"> • a relevant standard or code of practice of a national standards body or equivalent body of any EEA State or Turkey; or • any relevant international standard recognised for use in any EEA State or Turkey; or • any relevant technical regulation with mandatory or de facto mandatory application for marketing or use in any EEA State or Turkey 	There is no necessity to remove these references and to do so will cost the industry unnecessarily as an update to Schedule 10 would be required.
Appendix C 2.2: Quality Requirements	<p>The quality requirements specified in this Part 2.2 are that the SMKI Independent Assurance Scheme must be a scheme:</p> <p>(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</p>	SMKI PMA has requested that this remain in force to ensure security.
Appendix H C.1: Storage and installation environmental conditions (C.1.2 & C1.3) ETSI (European Telecoms	<p>any storage environment should meet European Telecoms Standards Institute ETSI EN 300 019-1-.1 Class 1.2 (Weather protected not temperature-controlled storage locations), or any equivalent standard that replaces this;</p> <p>the transport environment should meet the European Telecoms Standards Institute ETSI EN 300 019-1-.2 Class 2.3 (Public Transportation), or any equivalent standard that replaces this</p>	We and the DCC suggest this should remain to ensure consistent standards are maintained.

Standards Institute)		
Appendix AD Table 39 & Table 81	<p>The Currency Units currently used by a Smart Meter for display purposes, which shall be GB Pounds or European Central Bank Euros</p> <p>Valid set:</p> <ul style="list-style-type: none"> • GBP. GB Pounds • ECB. European Central Bank Euros <p>The Currency Units currently used by a Smart Meter for display purposes, which shall be GB Pounds or European Central Bank Euros</p> <p>Valid set:</p> <ul style="list-style-type: none"> • GBP. GB Pounds • ECB. European Central Bank Euros 	References to Euros to be kept. The removal of these is complex and potentially costly. Also mandating removal will require a firmware update which will reduce gas meter battery life unnecessarily as this functionality is not currently used.
Various Sections	Applicable Laws and Directives	This can remain as EU Laws and Directives will no longer apply