Meeting SECP_08_0905, 9th May 2014, 10:00 – 12:00

Gemserv, 10 Fenchurch Street, London, EC3M 3BE

SEC Panel Final Minutes

Attendees:

Category	Panel Members
Panel Chair	Peter Davies
Large Suppliers	Simon Trivella
	David Ross Scott
Electricity Networks	David Lane
Gas Networks	Erika Melen
Small Suppliers	Andrew Beasley
Other SEC Parties	Eric Graham
DCC	Paul French
Consumer Member	

Representing	Other Participants
DECC (Secretary of State)	Peter Dell'Osa
	Tim Guy
Ofgem (the Authority)	Dora Ianora
Panel Secretary	Alys Garrett
SECAS	Jill Ashby
	Ken McRae
	Sarah Gratte
	Jane Butterfield
	Rebecca Mottram (Part)
	George MacGregor (Part)

Apologies:

Category	Participant
Small Supplier Parties	Leyton Jones
Other SEC Parties	Richard St Clair
Ofgem (the Authority)	Roberta Fernie

1. Minutes of SEC Panel Meeting 07_1104

The Panel noted the suggested amendment and approved the minutes as written with no further amendments.

The confidential minutes were approved with no amendments.

2. Actions Outstanding

SECAS provided the Panel with an update on the Actions Outstanding from previous meetings:

Action	Update
SECP02/09	DECC had been in contact with SECAS regarding the establishment of a work group to look at the EU Notifications process and further updates would be provided to the Panel when known. The Panel agreed to CLOSE the action, with any further updates to be provided in the Transition Governance Update paper or in separate agenda items.
SECP04CONF/01	DECC provided the Panel with an update on the review of the credit cover arrangements under the industry codes. The report of the review will be published in two phases. The first phase will look at the existing credit cover arrangements under industry codes and the second phase will look at the options for change. Both phases of the report will be published at the same time before the summer.
SECP05/01	The Panel Chair is meeting with Richard Hall and Audrey Gallacher at Citizens Advice regarding their reasoning for leaving both Consumer Members' seats vacant and an update will be provided at the next Panel meeting.
SECP07/01	SECAS will distribute the Customer Satisfaction Survey on 19th May 2014; CLOSED.
SECP07/07	The venue for the SEC Party Engagement Day has been secured as 1 America Square, London and the invitations to Parties will be sent out week commencing 12th May.

All other actions had either been completed or were to be discussed under their respective agenda items.

3. Security Sub-Committee Update

SECAS introduced the paper which outlines the further discussions held between DECC and SECAS regarding the opportunity for seconding the current security expertise deployed to the Programme to support the establishment of the Security Sub-Committee (SSC).

SECAS also highlighted that a proposal had been received from the organisation that is providing independent security expertise to the DECC Programme and the Panel Chair confirmed that the proposal will be reviewed and feedback provided before future discussion at the Panel. It was also confirmed that the Panel's preference was that the terms should not be any less favourable than the current terms with DECC and that SECAS and the Panel Chair would work to achieve that.

The Panel were supportive of the approach taken by SECAS and the relationship that had been formed between SECAS and DECC in order to support the transition of responsibilities. They noted that the approach to transfer expertise ensures that the costs are minimised and it de-risks the transition of the current governance across to the SEC arrangements. The DECC representative highlighted that security is a complex topic and it is important that throughout the transition process the SEC Panel are aware of the risk profile and that any issues are documented and formally transitioned across.

SECAS also highlighted that the SSC duties laid out in the paper are subject to consultation in SEC 4, however were included in the paper to allow the Panel to gain a further understanding of the SSC duties.

The Panel:

- **NOTED** the contents of the paper;
- **AGREED** on the approach to transition DECC's security experts to support the SSC; and
- **AGREED** on continued discussions with DECC and the SMIP security advisers.

ACTION_SECP08/01: SECAS and the Panel Chair to continue contractual discussions and terms of engagement with the current security experts on the DECC Programme regarding transitioning across to support the enduring arrangements.

4. Policy Management Authority Establishment Update – NON-CONFIDENTIAL MINUTES

SECAS provided an update on the establishment of the Policy Management Authority (PMA) and highlighted that the call for membership had been sent out to all SEC Parties. SECAS had also asked TSEG and TBDG members to nominate representatives to act as the interim TSC and SSC representatives until the enduring Sub-Committees are established under the SEC. The Energy Networks Association has asked their members for nominations for the Networks Representative.

SECAS had held further discussions with DECC regarding the opportunity for seconding the current PKI specialist supporting the Transitional SMKI Policy Management Group (TPMAG) to support the establishment of the enduring PMA. SECAS advised that the specialist was happy to discuss secondment and the proposed costs were favourable, although the amount of effort was yet to be confirmed.

SECAS noted that there is a specific requirement for providing legal support to the PMA and asked Panel whether this should be considered in isolation from the need for general legal support for the SEC Panel e.g. during the Modifications process. The Panel discussed that they will need to access legal advice on a 'call-off' basis and that the ideal relationship would be with an organisation available for the SEC Panel's general requirements but who had PKI specialists available for supporting the PMA. It was discussed that in the enduring world, the largest requirement for legal advice would probably be Modifications (legal drafting) along with potentially supporting some types of disputes.

The Panel agreed that SECAS should commence the selection process for appointing a general legal adviser with PKI specialism. They agreed that this does not preclude the use of the existing resource supporting the Programme, however DECC have advised that the current organisation supporting the programme has limited PKI background.

The Panel agreed to issue a request for proposals and to look to approve the selected organisation at the June Panel meeting in order for them to be in place by the first PMA meeting in July.

The Panel:

- **NOTED** the contents of the paper;
- **AGREED** the next steps for the PKI Specialist; and
- **AGREED** to begin the selection exercise for the general and PKI legal advisers.

ACTION_SECP08/02: SECAS to begin the request for proposal exercise for the general and PKI legal advisers

5. End of Regulatory Year Report 2013 – 14

SECAS introduced the End of Regulatory Year Report 2013 – 14 that had been drafted in order for the Panel to meet the requirement set out in section C2.3 (h) of the SEC. The report collates together information on the activities that had been undertaken by the SEC Panel during that Regulatory Year and sets out an evaluation of whether the SEC continues to meet the SEC Objectives.

The Panel approved the format of the report and recommended some minor amendments to be made before publication of the report, including adding information about the Testing Advisory Group that has been established and further evidence within the conclusions table on how the SEC Objectives have been achieved. The Panel agreed that the Panel Chair could approve the final version of the document before it is published on 15th May 2014.

The Panel:

- **NOTED** the contents of the paper; and
- **AGREED** the final End of Regulatory Year SEC Report for the period 2013-14, subject to the revisions being made.

ACTION_SECP08/03: SECAS to amend the End of Regulatory Year SEC Report and seek the Panel Chair's approval before publishing on 15th May 2014.

6. Fast-Track Modification – SECMP 0001

SECAS introduced the agenda item, highlighting that the Fast-Track Modification had been raised by the SEC Panel to resolve the inconsistencies in the SEC following the abolition of the National Consumer Council and the transfer of responsibilities to Citizens Advice and Citizens Advice Scotland.

SECAS confirmed that no representations had been received in respect of the proposed progression of the Modification, however there had been some feedback that the details of the Modification had not filtered through to the relevant people in some organisations. To mitigate this going forward, SECAS proposed a dedicated change administrator distribution list should be developed to supplement the current SEC Party distribution list. The Panel agreed that this would be the best course of action as they had also received similar feedback from some Parties. SECAS also noted that there could be a possible future enhancement to the website to allow stakeholders to sign up to email alerts that would notify them of any updates or announcements.

The Panel:

- **NOTED** the contents of the paper; and
- **UNAMINOUSLY APPROVED** the first Fast-Track Modification to the SEC – SECMP 0001.

ACTION_SECP08/04: SECAS to develop a distribution list to include a change administrator contact for each SEC Party

ACTION_SECP08/05: SECAS to implement Modification SECMP 0011 into the SEC with an effective date of 27th May 2014

7. SEC Party Update

The paper confirmed that an accession application form had been received from Iresa Limited (Small Supplier Party). SECAS highlighted that Iresa were currently going through the Supply Licence application process with Ofgem. Although the Accession process laid out in the SEC does not explicitly include a requirement that the applicant should have a licence, SECAS does carry out this check.

The Panel discussed that as the definitions of the Electricity Supplier/Gas Supplier Party state they should be organisations which hold the respective licences, this created a pre-condition and therefore they should delay the accession until the applicant is a licensee. SECAS also agreed to update the guidance notes on the website to provide applicants with this information.

The Panel:

- **NOTED** the contents of the paper; and
- **AGREED** to delay the accession of Iresa Limited until the licence had been granted.

ACTION_SECP08/06: SECAS to update the Accession guidance notes following the decision to await confirmation of licence before formal accession

8. DCC Update

The DCC Member provided an update on the activities undertaken by the DCC since the last Panel meeting.

DCC Progress Update

The Service Management Design Forums are underway and a consultation on the Error Handling and Incident Management policies is on track for publication week commencing 12th May 2014. The testing workshops are also underway and the Systems Integration Testing (SIT) Approach document is in its first draft. There will also be a consultation on User Entry Process Testing in June.

The DCC's Response to the GBCS re-planning consultation has been published and the final decision is with the Secretary of State. Once the Secretary of State signs off the recommendation of Option 3, the milestone changes will be made in the licence and then the Implementation Managers Forum will look at the changes to be made to the Joint Industry Plan. A Panel Member questioned whether there were any further external dependencies that could impact the timely implementation of the Programme. It was noted that availability of SMETS2 meters for testing is a concern because of the dependency on the completion of the GBCS. DECC are currently talking to meter manufacturers to seek views on their positions.

The Panel will soon be asked to approve the next stage of the scoping for the Competent Independent Organisation (CIO) that will undertake an assurance review of the DCC during design, build and test phases.

The DCC Development Plan will be consulted upon in May to gain input from Parties and other stakeholders on the 5 year view of the services offered by the DCC.

DCC Build Progress

Build activities are underway with the Service Providers currently building and fitting out their data centres:

- the CSP for the north is progressing well with the build of their 842 base stations following some planning permission issues;
- the CSP for the midlands and south are on track in the development of their Smart M2M solution and are also undergoing an activity to identify WAN coverage for different situations e.g. wall thicknesses;
- the DSP are also on track with developing the necessary software; and
- DCC are making good progress with developing the DCC contact centres and systems.

Finance

The Licence Application Business Plan has now been published on the DCC website to provide the background to understanding the DCC's bid and the costs. The Service Provider contracts will form part of the SEC4 Consultation however, the DCC are seeking to publish what they can upfront.

The next publication of indicative budgets will be followed up by investor style calls.

Change Management

The DCC are currently working through a number of areas where they believe that there is strong value in assessing changes which are additional to the Service Provider's contracted positions. The DCC believes that these areas have potential to reduce overall Industry costs. The changes are being discussed with Parties through the Service Management forums, and DCC will consult with Industry once the analysis is complete.

The Panel **NOTED** the DCC Update.

9. Transition Governance Update

SECAS presented the Transition Governance Update paper which consolidates headline updates from each of the Transition Work Groups attended throughout the month by SECAS and Panel Members to inform the Panel and SEC Parties of activities occurring in the SMIP. Two verbal updates were provided in relation to activities that had taken place since the paper was issued for the Smart Metering Delivery Group and the Technical and Business Design Group. The minutes have been provided as an appendix to the paper presented at the meeting.

SECAS reported that TBDG supported putting forward one of their members as a representative to sit on the PMA Sub-Committee as an interim TSC representative. The candidate will be communicated to SECAS at a later date.

From the verbal updates, SECAS observed that the Transition Update paper was logically grouped by the Transition Workgroups. However, it may be worth also drawing out in future where there is a

common theme being discussed in more than one group. Examples from this month's round of meetings include dual band Communication Hubs and the HAN key. Panel supported the approach to highlight key themes that are cross-cutting Transition Workgroups to show how they work together on taking things forward.

The Panel discussed the re-baselining of the Joint Industry Plan and the movement in the testing stages and how this would affect the Testing Advisory Group (TAG) and their role in providing recommendations to Panel regarding the testing approach documentation. The Panel agreed that the initial TAG meeting should go ahead and an update would be provided to the Panel or their intended approach and their views on the impacts of the re-baselining on the Panel activity timeline.

It was noted that the DCC is to consult on a User Entry Process Test Approach document, although the Panel do not have a role in approving it. Since this will be ready before the UIT Approach document (due to the re-baselining of the Joint Industry Plan) and the two documents would be expected to have similar content, SECAS highlighted that it may be useful for TAG to provide an independent view on the UEPT document.

The Panel **NOTED** the contents of the paper and the verbal updates provided.

10. Operations Report

SECAS introduced the Operations Report; the standing agenda item to inform SEC Parties and the Panel of the SEC operations activity that has taken place in the past month and the SECAS resource effort.

SECAS highlighted that the report had undergone design and layout changes to reflect the evolution of operational services from mobilisation into preparation for enduring operations as future SEC stages are implemented. A style change had also been adopted to make it easier to digest and provide further clarity around some key operational areas as the service support requirements underpinning the operation of the SEC business become clearer and better defined. SECAS noted that this was also related to the changes to the SECCo Board reporting, which now included a 'tracker' on the SEC projects budget line.

The Panel welcomed the new report layout and noted that this was the first month of reporting for the new Regulatory Year. The Chair advised that the Panel sub-group that had previously reviewed the SEC budget had reconvened earlier in the week and had some further ideas on the reporting to feed into the report. The Panel Chair advised the Panel that these items would be discussed with SECAS offline so that they can be incorporated into the reporting structure going forward, noting that there will be some matters that will fall more naturally to SECCo Board reports, however the expansion of the Operations Report going forward was welcomed.

The Panel **NOTED** the contents of the paper.

11. Any Other Business

SECAS advised the Panel Members that although the deadline had passed for submitting their expenses for the last Regulatory Year, Panel Members had a further two weeks to submit their expenses for the past Regulatory Year.

SECAS highlighted that a number of requests had come in from non-SEC Parties about being added to a distribution list in order to receive all future communications. The Panel welcomed the growth of interest in having access to SEC information and concurred that allowing them to receive

communications was a positive step. SECAS confirmed that a wider circulation list could be administered, although this would be dependent on interested organisations contacting SECAS to be added to the distribution of SEC information. Ultimately, it would be prudent to also look into the possibility of functionality in the SEC Website to sign up to notifications of updates.

There was no further business and the Chair closed the meeting.