Smart Energy Code

SEC End of Regulatory Year Report

2018 - 2019

Version 0.1

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Contents

1.   Introduction

This End of Regulatory Year Report provides highlights of activities undertaken by the SEC Panel in delivering the operation of the Smart Energy Code (SEC) supported by the SECAS team. This report is separated into the key functional areas covering the SECAS services of Party Support, Security and Privacy, Technical Operations, Change Management and Committee Support. Section 7 also provides an overview of the Alternative Home Area Network (Alt HAN) due to the inclusion of Alt HAN arrangements and objectives within the SEC.

The Panel are also required, as part of the Report, to set out their evaluation of whether the SEC continues to meet the SEC Objectives. These views can be found in section 8.

2.   Summary

This End of Regulatory Year Report covers the period from 1 April 2018 to 31 March 2019 which has seen further development of the SEC arrangements and the take-up of DCC services by industry. The SEC Panel continues to monitor the challenges and issues that have arisen as Parties adapt to increased utilisation of the DCC systems, through its various Sub-Committees and SECAS. It is the Panel's view that the SEC continues to meet the SEC Objectives.

Modifications and Releases headlines

It has been a busy year in the SECAS Change Management team, with 23 new modifications raised, 29 conclusions reached, and 21 approved modifications implemented. SECAS have implemented significant changes to the Modifications Process arising from the Section D Review and in response to extensive feedback sought from Parties. The most significant change is the introduction of the Development Stage, ensuring the issue identified by a Proposer is fully understood before work begins on developing a solution. SECAS has also implemented the first two SEC Releases under the enduring arrangements.
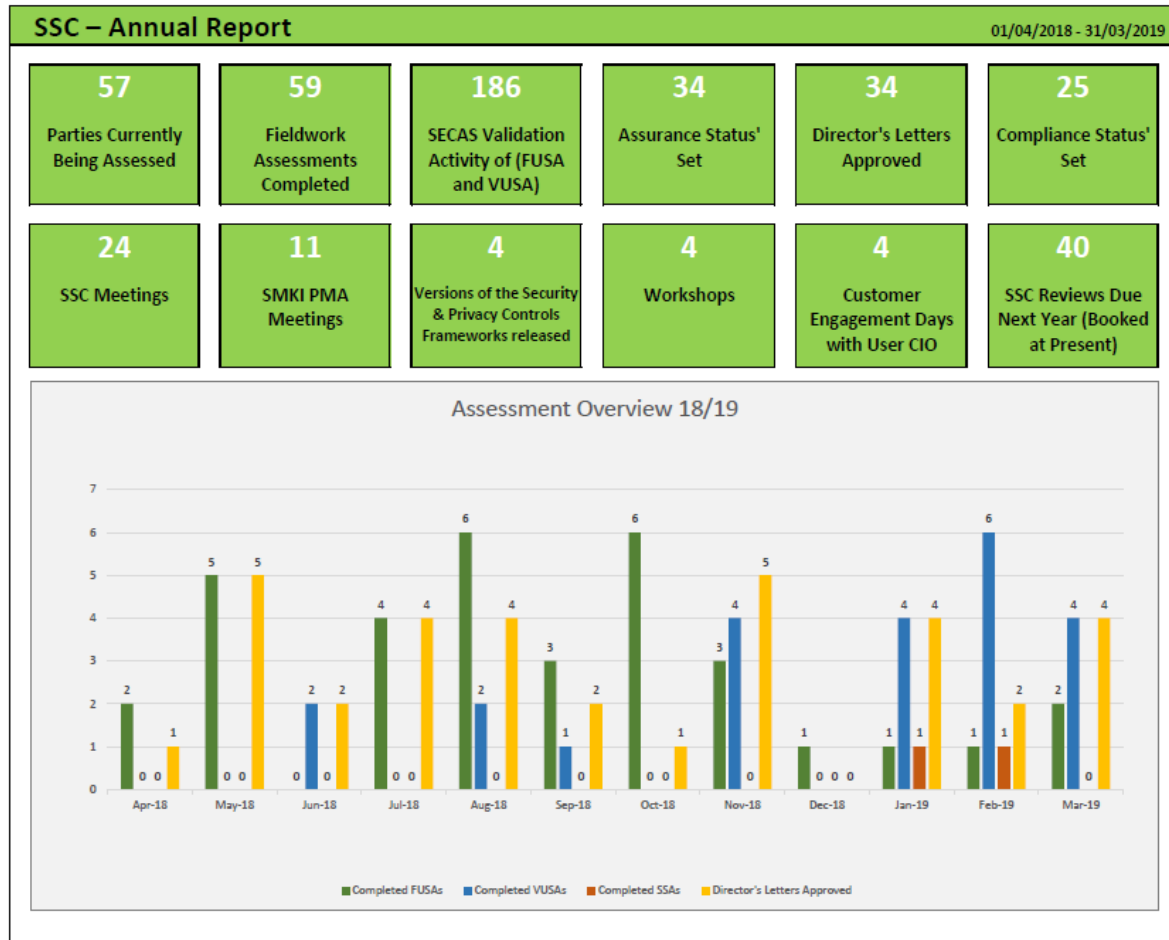
Technical Operations headlines

The Technical Operations team has provided technical support to the Technical Architecture and Business Architecture Sub-Committee (TABASC) and Operations Group and has chaired and provided technical support to the Testing Advisory Group (TAG) throughout the year. Additionally, the Technical Operations team has supported modifications that have the potential to impact the technical and business architectures and provided second-level support for queries from Parties.

The key areas requiring effort from Technical Operations include the testing and go-live decisions regarding DCC releases during the year, operational support as SMETS2 installations have ramped up, supporting industry's visibility of changes that could impact the architectures, and more recently updating the Business Architecture and Technical Architecture Documents.

Security and Privacy headlines

The Year in Numbers:

SSC – Annual Report — 01/04/2018 - 31/03/2019

57 Parties Currently Being Assessed	**59** Fieldwork Assessments Completed	**186** SECAS Validation Activity of (FUSA and VUSA)	**34** Assurance Status' Set	**34** Director's Letters Approved	**25** Compliance Status' Set
24 SSC Meetings	**11** SMKI PMA Meetings	**4** Versions of the Security & Privacy Controls Frameworks released	**4** Workshops	**4** Customer Engagement Days with User CIO	**40** SSC Reviews Due Next Year (Booked at Present)

Assessment Overview 18/19

Other Security Activity Headlines to note:

- Appointed a Shared Resource Provider representative to SSC

- Hosted the SEC Privacy forum to facilitate development of the Privacy Control Framework

- Facilitated the NCSC Commercial Product Assurance Industry Day 2

- Aligned the SSC Risk Register to ISO 27005

- Ran 'Mitigating Risks from Internet Connected Devices' Tender

- DCC Assurance Status Report approved in relation to SMKI services

- SMKI PMA Working Group support in relation to SECMP0042

- The DCC assurance status report in relation to SMKI Services was approved by SMKI PMA

- SMKI PMA provided advice to SEC Panel affecting early SMETS2 rollout

- SMKI PMA direction to the DCC avoided scrapping of 22,000 Communications Hubs and allowed deployment

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Committee Support headlines

The Committee Support team have facilitated over 120 meetings for the SEC Panel, SECCo Board and its Sub-Committees. Over 820 actions were captured, of which 90% have been closed. This demonstrates the significant contribution made by the SEC Panel, Sub-Committee members, Independent Chairs, the DCC and SECAS in delivering the SEC whilst ensuring the framework remains fit for all Parties.

We sought feedback from the Panel and Sub-Committee members, 100% of whom were satisfied or extremely satisfied with the secretariat service provided by SECAS.

The Committee Support team have worked to establish the new Change Sub-Committee whose first meeting will be held in April 2019 to support the Development Stage of the Modifications process.

Party Support headlines

The Party Support team has processed 47 Accessions to the SEC and helped guide new applicants to the Code through the process. A further 49 Parties have undergone the User Entry Process, throughout which the team has provided guidance and explanation to the Parties.

15 Parties entered into Event of Default; most cases failed to pay DCC charges or ceased trading. This is the highest number of Parties that have entered into Default to date. The Team have also facilitated three Supplier of Last Resort (SoLR) Workshops with key Stakeholders to produce end-end process maps for all reasonable or anticipated SoLR scenarios, to clearly outline interactions between Ofgem, the DCC and SEC Panel.

We have organised and facilitated eight engagement events between April 2018 and March 2019, with a total of 90 different SEC Parties attending.

The team is working on a Website Enhancement Project which seeks to redesign some of the webpages, improve the quality of content, and visitor engagement. Changes are expected to be made at the end of April.

Looking Forward

This section has been included this year to provide Parties with a view of the work which is anticipated to arise over the course of the next 12 months. Although nothing is set in stone, the Panel continues to horizon scan and monitor not only areas that impact the SEC, but to keep abreast of changing market conditions.

From a SEC perspective, a significant increase in DCC operations, with the transition of SMETS1 meters and the installation of SMETS2 Devices, is expected within the 2019/2020 Regulatory Year. Although every effort is being made to ensure smooth transition, it is anticipated that DCC operating at higher capacity will create challenges and opportunities for Panel involvement. This could be in the form of additional work for the Operations Sub-Committee, the management of change through the raising of Modification Proposals, or updates to guidance materials available to Parties, as best practice is established.

The market, as a whole, is experiencing change with the introduction in price caps, the recent designation of the new Retail Energy Code and Ofgem's Code Governance review. This brings uncertainty and additional costs for Parties. The SEC Panel is mindful of keeping costs as low as possible which is evident in the setting of its annual budget, and its monitoring of financial performance on a monthly basis. All project costs are drawn down on a quarterly basis as required and monitored thereafter.

From a SECAS perspective, the forthcoming year is expected to be a continuation from this year and the following principles have been developed to help support the Panel in the management of the SEC.

Market Focussed - to enable efficient and effective smart arrangements

Empowering - to enable SEC Parties and interested organisations to participate on a level playing field

Proportionate - to balance all risks and benefits identified for the arrangements

Proactive - to facilitate innovation and adaptation to change

Transparent - to provide confidence in the process, its rationale and outcomes

Independent - to neither favour, nor frustrate any single Party or body of Parties

Accountable - to serve the arrangements, is to be answerable to the arrangements

3. Party Status

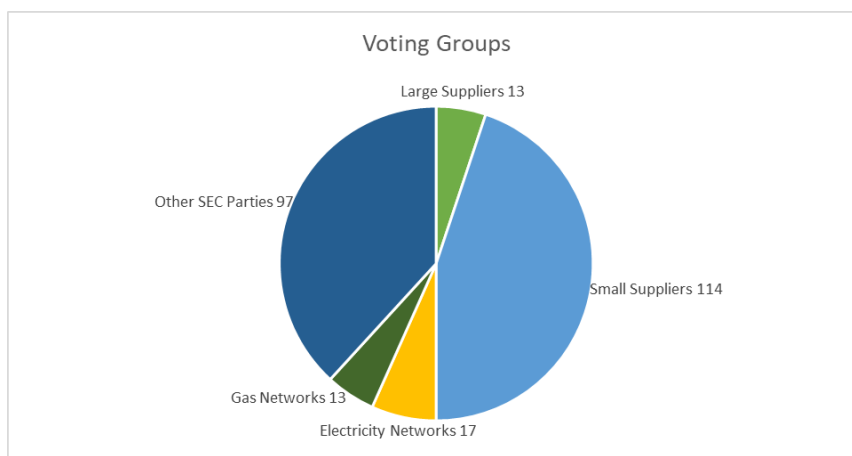### 3.1 Market Entry and Exit

The SEC Panel are required under SEC Section C2.3 to oversee applications to become a SEC Party and to manage the exit of Parties. At the time that the SEC was designated, some 76 Original Parties had signed up to the SEC, representing 38 organisations (Voting Groups).

Between April 2018 and March 2019, 49 new Parties have joined the SEC, with nine Parties leaving through expulsion.

	Mar 18	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19
Accessions	3	0	15	2	6	1	0	2	2	3	3	10	0
In Default	0	0	1	1	1	2	3	4	4	5	4	6	4
Expulsions	1	0	0	0	0	1	1	0	1	3	1	1	0

The Party count now stands at 325 (last year 287), representing 255 Voting Groups. The number and type of each Party is set out below, alongside a breakdown of Voting Groups:

Party Type	No. Parties 2017/18	No. Parties 2018/19
Electricity Networks	24	26
Gas Networks	19	20
Large Suppliers	24	26
Small Suppliers	136	148
Others	83	104
DCC	1	1
Total	**287**	**325**

Number of Voting Groups (excluding the DCC)

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3.2 User Entry Process

Section H1 sets out the User Entry Process that must be completed by Parties prior to them being able to access DCC Services as a DCC User.

The following table sets out the number of each Party Category that have successfully completed the User Entry Process over the last year:

Party Type	No. Parties 2018/19
Electricity Networks	14
Gas Networks	0
Large Suppliers	12
Small Suppliers	23
Others	0
Total	**49**

3.3 Defaults, Disputes and Supplier of Last Resort

During the last Regulatory Year, no disputes were raised, and nine Parties that were subject to default provisions were subsequently expelled from the SEC.

SECAS have facilitated three workshops with the DCC and Ofgem, in regard to the Supplier of Last Resort process. The first SEC Party with SMETS2 meters installed ceased trading in November 2018, and, as a result, questions were posed regarding the current process to ensure customers remain in supply. The objectives for the workshops were to improve the current process maps, and to produce an end-to-end document outlining the SoLR process involving Ofgem, the DCC and SECAS and interaction with other Codes. Potential scenarios, problems and solutions have been discussed, and further workshops, with wider stakeholder representation, are due to be held. Pre-pay customers are of particular concern during the Supplier of Last Resort process, therefore options to mitigate the associated risks will be discussed.

SECAS have noted an increase in the number of Small Suppliers who have ceased trading, and/or failed to pay their DCC charges in the last financial year. SECAS have developed a robust and efficient process when dealing with Events of Default and will continue to refine this as new Defaults arise.

Credit Cover discussions have been held due to a recent Event of Default that saw a Party cease trading which was not required to lodge Credit Cover, based on the current calculation. Consequently circa £300k will be socialised amongst Parties. The DCC presented the current process to the SEC Panel. It is felt that the calculation is currently sufficient, however it has been suggested that SEC Parties should be informed if costs are expected to be socialised upon a Party ceasing trading (this currently appears as a line item on a bill and hence Parties have no prior warning). Party Support will investigate the matter in preparation for the April Panel meeting.

3.4 Party Engagement

With over 320 Parties to the SEC, with varying levels of experience in the market, the SECAS Party Support Analysts have tailored their engagement strategy. By working closely with the DCC, BEIS

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and Ofgem, seminars have been conducted to ensure a joined-up approach in supporting Parties, by providing guidance and highlighting key policy decisions. This has proved essential in supporting Parties through their User Entry Process.

The frequency of engagement events has increased, with greater focus on tailoring the different events to specific audiences. This ensures that Parties are getting the relevant information they need, when they need it.

The Panel and SECAS have also continued to support the Transitional Governance arrangements by attending transition workgroups and continuing to report key discussion topics and outputs in the monthly Transitional Governance Update paper presented to the Panel.

3.4.1   Customer Satisfaction Survey

The SECAS customer satisfaction survey was carried out in Q4 of 2018/19. Results from the survey will be presented to the SECCo Board in Q1 of 2019/20.

4.   Security Provisions

Ensuring the most efficient and cost-effective approach to the required Security Assessments, while meeting relevant mandates, remains a priority of the Panel, its Sub-Committees and SECAS this year.

The Security Sub-Committee (SSC), Panel and SECAS have continued to work closely with the User Competent Independent Organisation (CIO), incorporating customer feedback and lessons learned to deliver continuous improvement to the Security Assessment processes. This included running several successful workshops and Customer Engagement days throughout the year to aid Parties in their understanding of the process and what is expected from them.

With the increasing number of Live DCC Users, smart meter roll-out gaining momentum, and pending SMETS1 Enrolment and Adoption, the SSC has been managing an increasingly busy and complex agenda to ensure continued support to the SEC Panel in monitoring Parties compliance with their SEC Security Obligations.

4.1   Security Sub Committee

The SSC was established in August 2015, developing and managing the associated User Security Assessment documentation that SEC Parties and DCC Users would require, as well as the wider requirements associated with SEC Section G 'Security'.

The SSC have met twenty-four times during the last year. As part of the requirement for SSC Assurance prior to Initial Operating Capability (IOC) go-live, the committee has conducted several reviews of the DCC's SMETS1 Risk Assessments and Secuirty Architecture. In addition to the busy meeting schedule, the SSC have run several workshops covering Anomaly Detection, Risk Assessment and SMETS1 Security Assurance.

The primary focus of the SSC's work continues to be progressing as many Parties as possible through the Security Assessment process, as well as working with the User CIO to review and improve this process helping to drive costs down for Users. Almost sixty assessments have been completed and thirty-four assurance statuses set for 2018/19.

Several User CIO engagement days have been held for SEC Parties, giving them an opportunity for one-on-one discussion with the User CIO, providing valuable insight and feedback from both sides

which further supports process improvements and User preparedness for their assessments. Because of lessons learned from Year 2 Assessments, the SSC agreed the inclusion of additional questions to provide greater assurance to SSC on User compliance.

PA Consulting has concluded work to develop guidance on SMETS1 Device Assurance and what this means for Users. SEC Party engagement work included issuing a SMETS1 Device Assurance survey to Supplier Parties for their feedback and input, and more recently liaising with Parties with regards to the upcoming Commercial Product Assurance (CPA) expiration dates and agreeing an extension to withdrawal dates.

Work has been ongoing throughout the year around SEC Section G3.17- G3.20, in relation to 'Duty to notify and be notified' guidance required by Users.

SECAS has also been proactively engaging with Users to book upcoming assessments. Two Factor authentication on Egress is also shortly due for release once final testing has been completed.

Other notable activities for the SSC this year include successfully running the Mitigating Risks from Internet Connected Devices Tender, hosting the SEC Privacy Provision forum to further facilitate the development of Privacy Control Framework (PCF), and appointing a Shared Resource Provider representative following the implementation of SECMP0044 'User Security Assessment of a Shared Resource'.

To ensure SEC Parties are provided with clear and up to date information, the SSC have continued to review and develop the Security Controls Framework (SCF) and Agreed Interpretations, releasing four version updates since April 2018. Four version updates of the PCF have also been released in the last 12 months.

The SSC is developing guidance to be included in the SCF in relation to ensuring SMETS1 Smart Metering Systems are designed, installed, operated and supported to an 'Appropriate Standard' in accordance with good industry practice, which will be included in the SCF. The purpose is to assist Users and the User CIO in having a common understanding of what is appropriate to meet the SEC obligations when undertaking User Security Assessments. The SSC are working to approve this in advance of the IOC release, and to communicate a baseline Appropriate Standard for SMETS1 enrolled Smart Metering Systems.

4.2   SMKI PMA

The Smart Metering Key Infrastructure Policy Management Authority (SMKI PMA) was established in July 2014 following the designation of SEC 3.0 and the introduction of SEC Section L 'Smart Metering Key Infrastructure'. The SMKI PMA oversees the effectiveness of the SMKI Document Set and the SMKI Services.

During 2018/19 the SMKI PMA met 11 times, and an additional workshop was hosted by the SMKI PMA to run through SMKI Recovery scenarios.

The SMKI PMA continues to support the SEC Panel in the operational elements of SMKI, including monitoring of various performance measures and issues in relation to the SMKI arrangements.

Activities for 2018/19 include Working Group support in relation to SECMP0042 'Amendments to SMKI Services to provide DCC Users and/or SMKI participants with Authorised Responsible Officer (ARO) Statistics and Information', while SECAS developed the required consultation.

The DCC assurance status report in relation to SMKI Services was approved by SMKI PMA in August 2018. In September, SMKI PMA played a vital role in providing a detailed solution to the SEC Panel in

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relation to a problem caused by a Manufacturer using an incorrect hardware version on their SMKI Certificate, which affected early SMETS2 rollout and was preventing the installation of over 4,700 Devices. A similar intervention with a SMKI PMA direction to the DCC allowed 22,000 Communications Hubs to be deployed which would otherwise have been scrapped due to errors in the SMKI Certificates.

SMKI Recovery scenario exercises were carried out by SMKI PMA as defined in SEC Section L10 as part of the SMKI PMA's annual obligations.

The SMKI Specialist carried out a Risk Assessment on the SMKI Portal via The Internet (SPOTI) and recommended that alternate solutions need to be considered that will reduce the risk to DCC systems but allow Device Certificates to be obtained through a different mechanism. Guidance has since been included in the Agreed Interpretations.

5. Technical Operations

5.1   TABASC

The Technical Architecture and Business Architecture Sub-Committee (TABASC) met 11 times during 2018/2019. Their main focus has been on maintaining the integrity of the technical and business architectures which are represented in the Business Architecture Document (BAD) and Technical Architecture Document (TAD). Following the Release 2.0 updates being finalised on the BAD and TAD at the beginning of the regulatory year, both documents are currently being updated to capture the changes as a result of the SMETS1 Services Release.

As part of its prescribed duties, the TABASC have continued to provide support and advice in respect to Modification Proposals that make use of, affect, or are likely to require change to the Technical Code Specifications, or the Technical and/or Business Architecture. Specifically, the TABASC have provided support with timescales and scoping for each release.

The TABASC have kept abreast of several industry developments that are impacting, or have the potential to impact, the Technical and/or Business architectures. This has included the following:

- DCC Production Proving Design and the enduring strategic solution;
- DCC and Ofgem development of the Central Switching Service (CSS) and DSP Registration Data interface;
- DCC T3 aerials alternative solution;
- DCC requirements to develop an LTE (4g) communications hub to mitigate risks of 2g/3g end of life;
- Ofgem/ELEXON assessment of the options for access to Half-Hourly Settlements data;
- BEIS led work on Electric Vehicles and the related SECMP0046 'Allow DNOs to control Electric Vehicle chargers connected to Smart Meter infrastructure';
- Consideration of SECMP0055 'Incorporation of multiple Issue Resolution Proposals into the SEC' contents as they directly modify the technical code specifications;
- Developed a process for handling Issues Resolution Proposals agreed by Technical Specification Issue Resolution Subgroup (TSIRS);
- Assisted with the refinement of business requirements for possible SEC Modifications.

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Looking forward, and as part of the TABASC's enduring governance role, the sub-committee has undertaken preparatory work relating to the handover of the BEIS led TSIRS. This includes ensuring processes are adopted and in place in terms of workflows and interactions with the SEC Change Sub-Committee.

5.2   TAG

During 2018/19 the Testing Advisory Group (TAG) met 18 times. The first half of the year primarily focused on Release 2 activities with the focus switching to SMETS1 Enrolment & Adoption activities during the latter part of the year.

The TAG continues to be well supported by industry and to deliver important support to the SEC Panel, providing expertise from energy suppliers, shared resource providers, meter & display manufacturers, trade bodies, SECAS and the DCC.

A strong working relationship has developed between the TAG and DCC. The TAG members take the responsibilities of the role extremely seriously and have provided significant input into testing matters. In addition to the scheduled meetings the TAG has met for ad hoc meetings, primarily in the lead-up to test phases being completed. A significant volume of materials has been reviewed by the TAG members and the DCC typically accepts comments as being reasonable. The value of the TAG involvement is confirmed through the regular acceptance of TAG recommendations by the DCC and by the SEC Panel. DCC and TAG continue to find methods of focusing on value-adding activities and reducing unnecessary workload.

5.3   Operations Group

Following its inception in 2017, the Operations Group (Ops Group) met a further 13 times this regulatory year. Throughout this period, use of the DCC's end to end services has grown substantially. As a result, the purpose of the Group, to deal with operational matters relating to operational services provided under the SEC, and to enable DCC and its Customers to raise and share operational matters, has become increasingly important. Over time, as the DCC services are used at greater volume, it is expected that further operational challenges, both system and process, will surface for consideration by the Ops Group.

As part of its regular duties the Ops Group reviews SEC operational reports, that are produced by the DCC, and delegated by the SEC Panel. The Panel has asked the Ops Group to review eight of these regular reports.

This activity has included clarifying apparent inconsistencies in the DCC reporting, and, in some cases, querying possible divergencies from SEC requirements.

To assist in determining the future relevance of the SEC operational reports, the Ops Group has collated and maintained a Performance Measurement Report log, which is analysed to inform a consideration of whether any changes to the SEC reports is required. The aim is to ensure that the operational reporting required by the SEC, reflects the operational environment experienced by DCC Users.

The Ops Group has carried out further tasks within the regulatory year, in accordance with its Terms of Reference and as delegated to it by the Panel. Examples include;

- Overseeing enhancements to the Self-Service Interface (SSI)

The DCC proposed an incremental ("agile") approach to enhancing the SSI so as to improve its usefulness and usability. The Ops Group reviewed and endorsed requirements, costs, and deployment plans for each incremental release, of which there have been 12 to date.

- Overseeing an increased programme of Planned Maintenance

  The DCC proposed additional Planned Maintenance time to ensure that its services were ready and able to manage the ramp up of SMETS2 installations; the DCC also requested additional maintenance time, specifically to address deficiencies with the SSI.

  The Ops Group reviewed the DCC plans, providing input from a User perspective, and reviewed adherence by the DCC to the agreed Planned Maintenance schedule; updates were provided to the SEC Panel. The Ops Group emphasised the need for limiting disruption to the operational service, advance planning of outages, and clear and timely communications to Users. The additional programme of maintenance extended over 17 weeks and was considered at four meetings of the Ops Group.

- In accordance with the governance arrangements for Release 2.0 (R2), the Ops Group made recommendations to the Panel with regards to the DCC R2 Incentive Milestone completion reporting and R2.0 go live decisions. The Ops Group reviewed evidence from the DCC to ascertain suitable operational assurances prior to R2 go live Panel recommendation for BEIS.

- Reviews of Major Incidents

  The Ops Group reviews each Major Incident as reported by the DCC. The Ops Group has emphasised the need for clarity and timeliness of reporting to Users, and also supported the DCC in focusing on root causes and common themes in such incidents. The Ops Group has noted issues encountered and sought assurances from the DCC that learning is applied to its operational processes and systems.

- Business Continuity and Disaster Recovery (BCDR)

  The Ops Group provided the DCC with a User perspective on the proposed approach and schedule for BCDR testing, and also engaged with the DCC on issues encountered, seeking assurances from the DCC that learning is applied to its processes and systems.

- Operational Issues and Risks

  The Ops Group has established a process for investigating and resolving data quality issues identified as a result of a survey of Parties carried out by the Panel. The Ops Group has also begun considering operational issues and risks more generally.

Looking forward, to the Enrolment and Adoption of SMETS1 metering systems, the Ops Group will play an important role in the governance of the SMEST1 Enrolment and Adoption project. The Ops Group will seek operational assurances from the DCC, for example, that there is suitable system and resource capacity to migrate c.13m+ meters, and that these Devices can continue to be successfully operated by Suppliers, post-migration, with no adverse effect to SMETS2 operations.

More generally, it is anticipated that the reliability and resilience of the DCC services, the resolution of issues, and the mitigation of operational risks will become increasingly important as the ramp up of usage continues. As a consequence, it is expected that the role of the Ops Group, with the support of the DCC, will become increasingly important.

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5.4   CPL

For this Regulatory Year SECAS have processed 64 submissions resulting in 115 total versions of the CPL since its creation. All the submissions have been processed in accordance with the timescales as set out in the SEC.

SECAS developed further guidance to support Parties submitting CPL updates. This described how different versions of the Technical Specifications and Great Britain Companion Specification (GBCS) interact with the CPL.

With the implementation of SECMP0009 'Central Firmware Library' in February 2019, the CPL process was further updated to accommodate further information; the "Firmware Information Repository".

The FIR is a list of Meter Manufacturer contact details and firmware information associated with a CPL entry for an ESME or GSME. It provides gaining Suppliers information to identify the relevant meter manufacturer to contact, with regards to the latest firmware on a Device following an update to the CPL.

SECAS have supported amendments to the CPL Requirements Document which introduce a risk-based approach to removing Devices from the CPL due to CPA non-compliance. This now allows the Security Sub-Committee (SSC) to take an evidence-based decision with respect to remedial plans in place.

As a result of new additions to the SEC, in advance of the Enrolment and Adoption of SMETS1 metering systems, SECAS are continuing to ensure that references in the SEC and on the SEC website, are changed to reflect the CPL change of title from Certified to Central.

6.   Change and Releases

6.1   Modification Proposals

2018/19 continued to be a busy year for change, with 23 new Modification Proposals raised during this time added to the 28 already open at the start of the year. However, 29 modifications were concluded during this time, reducing the number of open proposals to 22 at the end of the year.

The following table sets out the number of modifications raised, progressed and closed:

Modification Status	Number
Modifications open at start of regulatory year	28
Modifications raised during regulatory year	23
Modifications concluded during regulatory year	29
Approved	*23*
Rejected	*2*
Withdrawn	*4*
Modifications open at end of regulatory year	22

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6.2   SEC Releases

21 approved Modification Proposals were implemented during 2018/19, including the first two SEC Releases delivered under the SEC Release Management Policy:

- The **November 2018 SEC Release** was implemented on 1 November 2018, containing nine modifications, with a further three implemented as part of this release on 8 November 2018.
- The **February 2019 SEC Release** was implemented on 28 February 2019, containing five modifications.

Four further modifications were implemented as standalone releases.

All bar one of these were documentation-only changes that did not impact the DCC Systems; the one modification that did was included in the November 2018 SEC Release, with the DCC implementing the system changes as part of Release 2.0.

The Panel also agreed to proceed with the first SEC Systems Release in November 2019 and agreed the scope of this release (subject to decisions on individual modifications being received in time). SECAS are now working with the DCC to deliver this release.

The Panel noted exceptionally high implementation costs being produced by the DCC for implementing SEC modifications and sought a long-term approach to implementation costs that would allow the industry visibility of the costs of modifications prior to the final decision being made. The DCC initiated a cost benchmarking exercise in early 2019 in order to help identify an enduring approach, and the report on this will be presented to the Panel early in the next regulatory year.

SECMP0061 'Enduring SEC Release Provisions' was implemented in the February 2019 SEC Release, introducing greater clarity around the framework for releases. SECAS are now working to update the underlying processes, part of which is dependent on the outcomes of the DCC's Cost Benchmarking Study and the enduring approach to be taken around the full DCC implementation costs.

6.3   Section D Review and process enhancements

At the end of the last regulatory year, SECAS presented the findings of the Section D Review they carried out with input from Ofgem, the DCC and Parties. Three Modification Proposals were raised to progress the conclusions of the review:

- SECMP0049 'Section D Review: Amendments to the Modification Process'
- SECMP0050 'Section D Review: Moving the Working Group Terms of Reference to a separate document'
- SECMP0051 'Section D Review: Amendments to the Fast Track Modification process'

The biggest conclusion of the review, progressed under SECMP0049, was that a 'pre-modification process' should be added, to enable the issues identified by new proposals to be assessed by the industry prior to becoming formal Modification Proposals. This would enable proposals with little support to be identified up-front, before significant work is carried out. It would also ensure the problem identified by a Proposer be fully understood before any work is done on solutions, enabling effective solutions to the problem to then be developed. This stage of the process would be overseen by a new Change Sub-Committee.

SECMP0050 and SECMP0051 were implemented as part of the November 2018 SEC Release, with SECMP0049 implemented on 4 March 2019. The Change Sub-Committee has been formed and their first meeting will be held on 8 April 2019.

This year also saw the implementation of [SECMP0034 'Changes to the SEC Section D for DCC analysis provisions'](), introducing SLAs for the DCC to respond to Preliminary Assessment and Impact Assessment requests. The DCC now has 15 Working Days to complete a Preliminary Assessment and 40 Working Days for an Impact Assessment and need to actively report on their progress against these timescales. SECAS has also strengthened its relationship with the DCC, with regular engagement taking place between the SECAS Change Management team and the DCC Investigations team; this is yielding improvements in the progression of change and will continue to be developed into the next year.

At the beginning of 2019, SECAS rolled out further changes to the process to deliver a better service for SEC Parties. As part of this, extensive feedback was sought from Parties across the different Party Categories, to ensure that the reforms would deliver benefit for those that engage in the process. Notable changes introduced include:

- Simplifying the approach to raising new proposals, with Proposers simply needing to provide a summary of the issue they have encountered to SECAS;
- Changing the approach to Working Group meetings, by moving to a monthly format and ensuring that the group is presented with clear straw man solutions for comment and input;
- Ensuring straw man solutions are developed by SECAS, the Proposer and the DCC with input from Sub-Committees prior to Working Group meetings;
- Publishing draft documents (such as business requirements and legal text) on the website earlier in the process for input by Parties outside of meetings and consultations;
- Implementing an 'agile' approach to timetables, whereby the Panel approves shorter packages of work and receives regular updates on progress, and ensuring these are reflected in the Modification Register;
- Reviewing the modification pages on the website to provide greater detail on where a modification is in the process and what is happening;
- Providing updates and guidance via the Newsletter and website articles; and
- A regular Modcast, providing short audio updates on developments with modifications.

SECAS will continue to review and enhance the process, with longer-term improvements in response to the feedback received, planned for the next regulatory year.

6.4   Transitional Governance

In addition to Modification Proposals, other changes to the SEC arise from the Programme through the ongoing SEC development under Transitional Governance. Throughout 2018/19, 13 SEC designations were made to implement BEIS-directed changes, with configuration management support provided SECAS.

The Secretary of State can also direct Variations, which alter the timings of obligations laid out in the SEC. The following variations were directed during 2018/19:

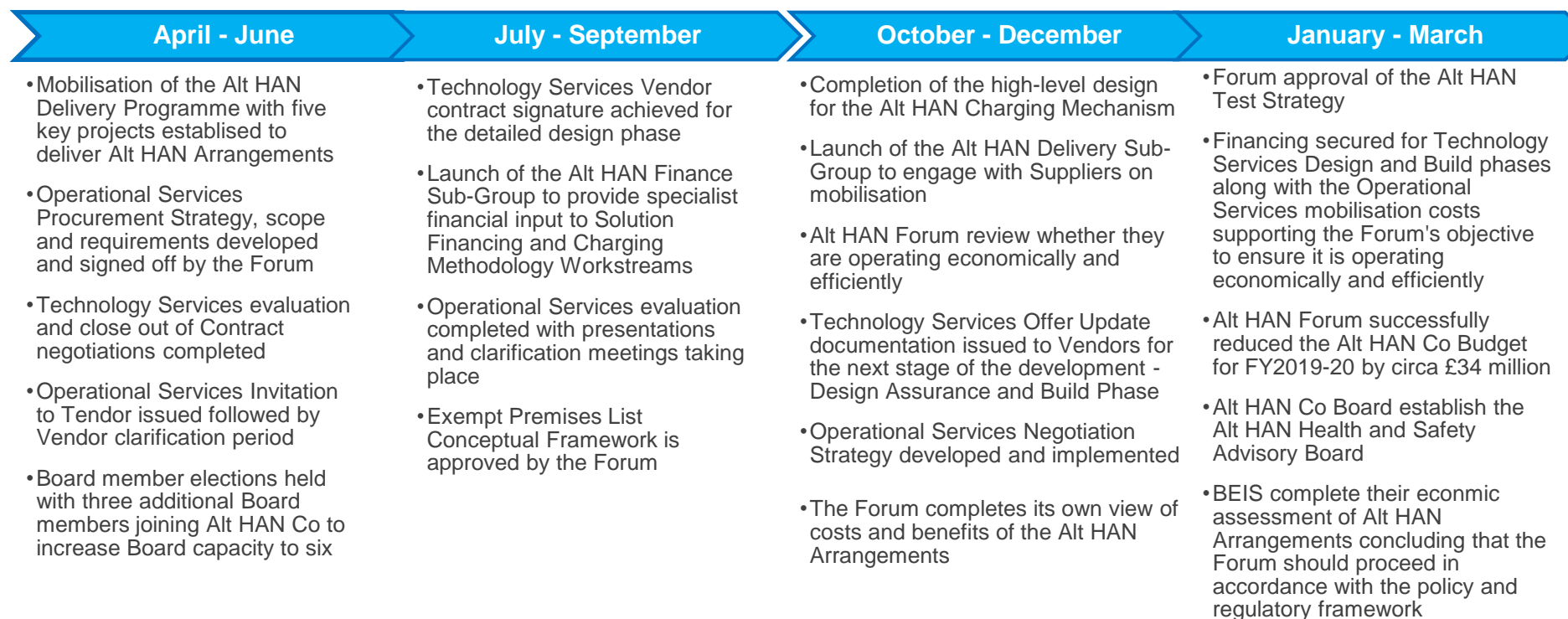| Date	SEC Section	Variation
28 Jun 2018	Section F	Removal of previous variations against SEC Sections F5 'Communications Hub Forecasts and Orders' and F6 'Delivery and Acceptance of Communications Hubs'
30 Aug 18	Section H	Notice that SEC Sections H14.31 'Device and User System Tests' and H14.36A 'SMETS1 Pending Product Combinations Tests' in respect of SMETS1 Devices will apply from 30 November 2018

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7. Alt HAN Activities

The Eighth General SEC Objective relates to activities of the Alternative HAN Forum (the "Forum") on the establishment and operation of Alternative HAN Arrangements. Section Z 1.3 sets out the objectives of the Forum and provides the framework within which all Alt HAN activities must operate.

The 2018/2019 Regulatory Year saw the continued operation of the Forum and a steady increase in the pace of activities following the launch of the Alt HAN Programme. The Alt HAN Forum have made significant progress this year towards Alt HAN Arrangements and the figure below outlines the key activities taken during 2018/19:

April - June	July - September	October - December	January - March
• Mobilisation of the Alt HAN Delivery Programme with five key projects establised to deliver Alt HAN Arrangements	• Technology Services Vendor contract signature achieved for the detailed design phase	• Completion of the high-level design for the Alt HAN Charging Mechanism	• Forum approval of the Alt HAN Test Strategy
• Operational Services Procurement Strategy, scope and requirements developed and signed off by the Forum	• Launch of the Alt HAN Finance Sub-Group to provide specialist financial input to Solution Financing and Charging Methodology Workstreams	• Launch of the Alt HAN Delivery Sub-Group to engage with Suppliers on mobilisation	• Financing secured for Technology Services Design and Build phases along with the Operational Services mobilisation costs supporting the Forum's objective to ensure it is operating economically and efficiently
• Technology Services evaluation and close out of Contract negotiations completed	• Operational Services evaluation completed with presentations and clarification meetings taking place	• Alt HAN Forum review whether they are operating economically and efficiently	• Alt HAN Forum successfully reduced the Alt HAN Co Budget for FY2019-20 by circa £34 million
• Operational Services Invitation to Tender issued followed by Vendor clarification period	• Exempt Premises List Conceptual Framework is approved by the Forum	• Technology Services Offer Update documentation issued to Vendors for the next stage of the development - Design Assurance and Build Phase	• Alt HAN Co Board establish the Alt HAN Health and Safety Advisory Board
• Board member elections held with three additional Board members joining Alt HAN Co to increase Board capacity to six		• Operational Services Negotiation Strategy developed and implemented	• BEIS complete their econmic assessment of Alt HAN Arrangements concluding that the Forum should proceed in accordance with the policy and regulatory framework
		• The Forum completes its own view of costs and benefits of the Alt HAN Arrangements	

8.   SEC Objectives

SEC Section C2.2(b) describes that the Panel shall always act in a manner designed to ensure that the Code is operated to facilitate achievement of the SEC Objectives. These Objectives are depicted as the General SEC Objectives, the Transition Objective and the Charging Objectives. This section sets out the Panel's view on how the SEC continues to meet the SEC Objectives.

Objective	Status	Notes
First General SEC Objective - to facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain.	✔	This General SEC Objective continues to be met through activities that the Panel and the Sub-Committees undertake, including: • Supporting DCC Release activities through the Panel and the TAG decision-making activities; • Managing data quality issues through the Operations Group; • Sub-committes continually monitoring the installation, operation and interoperability of Devices, reporting any issues to the Panel as required; • Supporting Modification Proposals through the process, with oversight from the Panel and continuous process improvement; and • SECAS and the Panel Chair attending the BEIS Groups and keeping the Panel and Parties appraised of the developments through the monthly Transitional Governance Update paper. Consultation responses have also been submitted where appropriate from the SEC Panel or Sub-Committees.
Second General SEC Objective - to enable the DCC to comply at all times with the General Objectives of the DCC (as defined in the DCC Licence), and to efficiently discharge the other obligations imposed upon it by the DCC Licence.	✔	Where there is a dependency on the SEC operations for the DCC to comply with its Licence, the Panel has acted promptly and proactively to ensure that it achieves its responsibilities in a consultative manner, whilst not frustrating the process for the DCC to meet its obligations. The majority of DCC obligated reporting has been delegated by the Panel to the Operations Group for review, with any issues being highlighted to the Panel as required. DCC progress in delivering against its obligations is monitored through an update from the DCC Panel Member provided at SEC Panel meetings, regular meetings with the DCC and monitoring of consultations, activities and updates at industry meetings.

Third General SEC Objective - to facilitate Energy Consumers' management of their use of electricity and gas through the provision to them of appropriate information by means of Smart Metering Systems.	✓	Energy Consumers are now able to access data derived from their electricity and gas usage following DCC Go-Live and take up of DCC Services. The impacts on Energy Consumers is monitored by the Panel and supplemented by the consumer representation by Citizens Advice. Over the course of the coming year, SECAS will be packaging tailored information for Citizens Advice to enable them to be more involved in consumer impacting areas rather than across the whole smart arrangements.
Fourth General SEC Objective - to facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy.	✓	The development of the overall market design and DCC Services under the SEC together with the technical and security framework support the aim to facilitate effective competition under this objective. All Party types are represented on the SEC Panel and sub-committees to ensure their differing needs are represented. Information is available on the SEC Website for all Parties, regardless of Party Category. The aim of the coming year is to make specific tailored Party Category information available for Parties. This will be produced in line with the new principle of Independent - to neither favour, nor frustrate any single Party or body of Parties.
Fifth General SEC Objective - to facilitate such innovation in the design and operation of Energy Networks (as defined in the DCC Licence) as will best contribute to the delivery of a secure and sustainable Supply of Energy.	✓	Network Operators' participation is integrated into the SEC governance entities as well as their rights as SEC Parties. Continued involvement of Network Operators in the achievement of the Transition Objective and the evolution of the SEC ensures the SEC, alongside liaison with other Industry Codes, supports this objective. SECAS continue to engage with the Network Operators ensuring that they are fully appraised of new SEC content and their implications.
Sixth General SEC Objective - to ensure the protection of Data and the security of Data and Systems in the operation of this Code.	✓	This SEC Objective continues to be met, with the SEC security requirements and architecture ensuring appropriate protections, responses and remediations are in place. The SSC have continued to develop relevant processes and procedures throughout the year to support the requirements set out within the SEC.

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		The second year of User Security Assessments are underway, with many first year assessments being theory and prior to the User taking DCC Services. The second year assessments are more practical as users are now utilising the DCC at scale.
		SECAS have built a relationship with and will work alongside the Information Commissioner for data protection activities. The Panel have retained the obligation for data protection rather than delegating to a Sub-Committee, and have set up a Memorandum of Understanding with the Information Commissioner to enable information sharing.
Seventh General SEC Objective - to facilitate the efficient and transparent administration and implementation of this Code.	✔	The SEC Panel and SECCo Board have been established and have demonstrated their commitment to this objective through undertaking the Panel Duties in accordance with the Panel Objectives as laid out in the SEC.
		SECAS support this General Objective through issuing communications to SEC Parties, including providing udpates on Sub-Committee activities and Modification Proposals going through the process, and sharing the SEC Panel budget.
		Amendments to the SECAS services over the past year have included a thorough review of the modificatons process, introduction of Modcasts, and a review of SEC Website. The new principles listed in section 2 are in line with this objective. SECAS continue to review and modernise processes, systems and information for all Parties.
Eighth General SEC Objective – to facilitate the establishment and operation of the Alt HAN Arrangements	✔	The Alt HAN Arrangements are detailed in Secton Z of the SEC, the Alt HAN Forum is now in its third year of operation and continues to grow working towards its objectives laid out in the SEC. Five Sub-Groups are currently in operation to support Alt HAN Activities at the direction of the Forum with 2018 seeing the creation of the Finance Sub-Group to support the delivery of the Solution Financing and Charging Methodology workstreams and the launch of the Delivery Sub-Group to support supplier readiness for Alt HAN launch dates.
		The Alt HAN Co Board provides governance and fiduciary oversight necessary for Alt HAN Co operation and the Board's objectives are detailed within the SEC. The Board is elected from any Relevant Suppliers and currently made up of six members. This year the Board established the Alt HAN Health and Safety Advisory Board to ensure Health and Safety would be at the forefront of any Alt HAN installations.
		2018/19 also saw the establishment of the Alt HAN Delivery Programme providing the capability to deliver the Alt HAN Services to all Relevant Suppliers. The Alt HAN Co Board made changes

		the operating model and implemented additonal governance to refect the increase in activity and ensure the Delivery Programme was set up for success.
		The Programme has delivered important milestones throughout the year, including the successful reduction of the Alt HAN Co Budget 2019-20 by securing financing for Technology Services Design and Build Phases along with Operational Servicesmobilisation costs. The Alt HAN Programme continue to progress at a steady rate with the Forum and Board preparing to appoint an appropriately incentivised Managing Director whilst undertaking further preparatory work to review its operating model to ensure that Alt HAN Co is set up to deliver Alt HAN services.
		The upcoming year will also see considerable developments within the Alt HAN Arrangements to ensure its readiness for the increasingly challenging cost environment. The Forum are preparing to balance these considerations working closely with BEIS to make certain they proceed in the most economic and efficient manner.
Transition Objective - the efficient, economical, co-ordinated, timely, and secure process of transition to the Completion of Implementation.	✅	SEC Section X outlines the transitional arrangements. Progress and outputs of the Transition Working Groups are monitored on a monthly basis and Panel and SECAS operations have been fully prepared to receive updated Code content and SEC Subsidiary Documents upon designation.
Charging Objectives - First Relevant Policy Objective.	✅	The first Charging Methodology in SEC Section K meets the aim of the objective by applying uniform charges to Domestic Premises.
Charging Objectives - Second Relevant Policy Objective.	✅	The Charging Methodology has been implemented within the SEC and the Charges applicable within the reporting period facilitate the implementation of the DCC Services reflective to the DCC costs.
Charging Objectives – Third Relevant Policy Objective.	✅	The first Charging Methodology has been implemented within the SEC and the Charges applicable within this reporting period facilitate the implementation of the DCC Services reflective to the DCC costs.

✅ Continues to meet Objective

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