



Department for
Business, Energy
& Industrial Strategy

Department for Business, Energy &
Industrial Strategy
1 Victoria Street
London SW1H 0ET
www.gov.uk/beis

The Authority (Ofgem), the SEC Panel, SEC Parties and other
interested parties

11 September 2019

Dear Colleague,

SMART METERING CONSULTATION ON CHANGES TO THE SMART ENERGY CODE AND DCC LICENCE

This consultation seeks stakeholders' views on proposed changes to the Smart Energy Code (SEC) and DCC Licence. These changes are largely to facilitate the continued enrolment of SMETS1 smart meters into the DCC network. There are also some other miscellaneous smart metering-related changes.

I welcome your views on the proposals. The consultation closes at 10am on 14 October 2019. Details of how to respond are set out in the consultation document at Annex A.

Yours faithfully,

Duncan Stone
Deputy Director & Head of Delivery
Smart Metering Implementation Programme

List of Annexes to this letter

Annex A Consultation document

Annex B Proposed Legal Drafting [attached separately]

- Section 1 - Section A, New Section H16, DCC LCs 1 & 17, Interoperability checker
- Section 2 – Section A, Separation clarification
- Section 3 – Section G7, Ofgem
- Section 4 – Section I1 & DCC LC8, Data localisation
- Section 5 – Section L1 & L14, Section A, SMKI governance
- Section 6 – Section L10, SMKI recovery procedures
- Section 7 – Section X1, Transitional provisions
- Section 8 – Section K11, DCC charging

Annex A: Consultation document

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General Information

Why we are consulting

This consultation seeks stakeholders' views on six technical implementation proposals that require amendments to the Smart Energy Code (SEC) and two proposals that require amendments to the SEC and DCC Licence in order to facilitate SMETS1 enrolment and other miscellaneous matters in relation to smart metering. Subject to consideration of consultation responses and the parliamentary process, the revised SEC and DCC Licence drafting will be introduced using the Secretary of State's Section 88 Energy Act 2008 powers.

Relationship between this consultation document and associated legal drafting

Every effort has been made to ensure that the explanatory text in this consultation document reflects the legal drafting included at Annex B. However, the legal drafting should be considered to be definitive in the event that there is any inconsistency between it and the explanatory text.

Timing

Responses to this consultation should be submitted by 10am on 14 October 2019.

Responding to the consultation

Your response will be most useful if it is framed in direct response to the questions posed, by reference to our numbering, though further comments and evidence are also welcome.

Responses should be submitted to: smartmetering@beis.gov.uk

or addressed to:

Smart Metering Implementation Programme – Regulation,
Department for Business, Energy & Industrial Strategy,
2nd Floor, Spur1,
1 Victoria Street,
London SW1H 0ET

When responding, please state whether you are responding as an individual or representing the views of an organisation. If you have any complaints about the way this consultation has been conducted, please email: beis.bru@beis.gov.uk.

Confidentiality and data protection

Information you provide in response to this consultation, including personal information, may be disclosed in accordance with UK legislation (the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004). If you want the information that you provide to be treated as confidential please tell us but be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

We will process your personal data in accordance with all applicable UK and EU data protection laws. See our [privacy policy](#).

We will summarise all responses and publish this summary on the SECAS website. The summary will include a list of names or organisations that responded, but not people's personal names, addresses or other contact details.

Territorial extent

This consultation applies to the gas and electricity markets in Great Britain.

Consultation background on SMETS1 enrolment

1. A number of energy suppliers have been installing first-generation (SMETS1) smart meters for their customers. Like second-generation (SMETS2) smart meters, SMETS1 meters provide consumers with the benefits of accurate bills and near real-time energy consumption information. However, SMETS1 meters currently operate via data and communications systems put in place by individual energy suppliers, as opposed to a single data and communications infrastructure which is accessible to all energy suppliers. As such, SMETS1 meters installed by one energy supplier are not always compatible with another energy supplier's systems and may lose smart functionality when a consumer switches supplier.
2. Enrolment of SMETS1 meters on the single data and communications infrastructure of the Data Communications Company (DCC) will rectify this and will provide a number of benefits to consumers and the energy market, in particular:
 - Retention of smart services for consumers when they switch energy supplier.
 - Reduction of stranding risk for existing SMETS1 assets.
 - The application of a number of additional security controls core to the national data and communications service, such as threshold anomaly detection, would be extended to these meters.
 - Efficiency gains from rationalisation of smart metering interfaces, and processes within energy supplier businesses.
3. In May 2019 in order to provide market wide interoperability for consumers, we confirmed that DCC should provide a SMETS1 Service for the Secure meter set, equating to around a third of the SMETS1 meter population. This builds on our decision in October 2018 that required DCC to provide a SMETS1 service for approximately two-thirds of the meter population consisting of Aclara, Honeywell Elster, Landis+Gyr and Itron meter sets. We intend to consult on the remaining and smallest meter set EDML, which represents less than one percent of SMETS1 meters, once sufficient cost, technical and security information is received from DCC working with existing and prospective service providers.

Chapter 1: Consumer information provision during SMETS1 migration period

Background

1. The customer experience for the transitional period over which installed SMETS1 meters are migrated to the DCC is of importance to the Government. Energy suppliers are required to take all reasonable steps to enrol their SMETS1 meter portfolios into the DCC within 12 months of the eligibility date for their enrolment. We expect energy suppliers to take steps to fulfil this obligation as quickly as possible but recognise that the eligibility date for different SMETS1 meter cohorts will arise at different times.
2. During this transitional period, it is important that consumers can access clear and accurate information about whether they have an enrolled SMETS1 meter and which energy suppliers are able to operate their enrolled SMETS1 meter in “smart mode”. We are therefore proposing to make changes to the SEC and DCC licence that require DCC to make certain information available to consumers via an interoperability checker, which consumers will be able to access directly through a host organisation. The purpose of the interoperability checker is to support consumers in making informed decisions about switching energy suppliers during the period of SMETS1 migration.
3. The specific information provided to consumers would include:
 - whether there is an enrolled smart metering system for each relevant fuel type at the domestic or non-domestic consumer’s premises;
 - if so, whether the smart metering system(s) is or are a SMETS1 or SMETS2 smart metering system, and the identity of the current energy supplier(s);
 - if it is an enrolled SMETS1 smart metering system, the identity of the meter manufacturer and the model of the meter; and
 - a list of energy suppliers who have indicated to the DCC that that it is their policy, if they commence to supply premises at which a Smart Metering System of that type is installed, to operate that Smart Metering System in smart mode.
4. It is proposed that the change to the DCC licence and the SEC to achieve the above would require the DCC to make the information available to consumers, on request, through Citizen’s Advice or an alternative host organisation nominated by the Secretary of State. It is also proposed that where a gas or electricity supplier notifies DCC that it can provide a “smart service” in relation to a device of that type, there is a requirement that the information they provide is accurate and up to date.
5. Other features of the proposed changes include:
 - A requirement for DCC to enter into an agreement with the host organisation that, at a minimum provides that:
 - o The host organisation reasonably verifies that the person seeking to access the data is the consumer at the relevant premises and ensures that appropriate security safeguards are in place, for example to prevent automated requests for data access in respect of multiple premises.

- The host organisation does not access, retain or process the information provided for the interoperability checker for any purpose other than providing the information directly to the consumer.
- The service would form part of DCC's mandatory business, and it would be able to recover the costs of the service through its general charges under the SEC. It would not charge the host organisation for the service and the service would be provided free of charge to consumers via the internet.
- The obligation for DCC to provide the service would be capable of being switched on and off by the Secretary of State. We anticipate that provision of the service would end following the completion of SMETS1 migration.

Rationale

6. In order to provide information to the consumer via the interoperability checker, DCC will need to enter into an agreement with a host organisation, who will act as a conduit for this information to the consumer, by enabling the consumer to access the interoperability checker via the internet. This agreement would need to cover, for example, DCC taking appropriate steps to be satisfied that a host organisation would act in accordance with relevant data protection legislation. Accordingly, DCC will need to ensure that the means of data provision are consistent with its data protection obligations. We would not expect to activate the obligations on DCC to provide the service in circumstances where an appropriate agreement had not been reached with the organisation through which the information is to be made available.
7. In recognition of the potential for any organisation hosting the interoperability checker to utilise the information beyond its purpose or in such a way that could give rise to competitive tension, we propose placing a condition on DCC that ensures information is not processed in conjunction with other data and is not used by the host organisation for any other purpose.
8. This would mean, for example, that any host organisation would be prevented from processing the information provided to the consumer in conjunction with price comparison data. Should the consumer wish to use the information in this way they would be able to subsequently enter the information separately into the price comparison tool of their choice.
9. We are proposing that the host organisation through which DCC should make the information available is Citizen's Advice who will act as a conduit for this information to the consumer. The interoperability checker would be made available to the public on the Citizen's Advice website and/or through an application. Our view is that Citizen's Advice has a unique position in the gas and electricity markets providing consumer advice and information for non-commercial gain.¹ We consider the provision of the interoperability checker to be consistent with the role of Citizen's Advice to provide a consumer

¹ Citizen's Advice is a partially government funded organisation delivering energy advice and education across Great Britain, is a charitable organisation and is also a statutory consumer advocate for energy consumers.

information service and is consistent with our expectation that the host organisation acts unambiguously in the consumer's interest.²

10. Based on the current proposal, the identity of the current energy supplier is included in the information made available to the consumer. We note however that this information is not strictly needed in order for the consumer to know whether the smart metering system is enrolled or, if it is SMETS1, which energy suppliers can provide a smart service in relation to it. On the other hand, provision of this information could be a helpful reminder to consumers in order to support their engagement in the energy market. We are inviting views on whether it is appropriate for the identity of the consumers' current energy supplier(s) to be made available to the consumer through the interoperability checker.
11. In recognition of the fact that the mandatory business of DCC consists of the operation or provision on behalf of SEC or REC (Retail Energy Code) parties (or other persons identified in Condition 17 of the DCC licence) of mandatory business services pursuant to the SEC or REC, we have proposed changes to the SEC requiring energy suppliers to make the relevant information on the meter type and whether it is enrolled available to consumers to ensure the DCC activity in this area falls within its mandatory business. Energy suppliers will be considered to have discharged that obligation to the extent that DCC is making the information available. We therefore consider that, in practice, this means that energy suppliers will not need to take any steps to comply with this obligation.
12. We have also provided for energy suppliers to notify DCC of those types of devices in relation to which they can provide "Smart Services", but we have not required them to do this. However, where they do so the information is required to be accurate and up to date. This means that the information provided to the consumer may be incomplete, as energy suppliers are not explicitly required to notify DCC of the types of SMS that they operate in Smart Mode. We encourage all energy suppliers to seek to provide complete information where possible.
13. We recognise that there may be a demand for information of this nature to be made available to consumers (or to third parties) on an enduring basis. However, this has not been proposed as part of this consultation, since we are focussed on delivering changes that we believe would be beneficial to consumers during the temporary period over which SMETS1 installations are being migrated, under arrangements that we believe are straightforward to deliver and address privacy and competition issues.
14. We consider that there would need to be further consideration of such issues were there to be commercial provision of such information in the future, and we would expect any proposition in this space to be developed and substantively discussed in the first instance between DCC and its users and other relevant parties before any further amendments to the regulatory framework are taken forward.

Proposed amendments

15. In order to give effect to these changes, a new section, H16 has been added to SEC Section H, DCC Services and subsequent changes have been made to Section A,

² In its three year strategic framework "Future of Advice" by 2022, Citizens Advice sets out its role, which focusses on "1) Advice – improving the experience people have when they come to Citizens Advice for help, so everyone leaves with the knowledge and confidence to find a way forward; 2) Advocacy – a stronger voice on the issues that matter most to people who access the service for help; and 3) Technology – using technology to enable a great experience for people who come to the service for help, while freeing up resource that will support increased demand."

Definitions. DCC Licence Condition 1 and 17 have also been amended. The proposed legal drafting can be found in **Annex B, Section 1**.

Interoperability Checker - Consultation Questions

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| 1. | Do you agree with the proposal that requires DCC to make certain information available to consumers on request through an interoperability checker? |
| 2. | Do you agree that the provision of the information should be through Citizen's Advice acting as the host organisation for the interoperability checker? |
| 3. | Do you agree that the identity of the current energy supplier should be included within the information provided? |
| 4. | Do you agree with the proposed amendments to SEC under Section A & H, and the proposed amendments to conditions 1 and 17 of the DCC licence? |

Chapter 2: SEC Section G Clarifications

Clarification of DCC Obligations relating to separation of SMETS1 Service Provider (S1SPs) and Dual Control Organisations (DCOs)

Background

16. The SEC currently requires DCC to ensure that the systems of SMETS1 Service Providers (S1SPs) and Dual Control Organisations (DCOs) are separated from one another and from other DCC Systems (SEC G2.20(c)). However, we do not consider the SEC is sufficiently clear on the meaning of the separation obligation insofar as it applies to S1SPs and DCOs. We are therefore proposing to provide clarification in the SEC in order to meet the original intent.

Rationale

17. The existing separation requirements form an important part of the security solution; therefore, we consider it necessary that these obligations are clear in order to reflect the original intent. We believe that the clarification is consistent with DCC's operational implementation of these requirements and is necessary to align SEC requirements with operational practice.

The proposed amendments

18. The proposed amendment to Section A is to clarify within the definitions of SMETS1 Service Provider and Dual Control Organisation when the systems for two S1SPs and two DCOs are required to be separated from one another and from other DCC systems. Based on the clarifications, S1SP's supported by different External Service Providers are required to be separated and DCOs processing communications relating to different External Service Providers are required to be separated. The legal drafting can be found in **Annex B, Section 2**.

Clarification of DCC Obligations - Consultation Questions

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| 5. | Do you agree with the proposed amendment to the legal drafting of Section A of the SEC? |
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Formalisation of Ofgem's role on the Security Sub-Committee (SSC)

Background

19. Ofgem's role in the security of smart metering has increased following its appointment as joint Competent Authority, with the Department for Business, Energy and Industrial Strategy under the Network and Information Systems Regulations (NIS) 2018. The NIS Regulations provide legal measures that increase the overall level of security (both cyber and physical resilience) of network and information systems that are critical for the provision of digital and essential services. The NIS Regulations established multiple competent authorities which are responsible for the oversight and enforcement of the NIS

Regulations in each sector or region covered by the NIS Regulations.³ For aspects of essential services that fall within the scope of the Smart Energy Code (SEC), the Department for Business, Energy and Industrial Strategy and Ofgem are designated as the joint competent authorities. To support the position that compliance with the relevant security provisions of the SEC are sufficient to demonstrate compliance for those aspects with regulation 10 of NIS Regulations, it is necessary to ensure that Ofgem in its capacity as joint competent authority has access to the relevant security information relating to SEC compliance.

20. The Security Sub-Committee (SSC) was established under the SEC Panel to oversee, review and advise on SEC security arrangements. Duties include overseeing the security controls framework, maintaining the security architecture and annual risk assessment as well as seeking assurance. The SSC meets on a regular basis to discuss and review security issues across all aspects of the smart metering arrangements, seeking the advice of the Alt HAN Forum where necessary.
21. Under Section G7.3 of the SEC, formal membership of the SEC is composed of the following persons:
 - (a) the Security Sub-Committee Chair;
 - (b) eight Security Sub-Committee (Supplier) Members;
 - (c) two Security Sub-Committee (Network) Members;
 - (d) one Security Sub-Committee (Other User) Member;
 - (e) one Security Sub-Committee (Shared Resource Provider) Member; and
 - (f) one representative of the DCC.
22. Additionally, section G7.16 of the SEC enables a representative of the Secretary of State for Business, Energy and the Industrial Strategy to attend the SSC. Specifically, section G7.16 allows the Department for Business, Energy and Industrial Strategy's representative to be:
 - (i) invited to attend each and every Security Sub-Committee meeting;
 - (ii) entitled to speak at such Security Sub-Committee meetings without the permission of the Security Sub-Committee Chair; and
 - (iii) provided with copies of all the agenda and supporting papers available to Security Sub-Committee Members in respect of such meetings.
23. In order to make effective decisions, members have voting rights with the Security Sub Committee Chair having the casting vote, however voting rights do not apply to the representative for the Department for Business, Energy and Industrial Strategy who

³ The NIS Regulations including guidance for competent authorities:
<https://www.gov.uk/government/collections/nis-directive-and-nis-regulations-2018>

attends SSC as an interested party. At present, Ofgem can attend SSC on an informal basis only.

Rationale

24. In order to recognise Ofgem's more active security role at SSC consistent with the additional smart metering responsibilities placed upon it under NIS Regulations, we are proposing to formally reflect Ofgem's role in the SEC by providing them with the right to appoint a representative to attend SSC, speak and receive papers on the same basis as the Secretary of State for Business, Energy and Industrial Strategy.

The proposed amendments

25. The intent of the proposed amendment to Section G7.16 is to provide Ofgem⁴ with the same role at SSC as the Secretary of State for Business, Energy and Industrial Strategy by giving Ofgem the right to appoint a representative to attend SSC, speak and receive papers. The legal drafting can be found in **Annex B, Section 3**.

Formalisation of Ofgem's Role - Consultation Questions

6.	Do you agree with the proposal to formalise Ofgem's role at SSC to enable them to appoint a representative to attend SSC, speak and receive papers?
7.	Do you have any comments on the legal drafting that seeks to put this into effect?

⁴ The legal drafting actually permits the "Authority" rather than Ofgem to appoint a representative. The "Authority" is the Gas and Electricity Markets Authority (GEMA) established under the Utilities Act 2000. The term "Ofgem" refers to the Office of the Gas and Electricity Markets which, strictly speaking, is the non-ministerial Government department that is governed by GEMA, although the terms "Ofgem" and "the Authority" are often used interchangeably.

Chapter 3: Data Localisation

Background

26. The SEC (SEC Section I1.7(g)) and Smart Metering Communication Licence (Condition 8.4(e)) contain data localisation requirements in the form of restrictions on the international transfer of personal data. These data localisation requirements state that the DCC cannot transfer or process personal data outside the European Economic Area (EEA) under any circumstance. The General Data Protection Regulation (GDPR) does permit transfers outside of the EEA, in limited circumstances where suitable protections for personal data are in place.

Rationale

27. The Government has been clear that data privacy safeguards introduced for smart metering should complement wider data protection legislation, including the new data protection regime which came into force on 25th May 2018 and incorporates the Data Protection Act 2018 and the General Data Protection Regulation (GDPR). This regime updated existing consumer protections and introduced some new rights for data subjects. It applies directly to energy suppliers and other authorised parties.

28. The GDPR contains specific provisions limiting the processing of personal data to countries outside of the EEA, which are considered 'restricted transfers', but does permit some restricted transfers under a limited set of set of circumstances. The GDPR contains provisions for restricted transfers to countries covered by an EU Commission decision that the country provides adequate protection for individuals' rights and freedoms for their personal data. Restricted transfers may also be permissible where they are covered by specific appropriate safeguards or exceptions as defined by the GDPR.⁵

29. We are proposing amendments to the SEC and DCC Licence to ensure that the data privacy protections in place for smart metering are consistent with the GDPR in relation to data processing outside of the EEA. This will provide clarity to industry and ensure that appropriate controls are in place which safeguard data privacy, whilst enabling proportionate processing of personal data.

⁵ See [Information Commissioner's Office \(ICO\) guidance](https://ico.org.uk/for-organisations/guide-to-data-protection/guide-to-the-general-data-protection-regulation-gdpr/international-transfers/) for further information on the GDPR provisions relating to the international processing of personal data (<https://ico.org.uk/for-organisations/guide-to-data-protection/guide-to-the-general-data-protection-regulation-gdpr/international-transfers/>)

The proposed amendments

30. An amendment has been proposed to SEC Section I1.7(g) and Smart Metering Communication Licence Condition 8.4(e) to remove specific data localisation requirements. The processing of personal data beyond the EEA will remain governed by the data localisation requirements of the GDPR, which is directly applicable. The legal drafting can be found in **Annex B, Section 4**.

Data Localisation - Consultation Questions

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| 8. | Do you agree that the proposed drafting delivers the policy intent that data processing restrictions are consistent with GDPR? |
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Chapter 4: Smart Metering Key Infrastructure

SMETS1 Public Key Infrastructure (PKI) Governance

Background

31. SEC Section L of the SEC sets out the arrangements that govern the Smart Metering Key Infrastructure (SMKI)⁶ which underpins the security of smart-meter related communications. In order to provide governance of the SMKI documentation and gain assurance of the DCC operation of the SMKI Services, the SMKI Policy Management Authority (SMKI PMA) was established under the SEC and serves as a Sub-Committee of the SEC Panel.
32. Depending on the SMETS1 Service Provider (S1SP), communications to SMETS1 devices from S1SPs and the Dual Control Organisations (DCOs) are secured using either a dedicated, non SMKI PKI or by using symmetric keys. In order for a consistent set of oversight arrangements to be brought to bear on the management of keys that are used as part of the secure end-to-end communication for SMETS1, it is proposed to bring the management of these PKIs and the symmetric keys under the aegis of the SMKI Policy Management Authority (SMKI PMA) and incorporate the relevant documentation into the SEC.

Rationale

33. For two of the SMETS1 S1SPs, the DCC is proposing to use two dedicated, separate PKIs for secure communication between devices and the S1SP and DCO. As these two PKIs are an essential element of the end-to-end security of communications with their associated SMETS1 devices, we are proposing that they should also be placed under the oversight of the SMKI PMA to provide a consistent set of oversight arrangements with SMKI. This would mean that the certificate policies⁷ and a number of other associated documents for these PKIs would, on incorporation into the SEC, need to be reviewed by the SMKI PMA in the same way that applies to the SMKI documentation.
34. It is also proposed that these SMETS1 PKIs should be assured in the same way that the SMKI PKIs and IKI are assured. This means having an equivalent of the SMKI compliance policy that applies to the additional SMETS1 PKIs (and potentially includes matters relating to assurance of the symmetric key arrangements).
35. For the other SMETS1 Service Provider, symmetric keys are used to secure communications between the devices and S1SP/DCO and in this case, it is proposed that the symmetric key management policy governing the use of these keys would also be incorporated into the SEC and reviewed by the SMKI PMA.

The proposed amendments

36. We are proposing changes to Section L1 and L14 to set out arrangements for the governance of the SMETS1 PKIs and symmetric keys, as well as adding a number of associated definitions to Section A. In essence, the proposals that relate to the PKIs

⁶ In addition, Section L sets out arrangements in relation to Infrastructure Key Infrastructure (IKI) and DCC Key Infrastructure (DCCKI)

⁷ The certificate policy for a PKI is the principal document governing the issuing of certificates, and management and use of the relevant cryptographic keys. For SMKI organisation certificates and SMKI device certificates as well as for IKI and DCCKI, the relevant certificate policies are SEC appendices.

mirror those that applied to the development and approval of the equivalent SMKI and DCCKI (DCC Key Infrastructure) documents although we are proposing that DCC would develop these documents for the S1SPKIs (SMETS1 Smart meter Public Key Infrastructure). Also in light of the legacy nature of some of the arrangements applying in relation to some cohorts, in the case of the Certification Practice Statement (CPS) for the S1SPKIs, we are proposing that the SMKI PMA will in addition to being able to approve or reject it, have the option of not rejecting the CPS allowing as part of that process any risks to be appropriately managed. We have also set out a proposed scope of the symmetric key management policies and proposed obligations on DCC also to develop these documents for incorporation into the SEC and review by the SMKI PMA.

37. We also propose to add a new section L15 dealing with the compliance policy applying to the new PKIs and symmetric key management arrangements. We envisage that the matters addressed in the compliance policy will be equivalent to those addressed in relation to the SMKI compliance policy and will be bringing forward a draft of the document for consultation in due course. We also envisage that the SMKI PMA may wish to appoint the same person who carries out the assurance of SMKI also to carry out the equivalent role for the SMETS1 PKIs. The scope of the new compliance policy also allows it to cover matters relating to the symmetric key arrangements and we will again consult on any assurance requirements for these as part of the development of the compliance policy itself. The proposed amendments can be found in **Annex B, Section 5**.

PKI Governance - Consultation Questions

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| 9. | Do you agree with the proposal to bring the management of two PKIs and the symmetric keys under the aegis of the SMKI Policy Management Authority (SMKI PMA)? Do you agree with the proposal to bring the management of the two PKIs under an equivalent of the SMKI PKI assurance regime? |
| 10. | Do you agree that the proposed legal drafting delivers the policy intent? |

Scope of SMKI Recovery Procedures

Background

38. Section L of the SEC also sets out the scope of the SMKI recovery procedures. These are a set of procedures that are to be followed in the event of the compromise of one of a number of private keys associated with SMKI certificates used in end-to-end communications.
39. At the moment the scope of private keys covered by the recovery procedures includes only those private keys which, if compromised⁸, might lead to the use of the recovery key or the contingency key.
40. The SMKI PMA has indicated that it wishes to extend the scope of the SMKI recovery procedures so that they additionally cover what they and SEC parties need to do if a

⁸ The concept of a certificate being compromised is used as a shorthand for “the private key associated with a public key in a particular certificate being compromised”.

number of other private keys are compromised. For example, the SMKI PMA wishes to extend the scope to include steps to be taken following a compromise of a private key used to sign the XML (Extensible Mark-up Language) “wrappers” of service requests and signed pre-commands and private keys associated with organisation certificates held by SMETS1 Service Providers. In order to accommodate this, we are proposing a change to the SEC that, in addition to those private keys covered by the current scope of the recovery procedures, it can also cover the steps required to be taken in the event of a compromise of these other types of private key. We have also provided for the SMKI PMA to require the inclusion of private keys which are associated with public keys in certificates issued under the S1SPKIs set out in the previous section should it be considered appropriate by SMKI PMA.

Rationale

41. The purpose of this is so that the SMKI recovery procedures can contain, in a single document, the set of procedures that SEC parties and RDPs (Registration Data Providers) should follow in the event of a compromise of a private key that is used as part of the smart metering arrangements and which the SMKI PMA believes it would be convenient and appropriate to include within the scope of the SMKI recovery procedures.

The proposed amendments

42. The proposed changes to extend the scope of the SMKI recovery procedures have been made to Section L10.30. The legal drafting can be found in **Annex B, Section 6**.

SMKI Recovery Procedures - Consultation Questions

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| 11. | Do you agree with the proposal to expand the permitted scope of the SMKI recovery procedures to allow them to deal with the steps that need to be taken if other private keys are compromised? |
| 12. | Do you agree that the proposed legal drafting delivers the policy intent? |

Chapter 5: Transitional Provisions

Background

43. Section X of the SEC deals with the transition from a programme-led, transitional governance to industry-led enduring governance of smart metering. The objective of Section X is to achieve the efficient, economical, co-ordinated, timely and secure process of transition to the completion of implementation⁹. The provisions in Section X arise from a recognition that progressing through transition is dependent on different parties working together effectively, and that changes to the regulatory framework may need to be quickly progressed in order to ensure an efficient and effective transition.

Rationale

44. At present the SEC provides that Section X will stop applying on the earlier of completion of implementation or 31 December 2020. The scope of Section X has already been substantially reduced in 2018 with the transition to enduring governance in mind. However, we consider that if completion of implementation falls after 31 December 2020, it would be beneficial to retain the residual flexibility afforded by Section X into this period. For example, to enable the re-designation of subsidiary documents to reflect changes arising from the ECOS (Enduring Change of Supplier) programme, or to facilitate a SVTAD (SEC Variation Testing Approach Document) to be produced and updated covering the testing for these changes. We are therefore proposing to amend Section X powers so that the residual arrangements endure until completion of implementation.

The proposed amendments

45. Proposed amendments have been made to Section X1.5 to reflect our intent that the remaining Section X powers endure until completion of implementation. The legal drafting can be found in **Annex B, Section 7**.

Transitional Provisions - Consultation Questions

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| 13. | Do you agree with the proposal to extend Section X? |
| 14. | Do you agree with that the proposed changes to the legal drafting delivers the intent of extending Section X? |

⁹ Completion of Implementation occurs on a date designated by the Secretary of State (or by a person appointed by him for that purpose) provided that all the Conditions of the DCC Licence are in full force and DCC is reasonably able to comply with them. The SEC further provides that this will be when the Secretary of State believes that:

- The documents material to the implementation of the SEC have been incorporated.
- The provisions material to the implementation of the SEC apply in full and without variation.
- Each Party that holds an energy licence is reasonably able to perform its obligations and exercise its rights under the Code.
- In advance of triggering the Completion of Implementation, the Secretary of State will consult with SEC Parties in respect of a proposed date.

Chapter 6: DCC Charging

Background

46. Section K of the SEC constitutes the charging methodology that the DCC is required to have in force in accordance with the DCC Licence (Condition 18). Under the existing arrangements the costs that DCC recovers via fixed charges (including Alt HAN fixed charges) are shared among parties within the relevant charging groups pro-rata based on the sum of (i) the number of mandated smart metering systems for domestic premises and (ii) the number of enrolled smart metering systems for non-domestic premises that in each case are relevant to each party. These charges are used to recover a substantial proportion of DCC's overall revenues. Under the SEC, these arrangements persist during the UITMR period (User Integration Testing and Mass Rollout period¹⁰).
47. Currently, the UITMR period expires on 31 December 2020 after which these charges would, by default, be levied pro-rata based only on the number of enrolled smart metering systems across the domestic and non-domestic sectors. We are proposing to modify the SEC to make a short three-month extension to the UITMR period so that it terminates on 31 March 2021, i.e. at the end of the regulatory year 2020/21.

Rationale

48. The primary purpose of this proposed amendment is to avoid a material change in the way in which these costs are recovered part way through the 2020/21 regulatory year. Not only would this mean that DCC's customers would not have to deal with a material change to the charging methodology part way through the regulatory year, it would also reduce administrative burdens for DCC, since a single set of charging arrangements will apply throughout the regulatory year.
49. We therefore consider there is a need to make the change now in order to provide a firm basis on which DCC can conduct its end year charging arrangements for the next financial year. This would subsequently allow for the forthcoming publication of DCC's end of year charging statement for the next financial year, as per legal requirements.

The proposed amendments

50. Under Section K11.1, an amendment has been proposed to the definition of the UITMR period so that DCC's current charging arrangements apply until 31 March 2021. The legal drafting can be found in **Annex B, Section 8**.

DCC Charging - Consultation Questions

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| 15. | Do you agree with the proposal to extend DCC's existing charging arrangements for 3 months to additionally cover the period from 1 January 2021 to 31 March 2021? |
| 16. | Do you agree that the legal drafting delivers this policy intent? |

¹⁰ Section K 11 of the SEC.