



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

16 January 2020

Dear Colleague,

Smart Metering Implementation Programme: government response to September 2019 consultation on proposed amendments to the Smart Energy Code and DCC Licence.

On 11 September 2019 we published a consultation seeking stakeholder views on proposed amendments to the Smart Energy Code (SEC) and DCC Licence in relation to the enrolment of SMETS1 smart meters into the DCC network and other miscellaneous smart metering-related changes.

We received twelve responses to the consultation, which closed on 14 October 2019. We have considered the stakeholder views and the document at Annex A constitutes the Government response. The final draft legal text set out in Annex B has been laid in Parliament today in line with the procedure under Section 89 of the Energy Act 2008.

Yours faithfully,

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

List of Annexes to this letter

Annex A	Consultation response
Annex B	<p>Legal text [attached separately]</p> <ul style="list-style-type: none">• Section 1 – Section A, New Section H16, DCC LC's 1&17• 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 S1, Transitional provisions• Section 8 – Section K11, DCC charging

Annex A: Government response to the September 2019 consultation on changes to the Smart Energy Code and DCC Licence conditions.

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General Information

Purpose

Following consideration of responses to the smart metering consultation on changes to the Smart Energy Code and DCC Licence issued on 11 September 2019, this government response provides conclusions on the changes proposed. The final legal text has also been laid before Parliament on 16 January 2020 in line with procedure under Section 89 of the Energy Act 2008.

Issued

16 January 2020

Enquiries

Smartmetering@beis.gov.uk or addressed to:

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

Territorial extent

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

Legal drafting

The legal drafting should be considered to be definitive in the event that there is any inconsistency between it and the explanatory text.

Introduction

Background

1. Smart meters are replacing old gas and electricity meters across Great Britain as part of an essential national upgrade that will make our energy system cheaper, cleaner and more efficient. Millions of households are already benefitting from smart meters, which will enable technologies such as electric vehicles, smart tariffs and microgeneration to be efficiently and cost effectively integrated with renewable energy sources. Without smart metering, modelling for the Committee on Climate Change estimates the costs of delivering net zero emissions by 2050 could be up to £16 billion higher each year.
2. A number of energy suppliers have installed 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 installed by an energy supplier using its own system are not always compatible with another energy supplier's systems and may lose smart functionality when a consumer switches supplier. In order to address this, a long-standing policy ambition has been to enrol SMETS1 meters into the national smart metering system. As from early 2019, SMETS1 meters can no longer be installed and count to an energy supplier's rollout target.
3. Enrolment of SMETS1 meters on the single data and communications infrastructure of the Data Communications Company (DCC) provides 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.
4. The Government has made a number of modifications to the smart metering regulatory framework to enable the provision of a SMETS1 Service by the DCC. This includes changes to the Smart Energy Code, the creation and amendment of technical annexes and amendments to energy supply licences. A DCC enrolment service went live in July 2019. In order to maximise consumer benefits, we expect that the regulatory framework may continue to need amendments, notably in support of different operating capabilities servicing different SMETS1 meter sets.

5. In September 2019, a regulatory consultation was issued proposing amendments that would benefit the DCC SMETS1 Service alongside other miscellaneous smart metering-related changes. This document provides the government response to the September 2019 consultation, which closed on 14 October 2019.
6. A total of twelve written consultation responses were received from the following organisations:

Sector	Organisation
Consumer Group	Citizen's Advice
Energy Supplier	Bristol Energy Limited
	Centrica plc
	EDF Energy
	E.ON
	Npower
	Scottish Power
	SSE Energy Services Group Limited
Trade Body	Energy UK
Other	Data Communication Company (DCC)
	Security Sub-Committee (SSC) to the SEC Panel.
	uSwitch Limited

7. During the consultation period, the Department conducted engagement with energy suppliers and other stakeholders through the Technical and Business Design Group (TBDG) and its Enrolment & Adoption Sub-Group. There was also engagement with the Security Sub Committee (SSC) on the proposal to provide Ofgem a formal role on the SSC and with SMKI PMA Group on the SMKI proposals.

Chapter 1: Consumer information provision during SMETS1 migration

Summary of Issue

8. In recognition of the importance that consumers can access information about whether they have an enrolled SMETS1 meter, and which energy suppliers are able to operate their enrolled meter in 'smart mode,' the consultation proposed a requirement that DCC make certain SMETS1 information available to consumers on request through an interoperability checker. This would be provided by a host organisation: Citizens Advice.
9. The consultation proposed that 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 it is their policy, if they commence to supply premises at which a smart metering system of that type is installed, to operate the smart metering system in smart mode.
10. The consultation also proposed a requirement for DCC to enter into an agreement with the host organisation that, at a minimum, provides that:
 - a. 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.
 - b. 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.
11. The consultation also proposed that where a gas or electricity supplier notifies the DCC that its policy is to provide a "smart service" in relation to particular types of SMETS1 devices, that the information they provide must be accurate and up to date. The consultation proposed that the DCC are able to recover costs for the service¹ but is not to charge the host organisation for the checker, which is to be provided free of charge to consumers via the internet.

¹ We understand that DCC may, for example, seek to recover costs for setting up the API facility.

12. The consultation proposed that the obligation for DCC to provide the service would be capable of being switched on and off by the Secretary of State. The consultation also stated that the provision of the proposed service would end following the completion of SMETS1 migration.

Summary of Responses

Question 1: Do you agree with the proposal that requires DCC to make certain information available to consumers on request through an interoperability checker?

Of the 12 responses, the majority agreed with this proposal, with three respondents disagreeing either with caveats or in principle. One respondent provided a neutral response. The key points made by one or more respondents included:

- There exists strong consumer demand for this information, which is important for determining which energy supplier and tariffs to switch towards.
- The proposal would allow consumers to access clear and accurate information about whether they have an enrolled SMETS1 meter and which energy suppliers can support them in smart mode.
- The proposal could cause consumer confusion and lead to untargeted calls to energy suppliers' contact centres and was limited in value.
- Two respondents supported the proposal but requested more information about the costs of implementing and maintaining the checker.

In relation to the specific design for the checker:

- That the checker should not make the meter manufacturer's name or meter technical specification (e.g. SMETS1 or SMETS2) information available to consumers, as this information is not required for the purpose of identifying alternative energy suppliers during the migration period.
- Consulting the Security Sub Committee (SSC) was necessary and more assurance was needed about security and data privacy controls.
- That information should be required from energy suppliers so that it is consistent with the requirement to provide accurate information.
- More clarity was requested on how the checker will deal with cases where unenrolled meters remain smart when a consumer switches.

Question 2: Do you agree that the identity of the current energy supplier should be included with the information provided?

All but two respondents to this question agreed that the identity of the current energy supplier should be included with the information provided. Two consultation respondents provided no response to this specific question. A summary of the key points made by one or more respondents is as follows:

- The provision of the identity of the current energy supplier to consumers through the checker is necessary because consumers frequently misidentify their current energy supplier, which may lead to them inadvertently losing smart functionality when switching.

- This information is needed because the checker is likely to generate queries from energy consumers that may require advice from the current energy supplier.
- Two respondents considered the provision of the identity of the current energy supplier unnecessary as there are existing industry processes for checking the energy supplier name, updating data quickly may be problematical and the brand name of the energy supplier may differ to registration records and cause consumer confusion.

Question 3: Do you agree that the provision of the information should be through Citizen's Advice acting as the host organisation for the interoperability checker?

All but one respondent to this question agreed that the provision of the information should be through Citizen's Advice acting as the host organisation for the interoperability checker. Two consultation respondents provided no response to this question. A summary of the key points made by one or more respondents to this question is as follows:

- Citizens Advice is well placed as a trusted and independent source for this information by consumers to host the checker.
- One respondent disagreed believing that smart metering interoperability information should be made as widely available to consumers as possible (third party access to consumer data would also help with innovative use of that data by third parties); that all interested third parties should be given access to the information; and that the checker is most relevant to the consumer when making price comparisons. One respondent objected to opening up the checker to third parties where it may allow DCC to commercialise smart data to services such as tariff comparison and switching sites.

Question 4: Do you agree with the proposed amendments to SEC under Section A & H, and the proposed amendments to conditions 1 and 17 of DCC's licence?

There was broad agreement to this question. One or more respondents made the following key points:

- The definition of smart mode should mean that an energy supplier can enable a consumer's meter to be billed using data received from the smart meter, with no reliance on estimates or meter reads provided by the consumer.
- The provision of information on non-enrolled SMETS1 meter types that an energy supplier can operate could be offered via the checker.
- It would be helpful for consumers to have access to whether their In-Home Display (IHD) will regain or maintain functionality through the checker.

Government response

Case for proceeding with the interoperability checker

13. Following consideration of the responses, we will be proceeding with the introduction regulatory changes for the interoperability checker for SMETS1 enrolled meters over the migration period. The scope of the checker will be focused on SMETS1 enrolled meters. We would expect to de-activate the checker at the end of the SMETS1 migration period.
14. We consider that the checker will support consumers in making informed decisions about switching energy suppliers during the SMETS1 migration period by enabling consumers to establish if smart functionality for their SMETS1 meter will be retained upon switching and by providing them with a list of energy suppliers who have indicated that they would retain smart services. The checker will be a centralised service enabling information to be made available to consumers during the migration period, so it is brought to them sooner rather than later.
15. The provision of an interoperability checker delivers clear benefit for consumers. Access to SMETS1 information may reassure consumers and give them the confidence to switch energy suppliers, with a clear understanding of any implications for their smart services. Details of those energy suppliers that intend to operate an enrolled meter they gain through switching in smart mode may also enable consumers to make a more informed decision, which may involve switching to an energy supplier which will enable them to retain smart services. In monetary terms, the benefit to society of a single smart meter retaining smart services is estimated at around £22 per annum. For the consumer, we would expect to see a benefit of around £35 in energy savings per annum, if they retain smart services compared to if they switch and their meter no longer operates in smart mode.
16. We have received evidence that there is demand from consumers wanting simple access to the sort of SMETS1 information that the tool will provide e.g. that consumers want to know whether they have a SMETS1 or SMETS2 meter. For this reason, we consider that provision of SMETS1 information to the consumer on request helps to increase transparency over the SMETS1 migration period and provides reassurance to the consumer switching. This could empower consumers to make choices which benefit them and ultimately increase consumer confidence in smart metering.
17. The DCC has provided information relating to costs for the interoperability checker service in its December 2009 Finance Forum, noting that £178, 000 has been spent on the proof of concept. The current cost estimate from DCC for full build, development, testing and operation of the checker is approximately £500,000. We have requested that the DCC regularly reports to its Users the costs for the interoperability checker through its Finance Forum. This decision to proceed with the checker is subject to ongoing DCC reporting to the Department on its future expected spend.

18. In order to ensure the checker provides information that is clear and helpful to consumers including pre-payment customers, Citizens' Advice (who will be responsible for consumer messaging) will conduct user testing on the messages that consumers will receive. In addition, we will seek assurance from Citizen's Advice about its consumer messaging, including its stakeholder outreach and its readiness, before switching on the checker.
19. Further, if consumers did contact energy suppliers about SMETS1 enrolment, a set of SMETS1 Enrolment Customer Communication principles have been developed by BEIS, energy suppliers, Ofgem and consumer groups as part of the Consumer Reference Group to ensure suppliers communicate effectively with their customers and provide support during the enrolment period.
20. Ensuring an acceptable level of security for the end to end smart metering system is a priority for the Smart Metering Implementation Programme. Once the design for the interoperability checker has been finalised, we expect DCC to consult the Security Sub-Committee (SSC) on the security aspects of the solution. In addition, a Privacy Impact Assessment, that seeks to minimise any data protection risks, is being developed by the DCC, and will be finalised before the checker is activated.

Informing consumers of the name and model of their meter manufacturer

21. Having considered the responses to the consultation, we no longer believe that meter manufacturer and model should be provided to consumers through the checker. In most cases, the information is already provided on the meter device so it is available to consumers should they wish to access it and is, in any event, unnecessary information for the purpose of switching whilst retaining smart functionality or for understanding the scope and reach of the SMETS1 checker. For these reasons, we have concluded that the checker will not be required to inform consumers of the identity of the meter manufacturer and model of the meter once they are told they have an enrolled SMETS1 meter.

Informing consumers whether they have a SMETS1 or SMETS2 meter

22. Following consideration of the consultation responses, we have decided that consumers should be informed whether their enrolled meter is a SMETS1 or SMETS2 device. Whilst the information is not directly necessary for providing consumers with information on their switching options, there is evidence to suggest that consumers are aware of the existence of first and second generation meters (i.e. SMETS1 and SMETS2) and are keen to understand and/or confirm which meter(s) are installed in their premises. Consumers are likely to expect to see this information on the checker and understanding if they have a SMETS1 or SMETS2 meter will help them to determine whether the SMETS1 meter interoperability checker applies to them and why.

Informing consumers of the identity of their current energy supplier

23. Having considered the consultation responses, we have decided that the inclusion of the identity of the current energy supplier through the checker will help guide consumers who do not know their existing supplier and help them make more informed choices accordingly. It should be noted that the provision of this information through the checker is not intended to be a definitive source. In light of the risk that the brand name/white label may differ from the legal name of the energy supplier, we have decided that the checker should include clear consumer messaging explaining that the consumers' current energy supplier may be supplying under a brand name/white label. This will mitigate the risk that providing the current energy supplier for a consumer could potentially cause confusion and generate increased contact with energy suppliers.
24. In order to ensure that brand names/white label providers may be included within the list of alternative energy suppliers that operate SMETS1 smart meter systems in "smart mode" so that options are clear for consumers, we have decided that where a supplier provides information that it can operate a SMETS1 installation in smart mode, it may include any brand name or white label tariff provider.

Host organisation for the interoperability checker

25. Having considered the consultation responses, we have concluded that the service should be made available through Citizens Advice acting as the host organisation for the interoperability checker. The host organisation would not have access to the underlying data behind the checker. The information will be provided direct to the consumer upon request through an Application Programming Interface (API).
26. We consider Citizens' Advice to be the most appropriate host organisation for the checker because:
- Citizens Advice is a trusted non-profit, consumer-focused advisory service and is well placed to respond to any general queries about smart metering that the checker may generate.
 - The limited and transitional nature of the proposal as well as the need to implement it quickly over the SMETS1 migration period means that opening up to interested third parties, where numerous contractual agreements and assurances around security controls are necessary, would delay implementation. Timely provision of information to consumers is an important consideration, and the implementation of the checker will bring wider benefits associated with switching and competition in the market.
 - There is a risk that due to the increased costs arising from extending the checker to third parties that DCC may need to charge for the provision of national level data it uniquely holds, which would raise ethical commercialisation data issues, which we currently do not consider to be in the consumers interests.

- The information to be provided through the checker is provided direct to the consumer. Interested third parties could encourage consumers to check their details before undertaking any tariff or energy supplier comparison search.
- In order to proportionately disseminate the checker to ensure adequate consumer reach, a consumer awareness plan will be put in place ahead of the checker being activated.
- There are restrictions in the provisions being introduced in order to limit any conflicts of interest.

Design considerations

Smart meter definition

27. We have considered one respondent's suggestion for amendments to the definition of a smart meter in relation to accurate billing. We do not believe these to be necessary. As part of wider monitoring activity, the Smart Metering Implementation Programme collects data from energy suppliers relating to the provision of accurate bills to smart meter customers. Where concerns arise, these can be addressed directly with energy supplier(s). We expect that where an energy supplier can operate a smart meter through the DCC they will also attempt to bill the relevant customer using accurate smart meter readings.

Supplier information incentives and exceptions

28. The SEC provisions being introduced state that energy suppliers are not required to provide information for the checker but where they do so, the information must be accurate and up to date. We believe that an obligation on energy suppliers to provide information is not necessarily due to the existence of sufficient incentives. However, we do consider that where energy suppliers provide information stating that they support SMETS1 meters, that these should also declare any exceptions. For example, some energy suppliers have indicated that they are able to operate SMETS1 meters but only with a single rate tariff, which means an Economy 7 Tariff would not be supported.

Other design considerations

29. We have considered additions regarding In Home Display's (IHD's) raised by one respondent but do not consider this to be necessary as all IHD's are expected to retain smart functionality on churn or to have returned where services are restored.
30. In addition, the obligation for DCC to provide the checker service would be capable of being suspended by the Secretary of State for contingency purposes.
31. Finally, we have made some changes to the detailed nature of the way that information is made available through the checker to reflect the functionality.

For example, if a consumer enters an MPRN into the checker, information will only be made available if there is an Enrolled Gas Smart Metering System (even if there is an Enrolled Electricity Smart Metering System at the premises), although it is noted this is an unlikely case. We expect messaging that consumers receive after they have entered their MPRN and MPXN to be subject to user testing by Citizen's Advice.

Conclusion

32. Overall, we have decided to proceed with the introduction of changes to support the provision of a SMETS1 interoperability checker for enrolled SMETS1 meters that is hosted by Citizens Advice in order to enable consumers to make informed decisions about switching suppliers and to increase SMETS1 transparency. This checker is expected to be established by DCC and Citizens' Advice in a timely manner and endure for the migration period, subject to the Secretary of State being satisfied with the provisions and activating the service.
33. In order to give effect to these changes, section, H16 in the draft SEC Section H, DCC Services and subsequent changes have been made to Section A, Definitions. DCC Licence Condition 1 and 17 have also been amended.

Chapter 2: SEC Section G Clarifications

Clarification of DCC obligations relating to the separation of SMETS1 service provider (S1SPs) and Dual Control Organisation (DCO)

Summary of Issue

34. The SEC requires DCC to ensure that the systems of SMETS1 Service Providers (S1SP's) and Dual Control Organisations (DCO's) are separated from one another and from other DCC Systems (SEC G2.20(c)).
35. However, we suggested that there were elements of the SEC which were not sufficiently clear and proposed some amendments to provide more clarity on the meaning of the separation obligation insofar as it applies to S1SPs and DCOs.

Summary of responses

Question 5: Do you agree with the proposed amendment to the legal drafting of Section A of the SEC?

36. All the respondents to this question agreed with the proposed amendments to the legal drafting of Section A of the SEC.

Government response

37. In light of the unanimous agreement, the proposed amendments to the definitions of SISP and Dual DCO in Section A of the SEC will be implemented as proposed in the consultation.

Formalisation of Ofgem's role on the Security Sub-Committee (SSC)

Issue under consideration

38. 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)² 2018. To support the Ofgem and BEIS's agreed position

² 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. As part of this, the NIS Regulations established multiple competent authorities which are responsible for the oversight and enforcement of the NIS Regulations in each sector or region

that compliance with the relevant security provisions of the SEC are sufficient to demonstrate compliance for those aspects with regulation 10 of NIS Regulations, we proposed measures designed to formally reflect Ofgem's role at SSC. We proposed to do this 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.

Summary of responses

Question 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?

Question 7: Do you have any comments on the legal drafting that seeks to put this into effect?

39. All the respondents to this question agreed with the proposal to formalise Ofgem's Role at the Security Sub Committee (SSC) and with the legal drafting proposed.

Government response

40. In light of the unanimous agreement from respondents, Ofgem's role will be formalised at the Security Sub Committee (SSC) which will enable Ofgem 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 legal drafting will also be implemented as proposed in the consultation.

Chapter 3: Data Localisation

Summary of Issue

41. The SEC (SEC Section I1.7(g)) and Smart Metering Communication Licence (Condition 8.4(e)) contains 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.
42. The consultation proposed removal of specific data localisation requirements in the SEC and DCC Licence so that data privacy protections are in place for smart metering that are consistent with the GDPR in relation to data processing outside of the EEA. The consultation considered that this proposal would provide clarity to industry and ensure that appropriate controls are in place which safeguard data privacy, whilst enabling proportionate processing of personal data.

Summary of responses

Question 8: Do you agree that the proposed drafting delivers the policy intent that data processing restrictions are consistent with GDPR?

43. The majority of responses agreed that the proposed drafting achieved alignment of the SEC and Smart Metering Communication Licences with the General Data Protection Regulation (GDPR) and that restrictions over and above GDPR requirements are unnecessary. One respondent agreed with the proposal but requested more clarity on the reasons. Additionally, two respondents suggested that more clarity to the legal drafting about the circumstances to which data can be transferred outside the EEA was necessary, with one of those respondents stating that references were needed about the appropriate safeguards or exceptions defined by GDPR and ICO guidance.

Government response

44. Having considered the consultation responses received the Government will proceed with the proposal to remove specific data localisation requirements in the SEC and Smart Metering Communication Licence. The GDPR is part of UK law and directly applicable to DCC's activities. Therefore, the Government does not consider that it is necessary for the SEC and DCC Licence to repeat the specific GDPR provisions relating to international data transfers.

45. Stakeholders should refer to the ICO's Guide to the GDPR for further information on international data transfers and relevant exemptions³. In order to assist organisations in preparing for EU Exit we also refer stakeholders to the ICO's guidance on Data Protection and Brexit.⁴

³ <https://ico.org.uk/for-organisations/guide-to-data-protection/guide-to-the-general-data-protection-regulation-gdpr/international-transfers/>

⁴ <https://ico.org.uk/for-organisations/data-protection-and-brexit/>

Chapter 4: Smart Metering Key Infrastructure

SMETS1 Public Key Infrastructure (PKI) Governance

Summary of Issue

46. 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 was 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.

Summary of responses

Question 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?

Question 10: Do you agree that the proposed legal drafting delivers the policy intent?

47. There was unanimous agreement amongst respondents to question 9 & 10 to bring key infrastructure/key management of SMETS1 system into the governance of the SMKI PMA and to bring the management of two PKIs under an equivalent assurance regime. One respondent requested clarity on whether it is the SMKI PMA that would take responsibility for the management of risks or energy suppliers. There was also unanimous agreement toward the proposed legal drafting.

Government response

48. Having considered the above, we will be implementing the amendments as proposed. Insofar as the management of risk is concerned, it is expected that the SMKI PMA will assess and understand the risks associated with the cryptographic arrangements applying to SMETS1 communications and, where necessary propose mitigating actions to manage these risks. Ultimately however energy suppliers will continue to be responsible for the security of Smart Metering Systems installed in consumer premises.

Scope of SMKI Recovery Procedures

Summary of Issue

49. The consultation proposed amendments to extend the scope of the SMKI recovery procedures 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.

Summary of responses

Question 11. Do you agree with the proposal to extend 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?

Question 12: Do you agree that the proposed legal drafting delivers the policy intent?

50. There was unanimous support from respondents to questions 11&12 toward expanding the permitted scope of the SMKI recovery procedures and toward the legal drafting.

Government response

51. The Government will expand the scope of the SMKI recovery procedures by making the necessary amendments to the legal drafting.

Chapter 5: Transitional Provisions

Summary of Issue

52. The consultation proposed that Section X powers which deals with the transition to operational enduring governance of smart metering should endure until Completion of Implementation rather than the earlier of Completion of Implementation and the 31 December 2020.⁵ This proposal would enable Completion of Implementation to fall after 31 December 2020. The consultation considered that this proposed amendment would allow the residual flexibility afforded by Section X to be retained and enable, for example, the re-designation of subsidiary documents to reflect changes arising from the Enduring Change of Supplier (ECOS) Programme, or the production of the SEC Variation Testing Approach Document.

Summary of responses

Question 13: Do you agree with the proposal to extend Section X?

Question 14: Do you agree with the proposed changes to the legal drafting delivers the intent of extending Section X?

53. There was agreement across all respondents to questions 13 to the policy intent for extending Section X. Additionally, all respondents agreed with the amendments with two respondents raising the question of whether additional consequential changes may be required to the DCC licence.

Government response

54. Having considered consultation responses, we consider that amendments to the SEC deliver our intent to make transitional changes which include, in particular, the re-designation of subsidiary documents. We believe this policy intent is separable to that achieved by extending the applicability of DCC's licence conditions over the transitional period however we have now proposed to change these licence conditions and set out our proposals to do so in our

⁵ 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.

recent consultation⁶. For these reasons, amendments will now be made to Section X1.5 of the SEC to reflect our intent that the remaining Section X powers endure until completion of implementation.

⁶ [Consultation on Standard Conditions of Gas and Electricity Supply Licenses, conditions of DCC Licence, the SEC, the UNC and MRA](#)

Chapter 6: DCC Charging

Summary of Issue

55. The consultation proposed modifying the SEC to make a short three-month extension to the User Integration Testing and Mass Rollout (UITMR period)⁷ so that it terminates at the end of the 2020/2021 regulatory year, rather than 31 December 2020.
56. This would avoid a material change in the way in which costs are recovered part way through the 2020/2021 regulatory year and reduce administrative burdens for DCC, since a single set of charging arrangements will apply throughout the regulatory year. Making the change now would also provide a firm basis on which DCC can conduct its end year charging arrangements for the next financial year including timely publication of its charging statement, as per legal requirements.

Summary of responses

Question 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?

Question 16: Do you agree with the proposed changes to the legal drafting delivers this policy intent?

57. There was agreement across all respondents to the policy proposal. All respondents to question 16 agreed with the proposed changes to the legal drafting with one respondent noting that the current SEC text refers to the date in condition 39 of electricity supply licences, querying whether any change was being made to that condition.

Government response

58. As proposed in the consultation, the SEC will be modified to make a short three-month extension to the UITMR Period so that it terminates at the end of the regulatory year for 2020/2021.
59. The reference to condition 39 of electricity supply licences is to the principal smart metering rollout licence condition in those licences. The Government has recently consulted on licence conditions that will apply post 2020 in its "Smart meter policy framework post 2020" consultation⁸.

⁷ Section K 11 of the SEC

⁸ <https://www.gov.uk/government/consultations/smart-meter-policy-framework-post-2020>