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SEC Panel Approved Budget 2021 – 2024

Change History

VERSION	STATUS	ISSUE DATE	AUTHOR	COMMENTS
0.1	Draft	05/11/2020	Abigail Hermon	Initial Draft release for PFCG Review
0.2	Draft	11/11/2020	Abigail Hermon	Draft release for Panel Review
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1. Summary

The Smart Energy Code (SEC) requires the SEC Panel to develop a 3-year budget for consultation in January of each year. Activity levels have been assessed and the Approved Budget for 2021/22 is £9,040,991. The equivalent cost per meter is 10p. Estimates for 2022/2023 and 2023/2024 have been provided of £9,155,337 and £8,909,372 respectively, with the main variance being within the Projects category.

Budget Category	2021/22 Approved Budget	2022/23 Estimated Budget	2023/24 Estimated Budget
SECCo and Panel Operations	£1,094,807	£1,114,958	£1,123,706
SECAS Services	£5,796,411	£5,796,411	£5,796,411
Projects	£994,250	£1,083,000	£840,000
SMDA	£725,000	£725,000	£725,000
Contingency (5%)	£430,523	£435,968	£424,256
Total	£9,040,991	£9,155,337	£8,909,372

Table 1: 2021-24 SEC Panel Budget Projections

1.1 The current landscape and assumptions

Whilst we hope to be through the worst of the COVID pandemic next year, for the purpose of budgeting we have assumed that there will still be an element of remote working, whether by choice or necessity. As proven this year, the business of the SEC Panel and its Sub-Committees can continue as normal under those circumstances. We are mindful of the potential impact on SEC Parties, the pressures on their costs, and on their capacity to support both Sub-Committee business and additional Projects. We have therefore slightly increased SECAS Core Team support to assist.

Even with the smart meter rollout deadline extended, we still expect installations to take place largely as usual, with volumes continuing to increase as more Suppliers commence their own rollout. Whilst we hope that the bulk of SMETS1 Enrolment and Adoption issues will have been resolved, with large volumes of enrolled meters being operated through the DCC, we must prepare for challenges to continue to arise, particularly in the areas of Technical Operations and Security.

With increased use of the infrastructure, we've seen an influx of changes put forward by industry and BEIS, to amend both systems and SEC drafting, and we do not expect this demand to dissipate next year. And, with cost pressures on the industry, we anticipate even more challenge and scrutiny over the costs being assigned to such changes, placing increased demands on the team and the need to carefully judge cost-benefit cases.

A recent trend has been BEIS and Ofgem seeking oversight and assurance from the SEC Panel in relation to the Data Communications Company's (DCC) delivery of services, and our expectation is for this requirement to continue. Furthermore, we anticipate an ongoing need to provide technical review and oversight of the DCC's deliverables both on core business and larger programmes, in order to ensure the quality of the output. One such programme is Network Evolution, comprising four major workstreams which have far-reaching impact that could require significant effort from SEC Panel, its Sub-Committees and the SECAS team.

The transfer of governance responsibilities from BEIS to the Panel is expected to continue, although the exact pace is to be determined. For the purpose of this budget, it has been assumed that transitional arrangements will remain in place throughout 2021. It is assumed that Change of Supply Monitoring will be handed over from BEIS to the Operations Sub-Group (OPSG) at the start of the financial year, and

that the Technical Specification Issues Resolution Subgroup (TSIRS) and the Home Area Network/ Wide Area Network (HAN/WAN) Working Group will transition in 2022.

The Authority has approved a Modification to move the fixed costs of the Smart Meter Device Assurance (SMDA) Scheme into the SEC Panel Budget, and these costs have been provisioned. We anticipate the scope of the scheme might evolve but have not factored in any further budget to make these changes at this time. We have assumed that the activities of Alt-Han will have no impact on SEC Panel Budget requirements. 2021 is a key year for the Ofgem Switching Programme, with Industry-wide UEPT and End-to-End (E2E) activities taking place throughout the year and into 2022. This could lead to more work for our Sub-Committees to assure DSP related testing, and ensure the infrastructure and service management functions are fit for purpose. We will monitor any changes or innovations brought in by the associated Retail Energy Code (REC), and consider their application to the SEC from 2022-23 onwards.

1.2 Budget control

In light of industry circumstances, the SEC Panel continues to take its responsibility for setting the SEC budget very seriously. The Panel is mindful of the cost challenges faced by the industry, and as such, seeks to balance prudent provisions, quality of service and flexibility, with economic efficiency. Despite the growing workload, and uncertainty over issues in an operational regime, the Panel has worked hard with SECAS to keep costs down and within budget. The Panel continually examines the costs to ensure that value for money is achieved, balanced with ensuring there is sufficient budget to address any known issues. Any expenditure against the budget set out in this document requires approval and oversight from the SEC Panel and SECCo Board. SECAS presents a quarterly report to the Board which includes an estimate of the costs, timescales and resources required to deliver the expected activities during the up-coming quarter. Any expenditure on Projects must be approved in advance, following provision of a Project Brief and associated Budget to SEC Panel and Board. Activities undertaken by SECAS team members are then reported to the SEC Panel and SECCo Board through the monthly Operations and Management Reports, accompanied by supporting timesheets.

1.3 Overview of Budget

Table 2 below provides an overview of the 2021/22 Approved Budget, broken down by high level budget category, compared to the Estimated Outturn for 2020/21.

Budget Category	2020/21		2021/22	
	Approved Budget	Estimated Outturn	Approved Budget	Variance Approved Budget 2021/22 to Estimated Outturn 2020/21
SECCo & Panel Operations	£1,082,102	£1,082,102	£1,094,807	£12,705
SECAS Services:				
Core Team and SME's	£6,027,378	£6,239,378	£6,315,789	
Contractual Discount	-£602,739	-£623,938	-£631,579	
Accommodation Costs	£253,400	£41,600	£112,200	
SECAS Services Total	£5,678,039	£5,657,040	£5,796,411	£139,370
Projects	£1,191,750	£883,300	£994,250	£110,050
SMDA Scheme			£725,000	£725,000
Contingency (5%)	£397,595	£0	£430,523	£430,523
Total	£8,349,486	£7,622,442	£9,040,991	£1,418,549

Table 2: Overview of 2021/22 Budget versus 2020/21 Estimated Outturn

Key variances:

The main variances between the Approved Budget proposed for 2021/22 and the Estimated Outturn for 2020/21 are as follows:

- **SMDA Scheme:** The Authority has approved MP111, and fixed costs of the SMDA Scheme will become part of the SEC Panel Budget – circa £725,000 per annum.;
- **Contingency:** A 5% Contingency budget of £430,523 is included. This wasn't utilised in 2020-21;
- **SECAS Services:** An increase in Core Team resourcing in the areas of Technical Operations and Change is proposed to cater for the increased demand in these areas. Overall this area increases by £139,370; and
- **Projects:** An increase in project budget of £110,050. In the previous draft this area was projected to reduce by £89,050, however Ofgem has since requested that the SEC Panel funds the auditing of DCC's Contract Management practices, at an approximate cost of £200,000.

Sections 2 – 5 provide a breakdown of each budget category, their drivers and key variances between the Approved Budget for 2021/22 and the Estimated Outturn for 2020/21.

2. SECCo and Panel Operations

2.1 Overview

The budget for the SECCo and Panel Operations category is set out in Table 3 below, and includes the following budget lines:

- **Panel and SECCo Board Operations** – costs associated with the SEC Panel and SECCo Board Members, Independent User CIO, Licences, and contractual requirements;
- **Sub-Committee Expenses** – provision for potential expenses relating to Sub-Committees;
- **Independent Chairs and Specialist Resource** – expenditure on Independent Chairs and any specialist resource required for each Sub-Committee; and
- **Systems** – costs incurred on systems maintained on behalf of SEC Panel and SECCo.

Description	2020/21 Approved Budget	2020/21 Estimated Outturn	Budget Lines	2021/22 Approved Budget	Variance Approved Budget to 2020/21 Estimated Outturn
Panel and SECCo Board Operations	£167,452	£145,000	1. Panel Members	£151,007	
	£25,000	£24,000	2. SECCo	£24,000	
	£30,000	£30,000	3. Legal	£30,000	
	£10,000	£0	4. SEC Party Engagement Day	£10,000	
	£10,350	£7,000	5. Customer Satisfaction Survey	£11,500	
	£200,000	£200,000	6. User CIO	£235,000	
	£3,300	£3,300	7. Licences	£3,300	
<i>Sub Total</i>	£446,102	£409,300		£464,807	£55,007

Sub-Committee Expenses	£30,000	£6,006	8. All Sub-Committees	£10,000	£3,994
Independent Chairs and Specialist Resource	£35,000	£30,000	9. SMKI Specialist	£30,000	
	£200,000	£213,000	10. SSC and SMKI PMA Independent Chair	£200,000	
	£72,000	£85,000	11. TABASC Independent Chair	£90,000	
	£120,000	£159,000	12. OPSG Independent Chair	£120,000	
Sub Total	£427,000	£487,000		£440,000	-£47,000
Systems	£20,000	£20,000	13. Website Maintenance	£20,000	
	£30,000	£30,000	14. Business Process Modelling	£30,000	
	£125,000	£125,000	15. CodeWorks	£125,000	
	£4,000	£4,796	16. File Sharing	£5,000	
Sub Total	£179,000	£179,796		£180,000	£204
Total	£1,082,102	£1,082,102		£1,094,807	£12,705

Table 3: SECCo and Panel Operations Budget Line Provision Detail

2.2 Assumptions and variations

Details and assumptions for each budget line are outlined below. Any variances to the Estimated Outturn for 2020/21 are also explained.

Panel and SECCo Board Operations

1. Panel Members – comprises Panel Chair remuneration (including annual RPI uplift, forecast at 2.7%) and Member expenses relating to SECCo Board and SEC Panel meetings.
2. SECCo – covers the cost of the third party annual financial audit and insurance, and assumes costs will be similar next year.
3. Legal – provision for general legal counsel advice to SECCo, set at the same level as 2020/21. It assumes that there will be no substantial contracting work undertaken in 2021/21.
4. SEC Party Engagement Day – covers the cost of external venue hire, refreshments and digital services for this event, held in line with SEC Section C2.3(k). It is assumed this will be an in-person event next year with the option for SEC Parties to dial in remotely.
5. Customer Satisfaction Survey (CSS) – covers the SEC portion of the annual Ofgem Code Administration Performance Survey (£4,350) (which did not take place in 2020/21), and the annual SECAS Customer Satisfaction Survey carried out by a third party research agency.
6. Independent User CIO – this covers activities to support the Security and Privacy Assessment processes (e.g. SSC meeting attendance, SEC Party engagement, additional support required). As outlined in the SEC, costs relating to undertaking User Security and Privacy Assessments are charged directly to Users via DCC's Explicit Charges. An increase of £35,000 is reflected here to cater for Random Sample Privacy Assessments being undertaken.
7. Licences – includes £1,500 subscription to the British Standards Institution (BSI) (provides updates on changes to standards referred to in the SEC e.g. ISO27001), and £1,800 for the DLMS User Association membership fee (giving members access to the DLMS specifications).

Sub-Committee Expenses

8. Sub-Committee Expenses – it is assumed that in-person meetings will resume next year, with attendance higher than 2020/21, but at a third of prior years.

Independent Chairs and Specialist Resource

9. SMKI Specialist – covers support to the SMKI Policy Management Authority (SMKI PMA) as outlined in SEC Section L1.14(a), at similar levels to 2020/21.
10. Security Sub-Committee (SSC) and SMKI PMA Independent Chair – provision for the Independent Chair of these Committees, including specialist activities and support. Similar activity levels are assumed next year with attendance in London for some meetings.
11. TABASC Independent Chair – provision for the Independent Chair of the Technical Architecture and Business Architecture Sub Committee, including specialist activities and support. Similar activity levels are assumed next year with attendance in London for some meetings.
12. Operations Group Independent Chair – provision for the Independent Chair of this Committee, including specialist activities and support. Similar activity levels are assumed, with more reliance placed on SECAS for support. Attendance in London for some meetings is assumed.

Systems

13. Website Maintenance – covers second line support provided by a third party website provider, at a rate of £675 per month. First line support is provided by SECAS Subject Matter Experts. An additional £12,000 has been included to cater for small scale enhancements required to the Website over the period.
14. Business Process Modelling – covers the product renewal fee and hosting of the Business Architecture Model with a third party.
15. CodeWorks – provision for the annual cost of licences required by SEC Parties to be able to access and interact with CodeWorks, the digital SEC.
16. File Sharing Solution – covers the cost of Egress, the confidential file sharing solution used by all Sub-Committees and the User CIO to share User Security Assessment reports with Parties.

3. SECAS Services

3.1 Overview

The SECAS team will continue to provide code management services which extend beyond the scope outlined in SEC Sections C7.2 and C7.3. At a high level, this includes the following activities, some of which are referenced in the SEC, and others are as a consequence of the changing regulatory landscape and assisting Parties to meet their obligations:

- **Technical Consultancy** – identifying and proposing solutions to issues that could affect the technical and business architecture; identifying, monitoring and resolving operational issues; and providing expert input into testing requirements and assurance of outputs.
- **Security Expertise** – provision of User support throughout the assessment process, management of the Independent CIO, and provision of security expertise to validate assessments carried out, in order to protect the integrity of the system.
- **Party Engagement** – navigating Users through the complexities of the SEC requirements and keeping them up to date through regular communications, the website and tailored webinars; supporting User on-boarding; and managing Events of Default.
- **Change and Release Management** – provision of Critical Friend support to change Proposers; guidance and support in developing business requirements and identifying solutions; and working with industry to identify impacts on SEC Parties, scheduling modifications in SEC Releases to minimise impacts.
- **DCC Engagement** – close working with the DCC, including significant time reviewing outputs, discussing impacts and revisions.

- **Governance** – ongoing management of the SEC Panel and Sub-Committees, including the provision of financial and procurement support, and provision of meeting secretariat.

The following sections outline in more detail the services performed and associated costs.

3.2 Costs by Service Area

Costs are grouped by Sub-Committee and supported by a combination of Core Team and Subject Matter Experts, as outlined in Table 4 below. The Core Team comprises a range of different grades suited to the different activities involved. The team structure has continued to evolve to cater for the increasing depth and breadth of support required to manage the SEC, as it becomes fully operational. Subject Matter Experts will continue to provide specialist in-depth technical and security expertise as required, on a call-off basis.

Service Area	Sub-Committee	Budget Provision		Total
		Core Team	Subject Matter Experts	
Panel & Board	Panel and Board	£524,055	£46,924	£570,979
Technical Operations	TABASC	£639,287	£85,851	£725,138
	OPSG	£610,729	£58,294	£669,023
	TAG	£430,549		£430,549
Security & Privacy	SSC	£627,922	£795,504	£1,423,426
	SMKI PMA	£129,247		£129,247
	Privacy	£17,724		£17,724
Change & Release Management	Change Board, CSC, Working Groups	£1,504,093	£85,851	£1,589,944
Party Engagement	N/A	£726,315	£33,445	£759,760
	TOTAL	£5,209,921	£1,105,868	£6,315,789

Table 4: 2021/22 SECAS Services Budget Line Provision

A comparison of the 2021/22 Approved Budget compared to the 2020/21 Estimated Outturn is set out in Table 5 below, with key variances explained in section 3.2.1.

Service Area	Sub-Committee	2020/21 Approved Budget	2020/21 Estimated Outturn	2021/22 Approved Budget	Variance Approved Budget to 2020/21 Estimated Outturn
Panel & Board		£496,786	£552,786	£570,979	£18,193
Technical Operations	TABASC	£605,666	£729,666	£725,138	
	OPSG	£712,006	£610,006	£669,023	
	TAG	£539,246	£310,246	£430,549	
<i>Sub Total</i>		£1,856,918	£1,649,918	£1,824,711	£174,793
Security & Privacy	SSC	£1,438,854	£1,539,854	£1,423,426	
	SMKI PMA	£121,239	£121,239	£129,247	
	Privacy	£42,332	£15,332	£17,724	
<i>Sub Total</i>		£1,602,425	£1,676,425	£1,570,396	-£106,029

Change & Release Management	Change Board, Working Group	£1,094,154	£1,500,154	£1,589,944	£89,790
Party Engagement	N/A	£977,095	£860,095	£759,760	-£100,335
Total		£6,027,378	£6,239,378	£6,315,789	£76,411

Table 5: 2021/22 SECAS Services Budget versus 2020/21 Estimated Outturn

Please note that the above costs are subject to a 10% contractual discount, totalling £631,579.

3.2.1. Key Variances

Variances between the 2021/22 Approved Budget and 2020/21 Estimated Outturn are outlined below:-

- **Technical Operations** – additional technical and regulatory resources have been incorporated into the Core Team budget to manage the technical workload being generated by the additional Sub-Committee meetings, adding £174,793.
- **Security & Privacy** – a reduction of £106,029 is forecast due to anticipated efficiencies being achieved by the Security Assessment digitalisation being delivered this year. The User CIO Procurement (now concluded) also drove higher costs in 2020/21.
- **Change & Release Management** – an increase in Core Team headcount has been incorporated to deal with the large volume of Modifications Proposals being submitted and effort to manage industry and DCC inputs, adding £89,790.
- **Party Engagement** – a reduction of £100,335 has been forecast to reflect anticipated efficiencies being achieved by automating processes, and introducing a new helpdesk tool.
- **Panel & Board** – a marginal increase of £18,193 is provisioned for quality management oversight and continuous improvement.

The following sections provide more detail on the activities provisioned for within each Service Area.

3.3 Panel & Board

Activities to support SEC Panel and SECCo Board comprise the following main areas.

Core Team activities

- Core Team and Subject Matter Expert co-ordination and oversight;
- Liaison with the Chair between meetings on meeting content and outstanding actions;
- Facilitating monthly SEC Panel and Board meetings, including provision and presentation of papers, agendas, headlines and minutes (circa 30 documents per meeting);
- Management of Action Logs and Risk & Issues registers;
- Budgeting and ongoing financial management;
- Drafting of Consultation responses on behalf of SEC Panel;
- Maintenance and updates to the SEC Strategic Plan;
- Fulfilment of Company Secretary duties;
- Procurement and contracting on behalf of SECCo Board;
- Maintenance of SECCo Policy & Procedures;
- Quality management and continuous improvement;
- Liaison with the DCC and BEIS in relation to preparation for each meeting; and
- Management of membership, undertaking scheduled and ad-hoc elections.

Subject Matter Expert activities

- Monthly management account provision and reforecasting;
- Support to the annual SECCo audit and procurement of insurance;
- Processing and payment of all SECCo invoices and expenses; and

- Maintenance of Companies House information.

Forward look – years 2 and 3

Resourcing and costs for this area are expected to remain stable in years 2 and 3.

3.4 Technical Operations

The Technical Operations area supports the work of three Sub-Committees: the Technical Architecture and Business Architecture Sub Committee (TABASC), the Operations Group (OPSG) and the Testing Advisory Group (TAG). Activity in these areas continues to rise, as the roll out progresses, operational issues arise, and more activities move from transitional to enduring governance. Most areas are now holding bi-monthly meetings, in order to work through, critique, and provide approval for the high volume of technical items and DCC outputs. The service will continue to be delivered by the Core Team, bolstered by some additional resource, and Subject Matter Experts who have in-depth knowledge and expertise in the relevant areas.

3.4.1 TABASC

Core Team activities

- Facilitating monthly and ad hoc TABASC meetings, including provision and presentation of papers, agendas and minutes;
- Liaison with the TABASC Chair and DCC between meetings on content of meetings, outstanding actions, and documentation, including carrying out quality reviews of DCC papers;
- Processing submissions of the Certified Products List (CPL), including validation, liaising with the submitter, publication on the Website, extracting and digitally signing the file and submitting to the DCC, and informing all Parties of updates to the CPL;
- Maintaining the Incompatibility Matrix;
- Maintaining the Firmware Information Repository;
- Maintaining the list of Auxiliary Load Control Switch (ALCS) / HAN Controlled Auxiliary Load Control Switch (HCALCS) / Auxiliary Proportion Controller (APC) / Stand Alone Auxiliary Proportion Controller (SAPC) Labels;
- Attendance and provision of updates at transitional and DCC-led groups, including Technical and Business Design Group (TBDG), Technical Specification Issue Resolution Subgroup (TSIRS) and Design Forum;
- Undertaking a review of the effectiveness of the End-to-End Technical Architecture, Business Architecture and HAN Requirements via a Technical Effectiveness Review Questionnaire;
- Changes to Code Specifications co-ordinated through TABASC;
- Maintenance and management of Risk Register, Issues Log and Actions Log;
- Providing the Panel with monthly updates on the activities undertaken by the TABASC;
- Cross Sub-Committee information sharing and issue referral; and
- Management of membership, undertaking scheduled and ad-hoc elections.

Subject Matter Expert activities

- Routine maintenance of the Technical Architecture Document (TAD) and Business Architecture Document (BAD); and releases of the Business Architecture Model (BAM);
- Monitoring of Modification Proposals and BEIS led Changes, assessment of impact, reporting to TABASC and implementing any required changes; and
- Providing the TABASC, Panel and Core Team with any other support required in relation to the SEC Technical Specifications.

3.4.2 OPSG

Core Team activities

- Facilitating bimonthly OPSG committee meetings, including provision and presentation of papers, agendas and minutes;
- Liaison with the OPSG Chair and DCC between meetings on content of meetings, outstanding actions, and documentation, including quality reviews of DCC papers;
- Reviewing and liaising with the DCC / BEIS / Ofgem on the DCC reporting suite, specifically the monthly DCC Performance Report;
- Supporting OPSG by reviewing DCC Planned Maintenance proposals, DCC BDCR proposals, DCC SSI proposals and major incident reports;
- Coordinating OPSG assessment of DCC readiness for live operation of Releases;
- Change of Supply monitoring, post handover from BEIS;
- Management of operational issues;
- Maintenance of Risk Register and Issues Log and updating Parties as and when required;
- Interaction with transitional and DCC-led groups as required, in particular, the Implementation Managers Forum (IMF) and Smart Meter Design Group (SMDG);
- Management of the OPSG process for managing Party Differences;
- Providing the Panel with monthly updates on the activities undertaken by the OPSG;
- Cross Sub-Committee information sharing and issue referral; and
- Management of membership, undertaking scheduled and ad-hoc elections.

Subject Matter Expert activities

- Supporting the Issues Process, liaising with SEC Parties, Technical Experts, Sub-Committees and the DCC on solutions and workarounds;
- Monitoring of Modification Proposals, assessment of impact and reporting to the OPSG on progression of Modifications; and
- Providing support for ad hoc requests from the OPSG.

3.4.3 TAG

Core Team activities and Subject Matter Expert activities

- Facilitating and chairing monthly and ad hoc TAG committee meetings, including provision and presentation of papers, agendas and minutes;
- Liaison with the DCC on outstanding actions and documentation, and supporting them with development of documentation required for upcoming releases;
- Production and presentation of papers to the Panel to support decision making based on TAG committee recommendations;
- Providing inputs into Modification Reports and Release Implementation Documents;
- Provision of expert support and knowledge on User and DCC Testing requirements e.g. input into testing documentation reviews, attendance of weekly testing update calls;
- Provision of support to Sub-Committees when assessing whether DCC has met the Live Services Criteria for all Device Model Combinations to be enrolled during the quarter;
- Provision of guidance on how risks associated with testing environment constraints can be managed effectively;
- Supporting TAG committee assessment of the severity of SMETS1 Testing Issues, along with the provision of guidance relating to how SMETS1 Testing Issues can be managed and resolved;
- Cross Sub-Committee information sharing and issue referral; and
- Management of membership, undertaking scheduled and ad-hoc elections.

Forward look – years 2 and 3

It is difficult to predict the challenges and opportunities that live operations will bring, and the impact this will have on resourcing. On the one hand we would hope that as the infrastructure stabilises and operational issues settle, a reduction in resource will be required. However, at present there is no

evidence as to when such improving trends will allow a reduction in activity. Additionally, as wider industry changes emerge which have an impact on the SEC, and transitional governance arrangements transfer over from BEIS, demands on this area will grow. For the purpose of budgeting, we have therefore assumed stable resourcing and cost for years 2 and 3.

3.5 Security & Privacy

The Security & Privacy area encompasses the activities which fall under the Security Sub-Committee (SSC), Smart Meter Key Infrastructure Privacy Management Authority (SMKI PMA), and SEC Panel (for Privacy matters). SECAS supports a number of activities in relation to the security and privacy obligations in the Code. Over the past year the number of SEC Parties undergoing security assessments has increased, requiring support to Parties and proactive management of the Independent User CIO. Furthermore, activities to ensure the continued strength of the security and privacy infrastructure have risen.

The service will continue to be delivered by a Core Team, supported by Security Subject Matter Experts who will perform the Security and Privacy Assessment validations and assist with providing guidance to Users preparing for, and undergoing, their Assessments. Current activity levels are set to continue for the forthcoming year, and therefore existing resourcing levels will be maintained.

Core Team activities

- Facilitating bi-monthly SSC and monthly SMKI PMA meetings, including provision of papers, agendas and minutes;
- Liaison with the Independent Chair between meetings on content of meetings, outstanding actions, and documentation;
- Providing support to Parties throughout the User Security and Privacy Assessment process, including helpdesk support via a dedicated security mailbox, engagement calls, and setting up secure areas for file- sharing;
- Management of the User CIO, including forecasting, invoicing, assessment booking and management, and contract review meetings;
- Liaison with SMKI Specialist and Security and Privacy Experts, managing requirements and activities to be undertaken;
- Provision of updates to Panel on Party assurance status' following security assessments and any other decisions made via delegated authority;
- Monitoring CPA certificates and requesting and monitoring supplier remediation plans;
- Management of procurements to deliver projects linked to SEC obligations;
- Monitoring of any security risks for escalation to the Panel;
- Supporting the Security Incident Management Process, including Party liaison and communication, handling any sensitive information, and liaising with the SSC, Security Experts and the DCC on appropriate resolution;
- Continuous improvement of the Security and Privacy Assessment process;
- Cross Sub-Committee information sharing and issue referral; and
- Management of membership, undertaking scheduled and ad-hoc elections.

Subject Matter Expert activities

- Undertaking the validation stage of the User Security and Privacy Assessment Process, which involves reviewing the User Security Assessment Report and Management Response against any observations;
- Attendance at the Security Sub-Committee and Panel meetings to provide expert advice and support;
- Providing security and privacy expertise on any security and privacy incidents raised;
- Updating the Security Controls Framework (SCF) and Privacy Controls Framework (PCF) following direction by the appropriate governance entity;
- Identification of detailed security impacts on any Modification Proposals raised; and reporting progress to the SMKI PMA and SSC;

- Quarterly 'Standards and Best Practice Review' for SSC and Annual 'Standards and Best Practice' Review for SMKI PMA;
- Assessing whether DCC has met the Live Services Criterion for all Device Model combinations to be enrolled; and
- Support to any activities outlined in the SEC and as directed by the SSC and SEC Panel Chairs.

Forward look – years 2 and 3

It is anticipated that this budget category will remain the same for years 2 and 3.

3.6 Change & Release Management

There are presently 50 open modifications, a figure which has doubled over the past year. In 2020/21, 10 BEIS led designations have been processed, 3 scheduled SEC Releases and 5 ad hoc SEC Releases have been managed. We expect modification volumes to further increase, with a shift towards more DCC System-impacting changes, following improvements being made to DCC test systems, and following the SMETS1 Enrolment and Adoption. At the same time we need to provide increased support to customers who are resource constrained.

The proposal is to bolster the Core Team with additional senior oversight to ensure robust and holistic business case development, solution design and DCC cost submissions, and an additional Consultant. Subject Matter Experts will be called upon to assist where in-depth technical analysis and solution development is required.

Core Team activities

- Preparation and review of problem statements, business case, business requirements and legal text for each Draft and Modification Proposal in the process;
- Liaising with the Proposers of each Proposal, providing Critical Friend support and expert advice throughout the process;
- Drafting and reviewing Modification Reports for each Proposal in the process;
- Consulting with industry participants and Panel Sub-Committees over views and impacts of each Proposal in the process;
- Liaising with the DCC regarding solution development, securing Preliminary Assessment and Impact Assessments, and providing cost scrutiny and challenge to the DCC submissions;
- Chairing and provision of secretariat support to the monthly Modification Working Group, Change Sub-Committee and Change Board meetings;
- Liaising with the Change Board and the Authority regarding final determinations on Modification Proposals;
- Overseeing and managing the progression of SEC Releases and the implementation of approved Modification Proposals in line with the SEC Release Management Policy;
- Configuration management of the SEC;
- Administering the Modifications Process in accordance with the CACoP, including providing up-to-date guidance on the process;
- Implementing continuous improvement to the Modifications Process, including delivery of any outcomes to the Section D Review;
- Cross Sub-Committee information sharing and issue referral; and
- Management of membership, undertaking scheduled and ad-hoc elections.

Subject Matter Expert activities

- Undertaking initial reviews of Draft and Modification Proposals to highlight any impacts, inaccuracies, and/or questions;
- Development of business requirements and solution options for Modification Proposals;
- Providing technical support at the Working Group meetings and modification updates at Sub-Committee meetings;
- Reviewing DCC Preliminary and Impact Assessments to check the solution against requirements; and

- Review the draft legal text for a Modification Proposal to ensure it fully and accurately delivers the intention of the solution.

Forward look – years 2 and 3

Due to the demand led nature of change it is difficult to predict the size and scope of upcoming modifications. We therefore assume that costs will remain consistent for years 2 and 3.

3.7 Party Engagement

The focus of the Party Engagement function has continued to shift over the past year. With energy suppliers reducing the size of their regulatory teams, the reliance on the SEC newsletter, website and Party Engagement team for information and guidance, has increased.

The number of Parties in default has increased, and recently as have withdrawals and expulsions from the SEC. We've seen a recent increase in Accessions, and overall anticipate the same number of SEC Parties requiring support next year.

Accelerated by the COVID situation, short topic-focused webinars have been introduced in place of in-person events, and the website contents enhanced to improve clarity, and navigation. We plan to do more in this space to support users, driven by feedback from SEC Parties that they would value interactive guidance material, 'how to' videos and webinars, making information more accessible to a wider audience.

More tailored support will also be offered to the different SEC Party categories through co-ordination of dedicated conference calls with SEC Panel members, tailored communications and quarterly 'check-up' calls. We intend to automate some of the manual processes involved and benefit from the efficiencies achieved through having a more digital helpdesk platform.

Core Team activities

- Helpdesk support via email (7,000 emails per annum) and telephone;
- Development and circulation of biweekly SEC Party newsletter (24 across the year) and ad hoc news items (circa 40 per annum);
- Facilitation of 15 Party Engagement events and topic-focussed webinars;
- Maintenance and development of over 30 guidance documents in line with SEC updates;
- Website content management to ensure information is up to date, written in Plain English, easily accessible and in a user friendly format;
- Monthly engagement calls with Small Suppliers, Other SEC Parties and Network Operators (36 across the year);
- Sessions with individual Parties on an ad-hoc basis, covering specific areas of the SEC, or providing a general overview of the SEC arrangements (12 provisioned);
- Review and communication of consultation, decision and technical documents from BEIS, Ofgem and the DCC to SEC Parties and SEC Panel (circa 150 per annum);
- Liaison with BEIS, Ofgem and the DCC to share information and knowledge on how best to provide support to industry;
- Co-ordination of the Annual Customer Satisfaction Survey and support provided to Ofgem's Cross Code Survey;
- Managing Events of Default in accordance with the SEC, and liaison with the DCC (circa 50 per annum anticipated);
- Supporting SEC Parties in the registration and use of CodeWorks (424 external users at present, and 100 new users forecast);
- Administration of the Accessions Process, including tailored support to Parties, and managing the EUI-64 Identifier and Signifier allocation processes (25 accessions assumed);
- Support to Parties through the DCC User Entry Process as set out in SEC Section H1 (20-30 new DCC Users assumed), and monthly Live DCC User status update provision to DCC;
- Ongoing maintenance of SEC Party Details and distribution lists, and maintenance of the contact list to support Critical Alerts after DCC User to Non-DCC User churn;

- Monthly Panel updates on Events of Default, SEC Parties and Shareholders;
- Biweekly Supplier progress calls with BEIS, Ofgem and DCC (to determine the progress of those gaining Meters in churn);
- Quarterly update provision to the Independent Supplier Forum; and
- Publishing communications on behalf of Alt Han Co.

Subject Matter Expert activities

- Ongoing website maintenance;
- Marketing support in the creation of guidance documents, materials and presentations; and
- Provision of support in the use of webinars and video.

Forward look – years 2 and 3

It is anticipated that this budget category should remain stable for years 2 and 3 of the budget.

3.8 SECAS Core Team

To undertake the activities set out in Section 3.2 above, the following level of resource is proposed. The team comprises a range of grades and roles, incorporating appropriate senior level oversight, expertise and knowledge, code management, delivery capability and more junior grades to undertake day-to-day activities.

Grade	2020/21 Approved Budget FTE	2021/22 Approved Budget FTE	Role
Grade 6	0.3	0	
Grade 5	1	2	Overall responsibility for the delivery of the services provided by the SECAS Core Team and Subject Matter Experts. Contractual oversight, maintenance of strategic direction. Senior Regulatory Specialist expertise.
Grade 4	7	8	Includes Delivery Managers with day-to-day responsibility for the SECAS Core Team and Chair liaison, and Technical Specialists.
Grade 3	11	11	Includes Change, Technical, Security and Party Engagement Consultants.
Grade 2	10	11	Includes secretariat support to the Panel and Sub-Committees, front line support to SEC Parties, ChangeModification, Security and Technical Analysts.
Total	29.3	32	

Table 6: Core Team Resource Breakdown

3.9 Accommodation Costs

Accommodation costs include the cost of meeting rooms, refreshments, Panel Chair office and contractor space rental, and expenses for any off-site visits.

3.9.1 Meeting Rooms & Refreshments

The current demand for meetings is expected to continue, with most Sub-Committees requiring two meetings per month, and several ad hoc meetings being arranged to discuss and agree upon urgent matters. The forecast for 2021/22 is for 217 meetings, workshops and webinars to be held.

However, the impact of COVID-19 has been to accelerate a move towards meetings being held remotely. It is assumed that in 2021/22 there will be a return to in office meetings, albeit that up to two thirds of participants will prefer to take advantage of working remotely and will dial in.

Meeting rooms are generally provided at SECCo's registered premises and are serviced with appropriate facilities including catering, business support and audio-visual facilities. Meeting rooms are charged at £1,000 per meeting (a charge which has not been increased since 2013). Where a meeting room is required at an external meeting provider (due to size or short notice request), costs will be charged on a pass-through basis, and will generally be around £2,000 per meeting, depending on the number of attendees.

A total provision of £54,000 has been included to cover the total cost of Meeting Rooms & Refreshments. The breakdown of meeting volumes forecast to be held in 2021/22 is shown below.

Meeting Type	Meeting Volumes		
	2020/21 Budget	2020/21 Estimated Outturn	2021/22 Forecast
Panel/Board and PFCG	17	19	16
Change Board and Working Groups	36	54	50
SMKI PMA	12	14	12
SSC	24	31	28
TABASC and Expert Groups	12	18	18
Operations Group	28	26	24
TAG	20	22	18
Party Engagement Seminars, Meetings and Workshops	8	21	51
Total	162	205	217

Table 7: Meeting Forecast

3.9.2 Panel Chair Office

In line with previous years, the cost of the Panel Chair's dedicated office has been capped at £2,000 per month, without indexation, across the three years of this Approved Budget. This is based on comparable market rates for an average of 13 days per month, and includes a private room and associated infrastructure.

3.9.3 Contractor Space Rental

SECCo has contracted with a number of Independent Chairs who provide specialist support to the Panel's Sub-Committees. SECAS provides office accommodation to these contractors within its registered premises:

- SMKI PMA & SSC Independent Chair;
- TABASC Independent Chair; and
- Operations Group Independent Chair.

The provision of £34,200 covers 19 days office accommodation per month at the rate of £150 per day. The provision is based on estimated accommodation needs and assumes that in 2021/22 the Independent Chairs will continue to spend some of their time working remotely.

3.9.4 Total Accommodation Costs

Accommodation costs built into the budget are as follows:

Cost	2020/21 Estimated Outturn	2021/22 Approved Budget
Meeting Room Hire & Refreshments	£20,000	£54,000
Panel Chair Office	£11,600	£24,000
Contractor Space Rental	£10,000	£34,200
Total	£41,600	£112,200

Table 8: Accommodation Costs

Variations

The total cost is £70,600 above the 2020/21 Estimated Outturn, driven by an expectation of a return to in-office meetings next year. The budget is, however, less than half the budget provisioned in 2020/21, pre COVID.

4 Projects

This budget category outlines additional items of SEC expenditure which are at the discretion of the SEC Panel. These activities align with the industry events highlighted in the SEC Strategic Plan.

Any expenditure against the Project budget requires prior approval and oversight from the SEC Panel and SECCo Board. SECAS will provide a Project Brief (including proposed scope, budget, milestones and deliverables) for each project, which will first be approved by the relevant SEC Sub-Committee, before being presented to the SEC Panel & SECCo Board for approval prior to release of funds.

The SECCo Procurement Policy is followed to guide the SECCo Board when determining the delivery approach for new activities, work packages and projects. The policy requires consideration of the approximate cost of the activity, the skills required to perform it, independence requirements and the enduring need for the activity. Actual expenditure is then controlled by the SECCo Board. Activities undertaken by Third Party Consultancies and the SECAS team are reported to the SEC Panel and SECCo Board through the Operations and Management Reports on a monthly basis.

The following sub-sections include estimates for budgetary purposes only, and represent a combination of expected Third Party Consultancy expenditure, and SECAS costs.

Project	2021/22 Approved Budget	2022/23 Estimated Budget	2023/24 Estimated Budget
Industry Driven			
Network Evolution	£75,000	£0	£0
Market-Wide Half Hourly Settlements	£11,250	£0	£0
Smart Metering Strategic Technical Design	£37,500	£0	£0
Enduring Change of Supplier Monitoring	£0	£10,000	£35,000
Meter Splitting	£11,250	£0	£0
Issues Management/ TSIRS transfer from BEIS	£75,000	£53,000	£0
OPR Auditor Procurement & Auditing	£230,000	£200,000	£200,000
SEC Driven/ Initiated			
Technical Specification Ambiguities	£15,000	£0	£0

Performance Assurance	£67,500	£130,000	£0
Quality Assurance (of Services)	£45,000	£20,000	£0
Annual Security Obligations - Risk Assessment	£150,000	£170,000	£180,000
Annual Security Obligations - Security Architecture	£70,000	£75,000	£75,000
Quantum Computing (Expert Crypto Analysis)	£0	£150,000	£150,000
CPA Security Characteristics	£105,000	£105,000	£105,000
SMKI Document Set Review	£0	£60,000	£60,000
Digitalisation	£56,250	£75,000	£0
CACoP	£17,500	£35,000	£35,000
Strategic Planning	£28,000	£0	£0
TOTAL	£994,250	£1,083,000	£840,000

Table 9: 2021-24 Project Budgets Category

4.1 Industry Driven Projects

4.1.1 Network Evolution

The DCC is leading a 5- year Network Evolution Programme, comprising four workstreams: 1) Communications Hubs and Networks, 2) Data Service Provider re-procurement, 3) Security and Smart Meter Key Infrastructure (SMKI) evolving requirements and 4) Test Automation of SEC Releases. As part of the Panel's duty to consider developments in services from a SEC Party perspective, BEIS have asked the Panel to form a view on the Network Evolution proposals, which will shape BEIS' decision on how to progress. SECAS will meet regularly with the DCC to ensure milestones are delivered on time; provide support to the Sub-Committees by ensuring programme documentation meets the needs of members; perform technical reviews of documentation; and co-ordinate responses to any Network Evolution consultations on behalf of Panel or its Sub-Committees.

4.1.2 Market-Wide Half-Hourly Settlement

This Ofgem led project (with Elexon in lead role) is planning to leverage the capabilities of smart metering data, which will have potential impacts on DCC system capacity and the SEC. TABASC and SECAS have been identifying impacts to the smart technical and business architectures, with project work expected to conclude in H1 2021/22, following the outcome of Elexon's consultation. Any operational impacts associated with implementation are expected to be handled by the Core Team.

4.1.3 Smart Metering Strategic Technical Design

This budget will facilitate the investigation of potential strategic infrastructure changes related to smart metering. One such area is the use of the smart metering communications infrastructure to support Electric Vehicle charging and for managing other Distributed Energy Resources. It would involve engagement with BEIS, Ofgem, National Grid Electricity System Operator, Distribution System Operators and charge point operators, and the development of potential business architectures. Another area would be consideration of the Smart Homes and Connected Devices landscape and identification of compatibilities with Smart Metering, again in conjunction with relevant industry bodies. Further opportunities may be identified throughout the year.

4.1.4 Enduring Change of Supplier Monitoring

This work incorporates the outcomes of the BEIS Baseline Margin Project Performance Adjustment (BMPPA) consultation and expectations of Panel to evaluate DCC progress towards DCC Milestone 2 and delivery against the BMPPA. This would involve reporting to BEIS as to how the DCC delivered against "Specified steps A-D" set out in the BEIS consultation response.

4.1.5 Meter Splitting

BSC Modifications P375 and P379 seek to introduce, amongst other things, sub-metering of assets within a premise, and enabling the consumer to purchase the energy for the asset from a Supplier other than their registered (import) supplier. These changes have impacts on smart metering business and technical architecture, which have been assessed in 2020/21 in conjunction with the TABASC. This budget will allow for the completion of this work to be carried out in Q1 2021, following the outcome of Elexon's consultation.

4.1.6 Issues Management Process/ TSIRS Transfer from BEIS

BEIS intend to transfer the operation and management of the Technical Specification Issues Resolution Sub-group and the Home Area Network/ Wide Area Network (HAN/WAN) Working Group to SECAS in 2022. Work to facilitate the transfer will need to start in 2021/22 to ensure that the necessary capabilities, systems and processes are in place prior to transfer. This would include full scoping of work, documentation of process and procedures, procurement of specialist technical service providers or recruitment, setting up of SharePoint sites, transition of knowledge and materials, training, and setting up of meetings and governance.

4.1.7 Operational Performance Regime Auditor Procurement & Auditing

Ofgem has requested that SECAS procure an Auditor to support their Operational Performance Regime monitoring of the DCC's Contract Management practices. This budget provisions for managing the procurement activity, and the cost of the audits being carried out.

4.2 SEC Driven/Initiated Projects

4.2.1 Technical Specification Ambiguities

There are areas where various technical specifications are ambiguous on expected behaviour which causes operational problems and should be resolved (e.g. when power to a premise is restored, a rare condition can occur where the electricity meter wakes up and sends the power restoration alert, before the Comms Hub is awake and can receive and transmit the alert – and neither SMETS, CHTS or GBCS defines behaviour that ensures the alert is received by the Electricity Distributor). This project will survey industry to identify the extent of the issues, and will identify and set out proposals to manage these omissions.

4.2.2 Performance Assurance

As identified in the BEIS SMETS2 Interoperability Review, a performance assurance framework may be required to ensure that Parties are complying with their obligations. The type of framework that industry wants to be put in place will need to be established, and subsequent changes to the SEC would be needed, to afford the SEC Panel greater powers to take action.

4.2.3 Quality Assurance

Shortcomings in the operational quality of DCC services continue to cause concern to Users. Examples are the frequency and severity of Incidents and the impact of defects in the live service. This first stage of the project would explore whether the Panel and SEC Parties, are of the opinion that further quality assurance measures defined from a User perspective are required, and, if so, what strategy should be adopted. The second stage is to implement the chosen strategy: the cost and schedule of implementation could vary greatly depending on the strategy adopted.

4.2.4 Annual Security Obligations – Risk Assessment

SEC Section G7.19(b) specifies that the SSC must carry out reviews of the Security Risk Assessment at least once each year, in order to identify any new or changed security risks to the End-to-End Smart Metering System. The next review will need to cover MOC Secure and FOC. The SSC will procure the services of a specialist security organisation to complete the risk assessment whilst providing appropriate governance support.

4.2.5 Annual Security Obligations – Security Architecture

SEC Section G7.19(d) requires the SSC to review and maintain the End-to-End Security Architecture and Security Obligations and Assurance Arrangements, to ensure it is up to date. The next review will need to cover MOC Secure and FOC.

4.2.6 Quantum Computing/ Independent Expert Crypto Analysis

This provision covers crypto algorithms to deal with the threats from Quantum Computing. It may result in new standards for SMKI and DCCKI, and the redesign of metering equipment with a long lead time. Next steps in this area are pending NCSC advice, and work is not expected to commence until 2022/23.

4.2.7 CPA Security Characteristics

SEC Section G7.19 (f) requires the SSC to maintain the Security Characteristics. Annual maintenance will be required and a test lab used to undertake the exercise. This provision provides for 4-6 iterative workshops per annum with industry on proposals either for changes to the CPA Security Characteristics or to investigate Use Cases for Device Refurbishment.

4.2.8 SMKI PMA Document Set

SEC Section L1.17(c) requires the SMKI PMA to review the effectiveness of the SMKI Document Set. This project will facilitate the annual review of the SMKI Document Set (includes Section L, and 17 Appendices) to ensure these are fully up to date.

4.2.9 Digitalisation

A digitalisation strategy has been drafted by SEC Panel in support of Ofgem's desire for industry codes to be digitalised, and the drive to make content and participation more accessible to SEC Parties. This provision allows this work to continue and includes further work to automate the security process, enhance document collaboration platforms, and further improve the SECAS website (including more self-service workflow tools).

4.2.10 CACoP

A separate project budget is proposed to undertake cross-Code activities, and for SECAS to demonstrate leadership in this area to ensure that the impacts of all Code initiatives are assessed across Codes. It is also proposed that more time is invested in the Code Administrator Code of Practice (CACoP) meetings, to ensure that, where possible, common tools, websites, forms and processes are developed to improve the experience of customers.

4.2.11 Strategic Planning

A Strategic Working Group will be established to develop a Mission statement, goals and objectives for the SEC Panel for the next 10-20 years. This will consider both the remit of SEC Panel and the needs of SEC Parties, BEIS, the emerging landscape and use of the infrastructure to support wider industry developments.

4.3 Contingency

A contingency provision of 5% has been included for 2021/22 which equates to £430,523. As with any other part of this budget, any spend from contingency must be authorised by the Panel and overseen by the Board.