

# Smart Energy Code

## Understanding Energy Licence Conditions and SEC Party Obligations

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### Obligation to become a SEC Party

Certain Ofgem issued energy licences contain conditions that require the licensee to become a SEC Party via the SEC Accession Process.

These obligations are found in:

- [Electricity Supply Licence Condition 48.1](#)
- [Gas Supply Licence Condition 42.1](#)
- [Electricity Distribution Licence Condition 21A.1](#)
- [Gas Transporter Licence Condition 10](#)

As the obligation is at a licence level, if a single organisation has affiliates or subsidiaries that also hold licences, each licensee must become a SEC Party.

Other organisations that wish to use the DCC's services must also accede to the SEC.

### Party Categories

Upon Accession, each SEC Party is assigned a Party Category. Relevant Ofgem licences are required to be assigned the below categories.

- Large Supplier Parties
- Small Supplier Parties
- Electricity Network Parties
- Gas Network Parties

If the organisation does not hold a licence, it is categorised as an 'Other SEC Party'.

### Affiliates, Subsidiaries and Voting Groups

Where a company has multiple SEC Parties due to their legal structure, the SEC Parties that fall into the same Party Category will form a single Voting Group for the purposes of SEC Governance.

This Voting Group is relevant to, for example, SEC Panel and sub-committee elections, and voting on Modification Proposals.

### Obligation to become a DCC User

In addition to becoming a SEC Party, domestic energy suppliers and distribution network operators are obliged through their licences to become DCC Users pursuant to:

- [Electricity Supply Licence Condition 48.6 and 48.8](#)
- [Gas Supply Licence Condition 42.6 and 42.8](#)
- [Electricity Distribution Licence Condition 21A.6](#)

These conditions include dates by which these licensees must become DCC Users. The current Secretary of State directed mandates are:

- Large Suppliers – 25<sup>th</sup> May 2017
- Domestic Small Suppliers – 25<sup>th</sup> November 2017
- Distribution Network Operators – 21<sup>st</sup> January 2018
- Advanced Meter Exception end date for Large Suppliers – 21<sup>st</sup> January 2018
- Advanced Meter Exception end date for Small Suppliers – 21<sup>st</sup> May 2018
- Non-Domestic Small Suppliers – 31<sup>st</sup> August 2018 (subject to consultation)

As the obligation exists in the licences, each SEC Party that holds any of the above licenses must become a DCC User.

### Disclaimer

These guides are intended to provide a simple overview of the SEC and any supporting or related arrangements and do not replace or supersede the SEC or these related arrangements in any way. The author does not accept any liability for error, omission or inconsistency with the SEC.

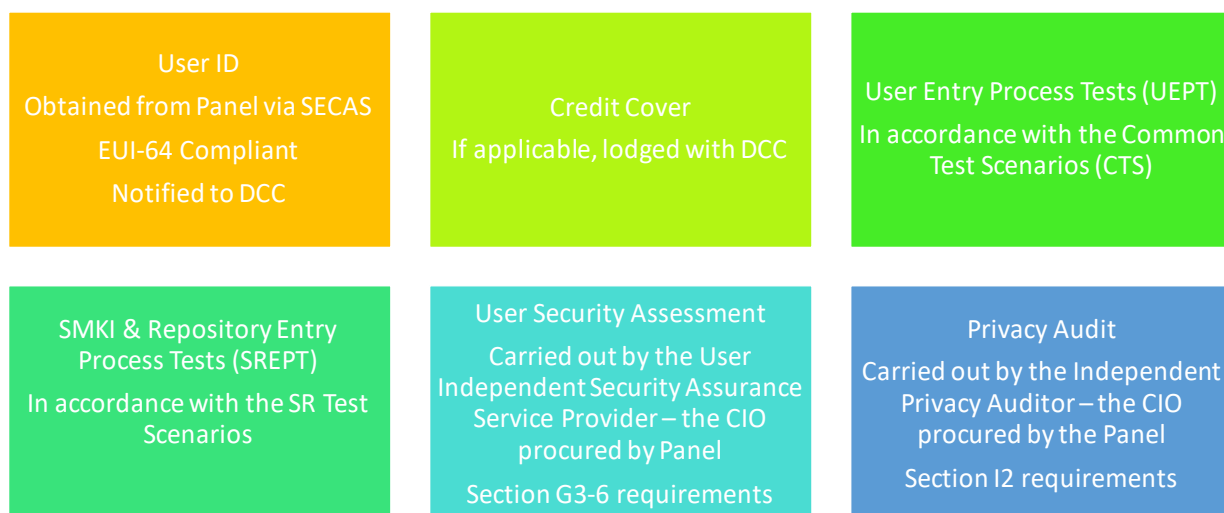
## DCC User Roles

The SEC establishes a list of DCC User Roles, and the criteria a SEC Party must fulfil in order to be eligible to act in each User Role. Eligibility for a User Roles depends on the energy licence or other registrations the SEC Party holds.

- Import Supplier (Electricity Supply Licence)
- Export Supplier (Electricity Supply Licence)
- Gas Supplier (Gas Supply Licence)
- Electricity Distributor (Electricity Distribution Licence)
- Gas Transporter (Gas Transporter Licence)
- Registered Supplier Agent (must be registered as a Meter Operator or Meter Asset Manager against at least one metering point)
- Other User (no licence/registrations required)

## Becoming a DCC User: the User Entry Process (UEP)

Pursuant to the SEC Section H1.10, all SEC Parties are required to complete the User Entry Process to become a DCC User. These include the following steps:



## Voting Groups, SEC Parties and Security Assessments

It is recognised that a Voting Group may contain multiple SEC Parties that operate as a single business from an operational perspective.

The Security Sub-Committee (SSC) and the User Competent Independent Organisation (CIO) that conducts the User Security Assessments agreed that a single User Security Assessment may cover multiple SEC Parties, where they:

- Use the same User System;
- Operate according to the same business processes; and,
- Have the same Risk Owners, management and governance.

The SEC Panel will still set each Party an Assurance Status.

## Voting Groups, SEC Parties and DCC Testing

**The SEC requires** each SEC Party seeking to become a DCC User to undertake SMKI and Repository Entry Process Tests (SREPT).

SEC Parties must also undertake UEPT for each User Role it seeks to act in.

Some reliance can be placed on testing completed using identical systems, for example testing undertaken by a Shared Resource. However, each potential DCC User must individually complete a minimum number of tests.

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