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SEC Modification Proposal Form

Mod Title

User Security Assessment of a Shared Resource

Submission Date

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Details of Proposer

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1. What issue are you looking to address?

Background

This modification seeks to improve the User Security Assessment process where a User has engaged a Shared Resource to provide the User System on their behalf.

The current SEC arrangements were intended to adopt a proportionate approach in relation to User Security Assessments. Large Suppliers supplying energy to more than 250,000 Domestic Premises are subject to a Full User Security Assessment every year in light of the increased security risks associated with larger volumes of connected Devices. Small Suppliers supplying energy to 250,000 or less Domestic Premises are required to undergo a Full User Security Assessment in the first year, but then a reduced level of assessment in the second year (a Verification User Security Assessment) and a Self-Assessment in the third year before repeating the cycle. This arrangement for Small Suppliers was in light of the lower security risks associated with smaller volumes of connected Devices.

What is the Issue?

If a Small Supplier elects to use a Shared Resource that, in aggregate, handles the supply of energy to more than 250,000 Domestic Premises, the Small Supplier is required to undergo a Full User Security Assessment every year in the same way as a Large Supplier. The rationale behind this SEC obligation is to ensure that Users who engage with a Shared Resource take responsibility for the increased volume of connected Devices since Shared Resources are not, at present, required to be SEC Parties. In practice, the vast majority of Small Suppliers are using a Shared Resource who will operate systems that, in aggregate, will supply energy to more than 250,000 Domestic Premises. The original concept of a proportionate approach for Small Suppliers is not therefore being realised.

Furthermore, a Shared Resource is currently required to be assessed as part of the Full User Security Assessment for each User that it serves each year. In some cases, this means a Shared Resource is required to undergo several dozen assessments in one calendar year. This creates an inefficiency for the Shared Resource, the User Competent Independent Organisation (User CIO), SECAS and SSC.

2. Why does this issue need to be addressed? (i.e. Why is doing nothing not an option?)

At present:

- a) the Shared Resource is assessed by the User CIO as part of each User's User Security Assessment which results in a duplication of User CIO observations, increased cost and a great deal of time and effort by the User CIO, the Shared Resource, SECAS and the Security Sub-Committee (SSC) to no real advantage;
- b) a Small Supplier supplying energy to 250,000 or less Domestic Premises will be subject to an annual Full User Security Assessment if their Shared Resource in aggregate is supplying energy to more than 250,000 Domestic Premises which seems disproportionate in respect of the risk for an individual Small Supplier.

3. What is your Proposed Solution?

The Proposer seeks to introduce the following as part of the proposed solution:

- a) The Shared Resource should be required to become a SEC Party and have the right to request a single User Security Assessment as the organisation that is providing the User System;
- b) The Shared Resource should be billed for the User Security Assessment and make the payment to SECAS (who will pay the User CIO). It is a matter for the Shared Resource how they recover those costs;
- c) The User Security Assessment Report of the Shared Resource by the User CIO and any User Security Assessment Response by the Shared Resource, together with details of any assurance status set or observations made by the SSC should be made available by the Shared Resource to all Users who have engaged the Shared Resource to provide their User System to ensure visibility since the User remains accountable for the SEC security obligations;
- d) A Small Supplier supplying energy to 250,000 or less Domestic Premises who have engaged a Shared Resource to provide their User System and where that Shared Resource in aggregate is supplying energy to more than 250,000 Domestic Premises, will be subject to a Verification Assessment in the second year and to a Self-Assessment in the third year; and
- e) Any User of a Shared Resource will be able to place reliance on the outcome of the review by the SSC of the User CIO assessment in the first, second and subsequent years.

4. What SEC objectives does this Modification better facilitate?

This modification supports **General SEC Objective (a)** to facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain by:

- reducing duplication and achieving a more efficient and less costly User Security Assessment process that is proportionate for Large and Small Suppliers and for Shared Resources.

This modification supports **General SEC Objective (e)** to facilitate such innovation in the design and operation of Energy Networks (as defined in the DCC Licence) as will best contribute to the delivery of a secure and sustainable Supply of Energy by:

- ensuring compliance with SEC security obligations through an improved and proportionate process for Suppliers and Shared Resources.

This modification supports **General SEC Objective (g)** to facilitate the efficient and transparent administration and implementation of this Code by:

- removing the current duplication in administration that arises by SECAS being required to validate what can be dozens of similar management responses from a Shared Resource and from the SSC having to review repeated assessments of the same Shared Resource.

5. What is the requested Path type?

Path 3

- Path 3: Self-Governance:

We do not believe this change will result in a material impact on competition or create undue discrimination between classes of Party, as per the requirements in SEC Section D2.6 for needing an Authority determination.

It has always been the intent that Small Suppliers with 250,000 or fewer Domestic Premises be subject to a reduced level of assessment to reflect their smaller size and risk to the market. We therefore believe this modification can be progressed through Self-Governance.

6. Are you requesting that the Modification Proposal be treated as Urgent?

No

The SSC do not believe that this Modification Proposal should be treated as urgent.

7. What is your desired implementation date?

We seek this modification to be implemented no later than June 2018, as this is the last point before assessments for 2018/19 commence. Implementing after this time could create unequal treatment if the first Suppliers and Shared Resources requiring a second User Security Assessment are assessed under the existing system and Suppliers and Shared Resources later in the process benefit from the new arrangements.

The SSC considers that this modification should be implemented in time for the start of the second year of security assessments to enable the Shared Resource to have a User Security Assessment in its own right and to achieve the policy intent. In line with the timescales in SEC G8.40 to G8.43, this requires the modification to be implemented as quickly as possible after 9 February 2018. This is because the first assurance status of a Supplier using a Shared Resource was set on 10 February 2017 and the second User Security Assessment therefore needs to be scheduled by 9 February 2018.

8. Which SEC Parties are expected to be impacted? (Please mark with an X)

Large Supplier Parties	X	Small Supplier Parties	X
Electricity Network Parties	X	Gas Network Parties	X
Other SEC Parties	X		

The Modification affects Users who are using a Shared Resource to provide their User System. Small Suppliers will benefit the most by avoiding the need for a Full User Security Assessment in the second and third years after the first User Security Assessment. Large Suppliers will still be required to have a Full User Security Assessment if they supply energy to more than 250,000 Domestic Premises but they will be assessed independently of their Shared Resource. Network Operators who use a Shared Resource will benefit in a similar way to Small Suppliers.

9. Which parts of the SEC will be impacted?

SEC Sections G8.40 to G8.43

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10. Will there be an impact on Central Systems? (Please mark with an X)

DCC Systems

☐

Party interfacing systems

☐

Smart Metering Systems

☐

Communication Hubs

☐

Other systems

☐

There are no system impacts.

11. Will there be any testing required?

No testing is required.

12. Will this Modification impact other Energy Codes?

No

No impact on any other Energy Codes.

13. Will this Modification impact Greenhouse Gas Emissions?

No

No impact on Greenhouse Gas Emissions.