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SECMP0044 Initial Modification Report

About this document

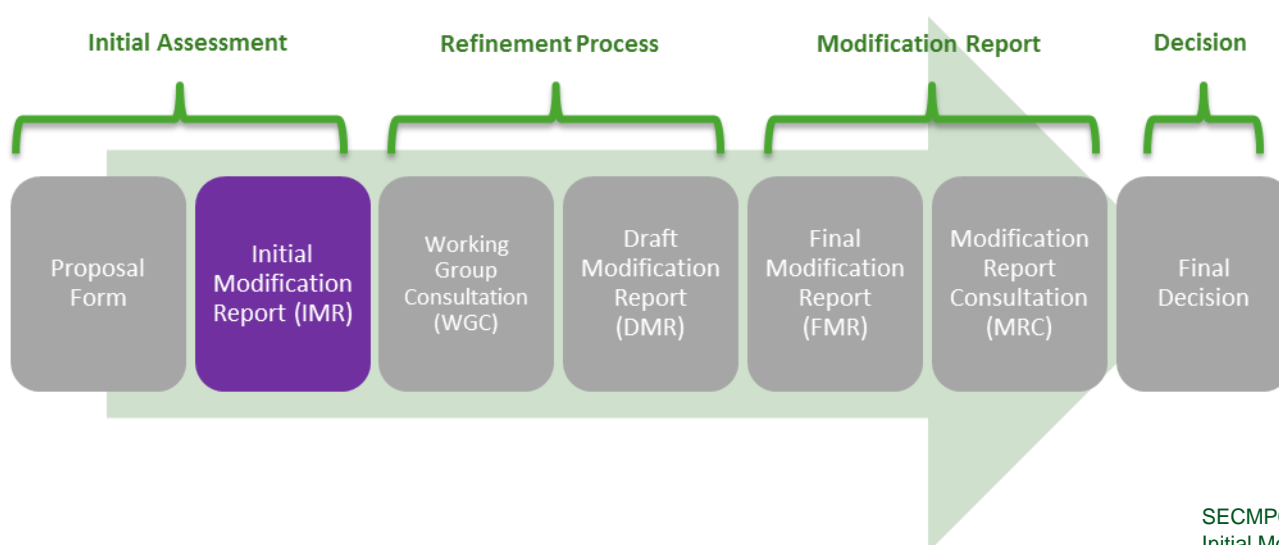
This Initial Modification Report (IMR) contains our initial assessment of SECMP0044; providing information on the issue, the Proposer's solution, potential impacts, costs and proposed progression.

This document is submitted to the Smart Energy Code (SEC) Panel to determine how this Modification Proposal should be progressed through the Modification Process.

As part of this document the Panel is invited to:

- **AGREE** that this modification should be submitted into the Refinement Process to be assessed by a Working Group;
- **AGREE** the Working Group ToR;
- **AGREE** the progression timetable set out in Section 6; and
- **AGREE** that SECMP0044 should be progressed as a Path 3 Modification Proposal.

Where are we in the process?



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Stage 01: Initial Modification Report

SECMP0044:

User Security Assessment of a Shared Resource

What stage is this document in the process?

01	Initial Assessment
02	Refinement Process
03	Modification Report
▶ 04	Decision

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Summary

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.

Proposed Progression

SECAS recommend that the Modification Proposal be progressed:

P3

- as a Path 3: Self-Governance Modification Proposal; and
- through the Refinement Process for three months.

Potential Impacts



- All Party Categories
- There are no impacts on DCC Central Systems and/or Party interfacing systems

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About this Document

This is an Initial Modification Report (IMR). This document contains details of the issue, solution, potential impacts and costs as well as the proposed progression for SECMP0044.

This document has two attachments:

- Attachment A contains the SECMP0044 Modification Proposal Form; and
- Attachment B contains the draft legal text changes to support this modification.

The Panel will consider this IMR at its meeting on 12th January 2018 and will determine how this modification should be progressed through the Modification Process.

1. Summary

What is the issue?

The current arrangements require a Small Supplier (supplying energy to 250,000 or less Domestic Premises) to undergo a Full User Assessment in its first year, with a reduced level of assessment in the second and third years. However, if a Small Supplier elects to use a Shared Resource that, in aggregate, handles more than 250,000 Domestic Customers, the Small Supplier is required to undergo a Full Assessment every year.

Furthermore, a Shared Resource is currently required to undergo one full 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.

What is the proposed solution?

This Modification seeks to ensure that:

- (a) the Shared Resource becomes a SEC Party and is subject to a single User Security Assessment;
- (b) the Shared Resource will make a payment for the cost of the User Security Assessment in the same way as a DCC User under SEC Section G8.51;
- (c) the User Security Assessment Report of the Shared Resource should be made available to all Users who have engaged the Shared Resource to provide their User System; and
- (d) a Small Supplier electing to use a Shared Resource, that, in aggregate, handles more than 250,000 Domestic Customers, will be subject to a Verification Assessment in the second year and to a Self-Assessment in the third year.

Potential impacts

Party

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

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System

DCC Systems		Party interfacing systems	
Smart Metering Systems		Communication Hubs	
Other systems			

Proposed progression

SECAS believe that this modification should be progressed as Path 3 'Self Governance' Modification Proposal.

It is also recommended that this modification should proceed to the Refinement Process.

2. What is the issue?

User Security Assessments

To become eligible to use the DCC Systems, SEC Parties need to pass a User Security Assessment conducted by the User Competent Independent Organisation (User CIO). The User CIO undertakes User Security Assessments on behalf of the SEC Panel and produces a User Security Assessment Report. SEC Parties and/or DCC Users will be assessed for compliance against SEC Sections G3 to G6. A methodology and guidance are provided in the Security Controls Framework (SCF); a document which has been developed by the Security Sub-Committee (SSC) to ensure consistency across all User Security Assessments.

Prior to becoming a User, all SEC Parties are required to have an initial Full User Security Assessment. After this, there is an annual Assessment cycle, and the type of User Security Assessment that is required depends on the number of domestic premises that the Party interact with via their User System.

The SEC is explicit in what type of risk assessment is required for Supplier Parties, Network Parties and Other Users. There are four types of assessments defined in the SEC:

- A Full User Security Assessment – carried out by the User Independent Security Assurance Service Provider in respect of a User to identify the extent to which that User is compliant with each of its obligations under SEC Sections G3 to G6 in each of its User roles;
- A Verification Security Assessment – carried out by the User Independent Security Assurance Service Provider in respect of a User to identify any material increase in the security risk relating to the Systems, Data, functionality and processes if that User falling within SEC Section G5.14 (Information Security: Obligations on Users) since the last occasion on which a Full User Security Assessment was carried out in respect of that User;
- A User Security Self-Assessment – carried out by a User, the outcome of which is reviewed by the User Independent Security Assurance Service Provider, to identify any material increase in the security risk relating to Systems, Data, functionality and processes of that User falling within SEC Section G5.14 since the last occasion on which a User Security Assessment was carried out in respect of that User; and
- A Follow-Up Security Assessment – where the SSC considers it appropriate, requests the User Independent Security Assurance Service Provider to carry it out.

The table below indicates what type of assessment each Party is required to undertake, including the timeframes.

	# of Domestic Premises	User Entry / Year One	Year Two	Year Three
Supplier Parties	More than 250,000	Full Assessment	Full Assessment	Full Assessment
	250,000 or less	Full Assessment	Verification Assessment	Self-Assessment
Network Parties	More than 250,000	Full Assessment	Verification Assessment	Verification Assessment
	250,000 or less	Full Assessment	Verification Assessment	Self-Assessment
Other Users	n/a	Full Assessment	Self-Assessment	Self-Assessment

The current SEC arrangements were intended to adopt a proportionate approach in relation to User Security Assessments. Large Suppliers (those supplying energy to more than 250,000 Domestic Premises) are subject to a Full User Security Assessment every year, reflecting the increased security risks associated with larger volumes of connected Devices. Small Suppliers (those 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 implemented in response to provide proportionality to the risk.

Assessment using a Shared Resource

A Shared Resource is an organisation who provides the User System and manages the messaging capabilities (Service Requests (SRs)) between Users and the DCC on behalf of multiple Users (SEC Parties and/or DCC users). Several Small Suppliers have chosen to use a Shared Resource to deliver the User System required to support Smart Meters.

The SEC is explicit in that, when considering whether a Supplier is Large or Small, the number of Domestic Premises served will need to include the Domestic Premises

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served by other DCC Users that also use the Supplier's chosen Shared Resource. This means that, once the number of Smart Metering Systems communicated via a Shared Resource surpasses 250,000, each DCC User using that Shared Resource will be subject to a Full User Security Assessment every year, as though they were a Large Supplier. The Shared Resource will also be assessed as part of each individual Supplier's assessments.

What is the issue?

Under the current arrangements, if a Small Supplier elects to use a Shared Resource to provide their User System 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 was 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.

The majority of Small Suppliers are currently using a Shared Resource to provide their User System that, in aggregate, handles 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 separate assessments in a given calendar year. This creates inefficiency for the Shared Resource, the User CIO, SECAS and the SSC.

The SSC considers that this issue needs to be addressed because, at present:

- a) the Shared Resource is assessed multiple times per year by the User CIO, as part of each User's User Security Assessment. This results in duplication of the User CIO's observations, increased cost being incurred, and a large amount of time and effort being spent by the User CIO, the Shared Resource, SECAS and the SSC to no real advantage; and
- b) a Small Supplier supplying energy to 250,000 or fewer Domestic Premises will be subject to an annual Full User Security Assessment if its Shared Resource is, in aggregate, supplying energy to more than 250,000 Domestic Premises. This seems disproportionate when considering the risk for an individual Small Supplier.

3. Solution

Proposed solution

The SSC raised SECMP0044 on 15th December 2017. The proposed solution seeks to introduce the following obligations into the SEC:

- a) Shared Resources will be required to become a SEC Party, and will have the right to request a single User Security Assessment as the organisation that is providing the User System.
- b) The Shared Resource will make a payment for the cost of the User Security Assessment in the same way as a DCC User under SEC Section G8.51. It is a matter for the Shared Resource how they recover the cost.
- c) The User Security Assessment Report for the Shared Resource and any User Security Assessment Response it may provide, together with any assurance status set or observations made by the SSC will be made available by the Shared Resource to all Users who have engaged the Shared Resource, to ensure transparency given that the User remains accountable for the SEC security obligations.
- d) A Small Supplier that is itself supplying energy to 250,000 or fewer Domestic Premises but who has engaged a Shared Resource will be subject to a Verification Assessment in the second year and to a Self-Assessment in the third year, irrespective of how many other Domestic Premises the Shared Resource is handling for other Users.
- e) Any User of a Shared Resource that has been subject to a User Security Assessment under the proposed arrangements will be able to rely the assurance status set by the SSC in the first year and on the outcome of the SSC review in the second and subsequent years in respect of its User System that is being provided by that Shared Resource.

Views against the General SEC Objectives

The Proposer believes that this Modification Proposal better facilitates General SEC Objectives (a), (e) and (g).

- **Objective (a)¹:** This modification aims to reduce duplication and achieve a more efficient and less costly User Security Assessment approach that is proportionate for Large and Small Suppliers, Network Operators and for Shared Resources.

¹ Facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain.



- **Objective (e)**²: This modification aims to ensure compliance with SEC security obligations through an improved and proportionate process for Users and for Shared Resources.
- **Objective (g)**³: This modification will remove the current duplication in administration that arises from SECAS being required to validate multiple similar management responses from a Shared Resource and from the SSC having to review repeated assessments for the same Shared Resource.

For the avoidance of doubt, the Proposer believes that this modification is neutral against all other SEC Objectives.

² 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.

³ Facilitate the efficient and transparent administration and implementation of this Code.

4. Potential Impacts

The following section sets out the initial assessment of likely impacts should SECMP0044 be approved and implemented. Additional impacts may be identified by the Working Group (WG) as part of the Refinement Process.

SEC Party impacts

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

This modification affects all Users who are using a Shared Resource to provide their User System.

Small Suppliers will benefit the most from this Modification as it will remove the need for a Full User Security Assessment in the second and third years following 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.

Central System Impacts

DCC Systems		Party interfacing systems	
Smart Metering Systems		Communication Hubs	
Other systems			

There are no system impacts anticipated.

Testing

No testing is required as part of implementation of this modification.



SEC and Subsidiary Document impacts

SEC [Section G 'Security'](#) will be impacted by this modification.

Impacts on other industry codes

No impacts anticipated on other industry codes.

Greenhouse Gas Emission impacts

There are no Greenhouse Gas Emissions impacts anticipated.



5. Potential Costs

Potential implementation costs

The cost to implement SECMP0044 is expected to be limited to the SEC Administration time and effort for:

- making the necessary amendments to the SEC;
- releasing a new version of the SEC to SEC Parties; and
- publication of it on the SEC website.

However, this will be confirmed as part of the WG's assessment and development of the modification.

6. Proposed Progression

Modification Path

The Proposer and SECAS recommend that SECMP0044 be progressed as a **Path 3: Self Governance Modification Proposal**.

SECAS and the Proposer do not believe this modification 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. It is therefore believed that this modification can be progressed through Self-Governance.

Proposed progression

SECAS recommended that this modification should proceed to the Refinement Process for a three month assessment with the following progression timetable:

Activity	Date
IMR presented to Panel	12 th January 2018
Working Group meeting	22 nd January 2018
Working Group Consultation	19 th February – 12 th March
Panel reviews Modification Report	13 th April 2018
Modification Report Consultation	16 th April - 8 th May 2018
Change Board vote	23 rd May 2018

This three-month timeframe will allow for:

- a full WG assessment to take place (approx. two WG meetings); and
- one 15 Working Day industry consultation.

For a more detailed progression plan please see Appendix 1.



Working Group

Membership

SECAS recommends that the SECMP0044 WG be made up of individuals with expertise in:

- Shared Resources; and
- User Security Assessments;

as well as any other interested parties.

Terms of Reference

In order to assess the Modification Proposal fully, SECAS is recommending that the WG consider the following specific questions in addition to the standard WG Terms of Reference questions.

Q1: What is the impact of making Shared Resources SEC Parties?

In order to deliver their solution, the Proposer believes that Shared Resources should become SEC Parties. The Working Group should assess the impact that this will have, including whether this will have any consequences elsewhere in the Code (e.g. with accession or charges), and ensure all the consequential changes required from this are identified and captured in the solution.

Q2: What are the impacts on other party if the Small Supplier or Shared Resource fails their assessment

The WG should consider a situation where a Shared Resource failing its assessment, how the Suppliers that are using that Shared Resource would be impacted (vice versa). The WG should also discuss if there is to be a different pattern, how to determine whether the Shared Resource is above or below the threshold.

Q3: What is the pattern of assessment for a Shared Resource with 250,000 or less customers in aggregate?

The WG is invited to discuss if the Shared Resources, regardless of the size, should conduct full assessment every year, or if smaller ones should be subject to less onerous pattern like Small Suppliers are.

The standard ToR for SEC WGs can be found on the [About Modifications](#) page of our website.



7. Implementation

Proposed implementation date

The Proposer is seeking for this modification to be implemented in June 2018. The assessments for 2018/19 are due to commence around this time, and the SSC believes implementing this modification, if approved, after the first assessment will create unequal treatment as some Small Suppliers would be assessed under the current arrangements and others under the proposed arrangements. Implementing this modification by June will also enable Shared Resources to have a User Security Assessment of their own.

The Working Group will develop a proposed implementation approach as part of its consideration of this modification.



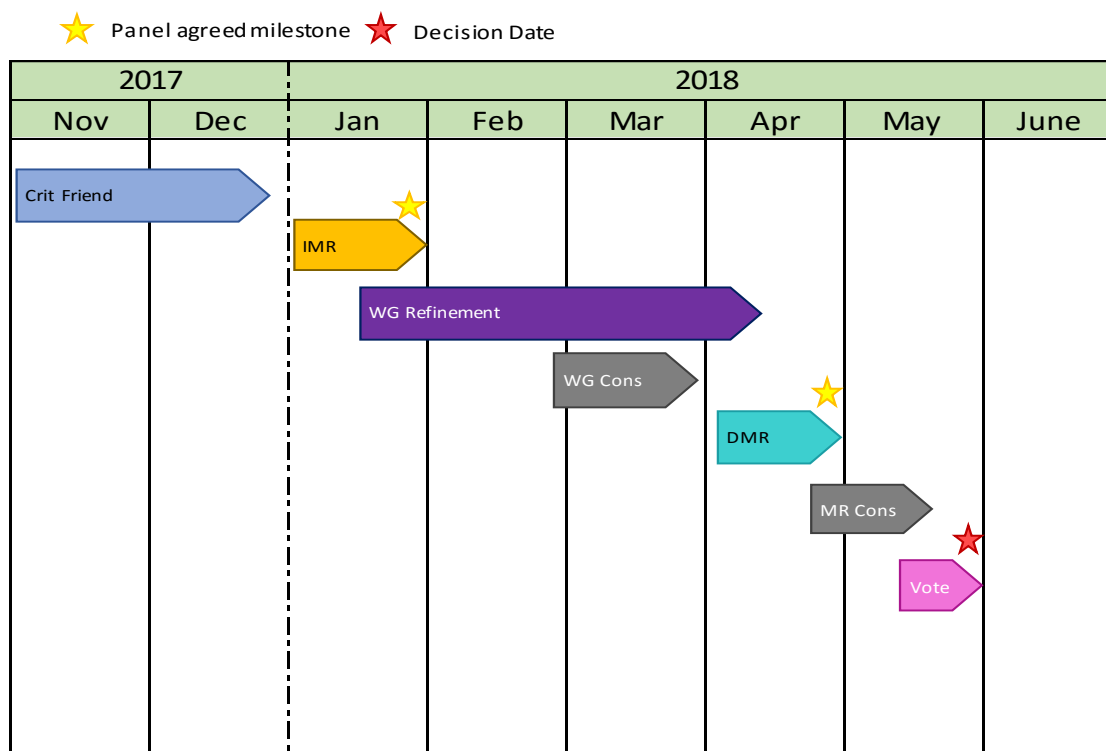
8. Recommendations

The Panel is invited to:

- **AGREE** that this modification should be submitted into the Refinement Process to be assessed by a Working Group;
- **AGREE** the Working Group Terms of Reference;
- **AGREE** the progression timetable set out in Section 6; and
- **AGREE** that SECMP0044 should be progressed as a Path 3 Modification Proposal.

Appendix 1: Detailed Progression Plan

Please note that the progression plan shown below is subject to change.



Appendix 2: Glossary

The table below provides definitions of the terms used in this document.

Acronym	Defined Term
CIO	Competent Independent Organisation
DCC	Data and Communications Company
DMR	Draft Modification Report
IMR	Initial Modification Report
SCF	Security Controls Framework
SEC	Smart Energy Code
SR	Service Request
SSC	Security Sub-Committee
ToR	Terms of Reference
WG	Working Group