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SEC Panel Approved Budget 2022 – 2025

Change History

VERSION	STATUS	ISSUE DATE	AUTHOR	COMMENTS
0.1	Draft	05/11/2021	Abigail Hermon	Initial Draft release for Panel Review
0.2	Draft	10/12/2021	Abigail Hermon	Final Draft release for Panel Review
0.3	Draft	17/12/2021	Abigail Hermon	Draft released for SEC Party Consultation
1.0	Final	21/02/2022	Abigail Hermon	Finalised following Panel Approval

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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 2022/25 is £8,643,423. The equivalent cost per meter is 10p¹. Estimates for 2023/2024 and 2024/2025 have been provided of £8,548,927 and £8,390,150 respectively, with the main variance being within the Projects category.

Budget Category	2022/23 Approved Budget	2023/24 Estimated Budget	2024/25 Estimated Budget
SECCo and Panel Operations	£1,055,808	£1,067,812	£1,075,035
SECAS Services	£6,025,115	£6,025,115	£6,025,115
Projects	£882,500	£776,000	£610,000
SMDA Scheme	£680,000	£680,000	£680,000
Contingency (5%)	£0	£0	£0
Total	£8,643,423	£8,548,927	£8,390,150

Table 1: 2022-25 SEC Panel Budget Projections

1.1 The current landscape and assumptions

The Panel recognises that the current environment in the Energy industry is extremely challenging, given the recent increase in energy prices, price capping and subsequent Supplier failures. Whilst we hope that the position will recover next year, we are provisioning for the trend of defaults and market exit to continue. We expect this to put pressure on SEC Party time and resources, increasing the importance of the work we do to both support and represent SEC Party interests in any smart or industry changes.

BEIS and Ofgem continue to seek assurance and oversight from the SEC Panel in relation to the Data Communications Company's (DCC) delivery of services, and we are provisioning to add more focus on this area. We will continue to provide technical review and oversight of the DCC's deliverables both on core business and larger programmes, in order to ensure quality of output, and that SEC Party impacts have been fully considered. The DCC's Network Evolution Programme is one such area which will continue to require significant effort from SEC Panel, its Sub-Committees and the SECAS team.

From an operational perspective, we expect installation volumes to continue to increase as Suppliers strive to meet the revised rollout deadline. We anticipate the majority of SMETS1 Enrolment and Adoption issues to have been resolved by the end of Q1 2022. We are planning for the migration of MOC installations to continue into 2022, with the majority of FOC migrations also expected to take place during 2022. The Ofgem Switching Programme is due to go live in 2022 and should there be any resulting operational issues for smart metering, these will be managed via the SEC Operations Sub-Group (OPSG). 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.

The work of the Security Sub-Committee and its engagement with the National Cyber Security Centre

¹ Calculated as the Total Approved Budget divided by the Total Domestic and Non-Domestic Smart Metering Systems forecast for start of RY2022/23 appearing in Table 10 of the DCC's Indicative Charging Statement (note: g5 – Gas Transporters excluded from calculation as zero rated)

(NCSC) will continue to be a key focus. We anticipate an increase in activity in relation to Privacy, as different consent models are put forward for consideration.

We've seen a high number of changes put forward by industry and BEIS this year to amend both systems and SEC content, and we do not expect any reduction in demand moving forward. In light of Net Zero initiatives, we may see a change in emphasis as more innovations are put forward in this space. The SEC Panel and its Sub-Committees will continue to challenge and scrutinise costs being assigned to such changes, and increase their focus on driving implementation.

In the coming year we anticipate greater interaction with other Codes, including the Retail Energy Code (REC) as we seek to identify synergies and consider opportunities for innovations to be accommodated via the SEC. We will also be preparing for the transfer of governance responsibilities from BEIS to the Panel, including the transition of the Technical Specification Issues Resolution Subgroup (TSIRS) and Home Area Network/ Wide Area Network (HAN/WAN) Working Group during 2022.

We believe that flexible remote working brought on by COVID-19 will be an enduring way of working, with many Parties benefitting from savings on travel time. For budgeting purposes we have assumed an average of 20% of Sub-Committee meetings to be hosted in person, and that all training events will be delivered by webinar, increasing accessibility to Parties.

Following the implementation of MP111 last year to incorporate the fixed costs of the Smart Meter Device Assurance (SMDA) Scheme into the SEC, these costs have been provisioned, albeit at a lower level given efficiencies realised through a change in Test House provider. Following consultation, we have provisioned a Project budget to cater for Scheme scope changes.

We have assumed that the activities of Alt-Han will have no impact on SEC Panel Budget requirements.

1.2 Budget control

The Panel is mindful of the cost challenges faced by the industry at this present time and has worked hard to keep costs down and within budget, delivering an Estimated Outturn for 2021/22 significantly below budget.

The Panel continually examines 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 Management Reports, accompanied by supporting timesheets.

For the year ahead Panel has sought to drive cost efficiencies where it can, whilst acknowledging increased scope in some areas. It's aim has been to strike a balance between prudent provisions, quality of service and flexibility, with economic efficiency.

1.3 Overview of Budget

Table 2 below provides an overview of the 2022/23 Approved Budget, broken down by high level budget category, compared to the Estimated Outturn for 2021/22.

Budget Category	2021/22		2022/23	
	Approved Budget	Estimated Outturn	Approved Budget	Variance Approved Budget 2022/23 to Estimated Outturn 2021/22

SECCo & Panel Operations	£1,094,807	£1,055,807	£1,055,808	£0
SECAS Services:				
Core Team and SME's	£6,315,789	£6,285,000	£6,627,017	
Contractual Discount	-£631,579	-£628,500	-£662,702	
Accommodation Costs	£112,200	£38,000	£60,800	
SECAS Services Total	£5,796,411	£5,694,500	£6,025,115	£330,615
Projects	£994,250	£704,250	£882,500	£178,250
SMDA Scheme	£725,000	£680,000	£680,000	£0
Contingency (5%)	£430,523	£0	£0	£0
Total	£9,040,991	£8,134,557	£8,643,423	£508,865

Table 2: Overview of 2022/23 Budget versus 2021/22 Estimated Outturn

Key variances:

The Approved Budget for 2022/23 represents a £398,000 reduction on the Approved Budget for 2021/22. However, it represents an increase on the Estimated Outturn for 2021/22 for the following reasons:

- **SECAS Services:** The activity levels within the Technical Operations and Panel & Board areas have grown substantially, and as such the size of the Core Team increased to support this, resulting in a variance of £330,615.
- **Projects:** In the previous regulatory year, £200,000 was provisioned to fund the auditing of DCC's Contract Management practices, an activity which was delayed. This is now forecast to take place, and accounts for the majority of the £178,250 variance.

We have been able to freeze the cost of SECCo & Panel Operations and the SMDA Scheme, by balancing out increases on specific budget line items, with efficiencies on others. Contingency budget has also been excluded from this year's budget, as this has not been drawn down on in past years.

Sections 2 – 5 provide a breakdown of each budget category, their drivers and key variances between the Approved Budget for 2022/23 and the Estimated Outturn for 2021/22.

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, Insurance, 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	2021/22 Approved Budget	2021/22 Estimated Outturn	Budget Lines	2022/23 Approved Budget	Variance Approved Budget to 2021/22 Estimated Outturn
Panel and SECCo Board Operations	£151,007	£151,007	1. Panel Members	£156,108	
	£24,000	£24,000	2. SECCo	£33,000	
	£30,000	£45,000	3. Legal	£40,000	
	£10,000	£1,000	4. SEC Party Engagement Day	£10,000	
	£11,500	£11,500	5. Customer Satisfaction Survey	£15,000	
	£235,000	£200,000	6. User CIO	£155,000	
	£3,300	£3,300	7. Licences	£3,300	
Sub Total	£464,807	£435,807		£412,408	- £32,400
Sub-Committee Expenses	£10,000	£5,000	8. All Sub-Committees	£5,000	£0
Independent Chairs and Specialist Resource	£30,000	£14,000	9. SMKI Specialist	£30,000	
	£200,000	£200,000	10. SSC and SMKI PMA Independent Chair	£200,000	
	£90,000	£72,000	11. TABASC Independent Chair	£86,400	
	£120,000	£168,000	12. OPSG Independent Chair	£166,000	
Sub Total	£440,000	£454,000		£482,400	£28,400
Systems	£20,000	£20,000	13. Website Maintenance	£20,000	
	£30,000	£30,000	14. Business Process Modelling	£41,000	
	£125,000	£97,000	15. CodeWorks	£90,000	
	£5,000	£5,000	16. File Sharing	£5,000	
Sub Total	£180,000	£152,000		£156,000	£4,000
Total	£1,094,807	£1,046,807		£1,073,158	£0

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 2021/22 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, the cost of which increased during RY2021-22.
3. Legal – provision for general legal counsel advice to SECCo, set at a lower level than 2021/22 as we are assuming that there will be less contracting work undertaken in 2022/23.
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, and the annual SECAS Customer Satisfaction Survey carried out by a third party research agency. An increase in cost is assumed for both.
6. Independent User CIO – this covers activities to support the Security and Privacy Assessment processes (e.g. SSC meeting attendance, SEC Party engagement, provision of advice to the SSC and SEC Panel and maintenance of the PCF and SCF). This budget has reduced by £45,000 given that Random Sample Privacy Assessments are now being charged directly to Users. As outlined in the SEC, costs relating to undertaking User Security and Privacy Assessments are charged directly to Users via DCC's Explicit Charges.
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 approximately 20% held on-site, and 80% fully remote.

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). The variance to Outturn in 2021/22 is explained by this position being vacant for the first half of the year.
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.
11. TABASC Independent Chair – provision for the Independent Chair of the Technical Architecture and Business Architecture Sub Committee, including specialist activities and support. An increase in activity and meetings is anticipated in 2022/23.
12. Operations Group Independent Chair – provision for the Independent Chair of this Committee, including specialist activities and support. Similar activity levels are 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. The cost of this tool is forecast to increase next year following cessation of the MRA, with whom costs were previously shared.
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. The cost of this service is reducing following a licence fee renegotiation.
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 & Privacy Expertise** – provision of User support throughout the assessment process, management of the Independent CIO and IPA, provision of privacy expertise and 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; managing Events of Default and supporting the Supplier of Last Resort process;
- **Change and Release Management** – provision of Critical Friend support to change Proposers; guidance and support in developing business requirements and 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, contracting 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, but at a lower level than prior years given upskilling within the team.

Service Area	Sub-Committee	Budget Provision		Total
		Core Team	Subject Matter Experts	
Panel & Board	Panel and Board	£708,122	£46,924	£755,046
Technical Operations	TABASC	£686,805	£85,851	£772,656
	OPSG	£727,434	£0	£727,434
	TAG	£424,838	£0	£424,838
Security & Privacy	SSC	£595,890	£771,951	£1,367,842
	SCIRS	£24,024	£28,617	£52,641
	SMKI PMA	£111,523	£0	£111,523
	Privacy	£43,455	£61,917	£105,372
Change & Release Management	Change Board, CSC, Working Groups	£1,427,899	£85,851	£1,513,750
Party Engagement	N/A	£768,475	£27,439	£795,915
	TOTAL	£5,518,467	£1,108,550	£6,627,017

Table 4: 2022/23 SECAS Services Budget Line Provision

A comparison of the 2022/23 Approved Budget compared to the 2021/22 Estimated Outturn is set out in Table 5 below, with key variances explained in section 3.2.1.

Service Area	Sub-Committee	2021/22 Approved Budget	2021/22 Estimated Outturn	2022/23 Approved Budget	Variance Approved Budget to 2021/22 Estimated Outturn
Panel & Board		£570,979	£600,000	£755,046	£155,046
Technical Operations	TABASC	£725,138	£700,000	£772,656	
	OPSG	£669,023	£670,000	£727,434	
	TAG	£430,549	£420,000	£424,838	
<i>Sub Total</i>		£1,824,711	£1,790,000	£1,924,928	£134,928
Security & Privacy	SSC	£1,423,426	£1,480,000	£1,367,842	
	SCIRS	£0	£0	£52,641	
	SMKI PMA	£129,247	£110,000	£111,523	
	Privacy	£17,724	£100,000	£105,372	
<i>Sub Total</i>		£1,570,396	£1,690,000	£1,584,737	-£105,263
Change & Release Management	Change Board, Working Group	£1,589,944	£1,450,000	£1,513,750	£63,750
Party Engagement	N/A	£759,760	£755,000	£795,915	£40,915
Total		£6,315,789	£6,285,000	£6,627,017	£342,017

Table 5: 2022/23 SECAS Services Budget versus 2021/22 Estimated Outturn

Please note that the above costs are subject to a 10% contractual discount, totalling £662,702.

3.2.1. Key Variances

Variances between the 2022/23 Approved Budget and 2021/22 Estimated Outturn are outlined below:-

- **Panel & Board** – an increase in budget is proposed to incorporate management of the new Strategic Working Group, introduced in 2021/22, to facilitate SEC Panel's role in Programme Assurance of DCC related changes and to accommodate the high volume of consultation responses. This equates to an increase of £155,046 compared to 2021/22 Estimated Outturn.
- **Technical Operations** – additional technical resources have been recruited into the Core Team to manage the increasing technical workload being generated by the Sub-Committees and Data Communications Company, adding £134,928.
- **Security & Privacy** – whilst there is an increase in the number of Privacy Assessments forecast, this is offset by a reduction in anticipated Security Assessment volumes, resulting in an overall reduction of £105,263.
- **Change & Release Management** – a slight increase in proposed modifications is assumed moving forward along with an increase in implementation. As such an increase of £63,750 is provisioned.
- **Party Engagement** – an increase of £40,915 has been forecast to reflect a continued high level of Event of Default and Supplier of Last Resort activity, an increase in Guidance Notes being produced, and an increase in SEC Party Engagement events (monthly meetings and webinars).

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

For the purpose of budgeting, flat resourcing and cost has been built in for all SECAS areas across Years 2 and 3. However, several factors could increase the scope of work undertaken by the team, including whether a Performance Assurance Framework is established, how BEIS transitional governance groups will be delivered under the SEC (e.g. Technical Specification Issue Resolution Sub-group), and the impact of industry led changes. These areas will become clearer in RY2022, and built into subsequent annual budgets.

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);
- Facilitating bimonthly Strategic Working Group meetings, including provision and presentation of papers, agendas, and minutes, and maintenance of the SEC Strategic Roadmap;
- Programme Assurance of DCC related change programmes, ensuring User impacts understood and planned, for, review and input to key project documentation, input to testing and Go-live acceptance, and provision of advice to BEIS;
- Management of Action Logs and Risk & Issues registers;
- Budgeting and ongoing financial management;
- Drafting of Consultation responses on behalf of SEC Panel;
- 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.

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 mainly by the Core Team, bolstered by 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 and critiques of DCC papers and their impacts;
- Monitoring of SEC, Cross-Code Modification Proposals and BEIS led Changes, assessment of impact, reporting to TABASC and implementing any required changes;
- 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 Parse and Correlate Applicability Matrix;
- 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), and Technical Specification Issue Resolution Subgroup (TSIRS);
- Undertaking a review of the effectiveness of the End-to-End Technical Architecture, Business Architecture and HAN Requirements via a Technical Effectiveness Review Questionnaire;
- Maintenance and management of Risk Register, Issues Log and Actions Log;
- Management of SEC Strategic Events linked to the SEC Strategic Roadmap, to ensure that implications for smart metering infrastructure are planned for;
- Initial definition of Projects which fall under the remit of the TABASC;
- 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); 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 and critiques of DCC papers and their impacts;
- Reviewing and liaising with the DCC / BEIS / Ofgem on the DCC reporting suite, specifically the monthly DCC Performance Report;
- Trial OPR and SEC Performance Measurement Reporting (PMR) changes for RY2022-23;
- Monitoring and oversight of the reporting produced as part of the SMETS2 Interoperability Review, including Device Model Combination (DMC) volumes and risk, and Meter Firmware Management;
- Monitoring of SEC, Cross-Code Modification Proposals and BEIS led Changes, assessment of impact, reporting to OPSG and implementing any required changes;
- 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;
- Monitoring of SEC, Cross-Code Modification Proposals and BEIS led Changes, assessment of impact, reporting to OPSG and implementing any required changes;

- Management of operational issues including maintenance of Risk and Issue logs, engaging with SEC Parties, Technical Experts, Sub-Committees and the DCC on solutions and workarounds, agreeing remediation plans, and reporting updates back to OPSG;
- 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;
- Management of SEC Strategic Events linked to the SEC Strategic Roadmap, to ensure that implications for smart metering operations are planned for;
- Initial definition of Projects which fall under the remit of the OPSG;
- Providing the Panel with monthly updates on the activities undertaken by the OPSG;
- Cross Sub-Committee information sharing and issue referral;
- Management of membership, undertaking scheduled and ad-hoc elections;
- Providing support for ad hoc requests from the OPSG.

3.4.3 TAG

Core Team 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;
- Assessing DCC Systems Integration Testing (SIT) completion under the Section D Modification process and SEC Variation Testing Approach Documents (SVTADs), along with assessing test completion of DCC Service Provider Pre-Integration Testing (PIT) where required by the SEC;
- 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.

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), SSC CPA Issue Resolution Sub-Group (SCIRS) 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 once again, 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. With the recent level of Supplier failures, the volume of Security assessments is expected to fall moving forward. However, conversely, the level of Privacy Assessments are expected to rise

The service will continue to be delivered by a Core Team, supported by 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.

Core Team activities

- Facilitating bi-monthly SSC and monthly SMKI PMA and SCIRS 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;
- Provision of technical support to support the resolution of issues raised via the SCIRS sub-group; and
- Support to any activities outlined in the SEC and as directed by the SSC and SEC Panel Chairs.

3.6 Change & Release Management

There are currently 57 open modifications. In 2022/23 we have assumed modification volumes remain stable, with an even split of system-impacting and Code document changes proposed. We have also catered for three scheduled SEC Releases, three ad hoc SEC Releases and up to 20 BEIS led designations, following similar activity levels in 2021/22.

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 cases, business requirements and legal text for each Draft and Modification Proposal in the process;
- Liaising with the Proposers of each modification, providing Critical Friend support and expert advice throughout the process;
- Drafting and reviewing Modification Reports for each modification in the process;
- Consulting with industry participants and Panel Sub-Committees over views and impacts of each modification 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 framework in accordance with the Code Administration Code of Practice (CACoP), including providing up-to-date guidance on the process;
- Attendance and input to the CACoP Forum meetings;
- Monitoring and assessment of cross-Code modification impacts via the Cross-Code Steering Group (CCSG);
- Continuous review of the modifications framework to identify and deliver any improvements and enhancements;
- Cross Sub-Committee information sharing and issue referral; and
- Management of Change Sub-Committee and Change Board membership, undertaking scheduled and ad-hoc elections.

Subject Matter Expert activities

- Undertaking reviews of the issue and solution(s) identified under Draft and Modification Proposals to highlight any impacts, inaccuracies, and/or questions;
- Reviewing and developing 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;
- Reviewing draft legal text for a Modification Proposal to ensure it fully and accurately delivers the intention of the solution; and
- Reviewing Modification Reports to ensure technical accuracy.

3.7 Party Engagement

Event of Default and Supplier of Last Resort events have increased significantly over recent months, followed by subsequent expulsions, and we anticipate this trend to continue albeit at a slower rate, requiring support to process these events. We note Ofgem's recent decision to suspend supplier licences for six months and forecast this could result in fewer accessions to the Code next year.

Meanwhile, Energy suppliers have faced continued cost pressures and downsizing of regulatory teams, and as a result we will place additional focus on ensuring that easily digestible and accessible information is provided via topic focussed webinars, 'how to' videos and Guidance notes.

We will continue to provide tailored support to the different SEC Party categories through co-ordination of dedicated conference calls with SEC Panel members, tailored communications and quarterly 'check-up' calls.

Engagement with BEIS, Ofgem, and the DCC will also continue to ensure that communications and activities are as aligned as possible, and the consultations landscape will be monitored to ensure that outcomes are communicated, and those requiring SEC Panel responses are identified.

Core Team activities

- 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);
- Facilitation of 20 Party Engagement events and topic-focussed webinars;
- Maintenance and development of over 35 guidance documents in line with SEC updates;
- 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);
- 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);
- Website content management to ensure information is up to date, written in Plain English, easily accessible and in a user friendly format;
- Liaison with BEIS, Ofgem and the DCC to share information and knowledge on how best to provide support to industry;
- Managing Events of Default in accordance with the SEC, and liaison with the DCC (circa 50 per annum anticipated);
- Supporting the Supplier of Last Resort (SoLR) process;
- Co-ordination of the Annual Customer Satisfaction Survey and support provided to Ofgem's Cross Code Survey;
- Supporting SEC Parties in the registration and use of CodeWorks;
- 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.

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	2021/22 Approved Budget FTE	2022/23 Approved Budget FTE	Role
Grade 5	2	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	8	10	Includes Delivery Managers with day-to-day responsibility for the SECAS Core Team and Chair liaison, and Technical Specialists.
Grade 3	11	12	Includes Change, Technical, Governance, Security and Party Engagement Consultants.
Grade 2	11	9	Includes secretariat support to the Panel and Sub-Committees, front line support to SEC Parties, Change Modification, Security and Technical Analysts.
Total	32	33	

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.

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 2022/23 is for 219 meetings, workshops and webinars to be held. This incorporates the newly formed Strategic Working Group and SCIRS, and also incorporates the SMDA Sub-Committee and Management Panel which now fall under the SEC.

However, the shift towards remote meetings, introduced as a result of COVID-19, is expected to continue with less than 20% of meetings held in person.

Meeting rooms are 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).

A total provision of £35,000 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		
	2021/22 Budget	2021/22 Estimated Outturn	2022/23 Approved Budget
Panel/Board, Strategic Working Group and PFCG	16	18	18
Change Board, Change Sub Committee and Working Groups	50	38	44
SMKI PMA	12	14	14
SSC and SCIRS	28	31	31

	Meeting Volumes		
Meeting Type	2021/22 Budget	2021/22 Estimated Outturn	2022/23 Approved Budget
TABASC	18	18	18
Operations Group	24	24	24
TAG	18	24	24
Party Engagement Seminars, Meetings and Workshops	51	34	34
SMDA Sub-Committee and Management Panel	0	12	12
Total	217	203	219

Table 7: Meeting Forecast

3.9.2 Panel Chair Office

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.

Office accommodation is charged at a rate of £150 per day, and a modest provision of £1,800 has been included which assumes that the Independent Chairs will continue to spend most of their time working remotely.

3.9.4 Total Accommodation Costs

Accommodation costs built into the budget are as follows:

Cost	2021/22 Approved Budget	2021/22 Estimated Outturn	2022/23 Estimated Budget
Meeting Room Hire & Refreshments	£54,000	£30,000	£35,000
Panel Chair Office	£24,000	£8,000	£24,000
Contractor Space Rental	£34,200	£0	£1,800
Total	£112,200	£38,000	£60,800

Table 8: Accommodation Costs

Variations

The total cost is £22,800 above the 2021/22 Estimated Outturn, driven by a return to the office for the Panel Chair, and more meetings being held on-site. However the budget remains significantly lower than prior years due to the level of remote working expected to continue.

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 Roadmap.

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 SECCo Board through the 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	2022/23 Approved Budget	2023/24 Estimated Budget	202/25 Estimated Budget
Industry Driven			
Network Evolution	£75,000	£0	£0
Transfer of BEIS Issues Management Process including management of TSIRS/ HAN WAN	£75,000	£0	£0
OPR Auditing	£200,000	£200,000	£200,000
SEC Driven/ Initiated			
Performance Assurance – SEC Parties	£45,000	£60,000	£0
Monitoring and Quality Assurance (of DCC Services)	£45,000	£20,000	£0
Annual Security Obligations - Risk Assessment	£75,000	£100,000	£100,000
Annual Security Obligations - Security Architecture	£70,000	£70,000	£70,000
Quantum Computing (Expert Crypto Analysis)	£0	£150,000	£150,000
CPA Matters	£80,000	£80,000	£80,000
SMKI Document Set Review	£0	£60,000	£60,000
User CIO Procurement	£10,000	£11,000	£0
Digitalisation	£56,250	£0	£0
Strategic Working Group Projects	£56,250	£75,000	£0
SMDA Test House Procurement	£25,000	£0	£0
June and November SEC Release/Impact assessment	£35,000	£0	£0
Comms Hub Testing Pre UIT	£15,000	£0	£0

Project	2022/23 Approved Budget	2023/24 Estimated Budget	202/25 Estimated Budget
DCC DSP Procurement impacts	£10,000	£0	£0
TOTAL	£882,500	£776,000	£610,000

Table 9: 2022-25 Project Budgets Category

4.1 Industry Driven Projects

4.1.1 Network Evolution

The DCC's 5 year Network Evolution Programme continues into the next regulatory year, comprising the following 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 has asked the Panel to form a view on the Network Evolution proposals, which will shape BEIS' decision on how to progress. This requires SECAS to work with the DCC to ensure that milestones are delivered on time; support is provided to the Sub-Committees by ensuring programme documentation meets the needs of members; technical reviews of documentation are performance; and responses to any consultations provided on behalf of Panel or its Sub-Committees.

4.1.2 Transfer of BEIS Issues Management Process incl. management of TSIRS/HAN WAN

BEIS intend to transfer the operation and management of the Technical Specification Issues Resolution Sub-group (TSIRS) and the Home Area Network/ Wide Area Network (HAN/WAN) Working Group to SECAS in October 2022. Work needs to be undertaken 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.

4.1.3 Operational Performance Regime Auditing

Ofgem will be procuring an Auditor to support their Operational Performance Regime monitoring of the DCC's Contract Management practices. This budget provisions for the cost of audits to be carried out.

4.2 SEC Driven/Initiated Projects

4.2.1 Performance Assurance – SEC Parties

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. A Project Brief is being submitted to SEC Panel in Q4 2021/22 for its consideration.

4.2.2 Monitoring and Quality Assurance (of DCC Services)

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. A Project Brief is being submitted to SEC Panel in Q4 2021/22 for its consideration.

4.2.3 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 is in the process of procuring the services of a specialist security organisation to complete the risk assessment whilst providing appropriate governance support.

4.2.4 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.

4.2.5 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 2023/24.

4.2.6 CPA Matters

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.

4.2.7 SMKI PMA Document Set Review

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.

4.2.8 User CIO Procurement

The contract for the Independent User CIO expires in July 2023, prior to which a robust tendering exercise needs to be carried out to ensure best value for money is achieved for SEC Parties.

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, and enhance document collaboration platforms.

4.2.10 Strategic Working Group Projects

A Strategic Working Group has been established to create a roadmap of strategic events impacting on the SEC for the next 10-20 years. This considers 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. A number of Projects will be required to delve deeper into certain topic areas, to ensure that the SEC is fully prepared for such events to occur.

4.2.11 SMDA Test House Procurement

The existing SMDA Scheme Test House was appointed in early 2021 without a full procurement being undertaken, on the proviso that a full procurement would be undertaken at the earliest opportunity. This budget provisions for the cost of running a full competitive tender. This provision would not be required, should the existing Test House contract be extended.

4.2.12 June and November SEC Release/Impact Assessment

Changes in the SEC June and November 2022 releases may require updates to SMDA testing to ensure that the Scheme continues to align with industry testing standards.

4.2.13 Comms Hub Testing Pre UIT

Following the outcomes of the Comms Hub testing pilot programme, the SMDA Scheme would like to test new DCC Comms Hubs Firmware pre-UIT to provide additional confidence to the industry.

4.2.14 DCC DSP Procurement Impacts

The current DSP contract with the DCC ends in 2024. This budget will allow for, further investigation to take place to determine if changes to the contract would impact the Scheme.

5 SMDA Scheme

Following transition of the SMDA Scheme into the SEC in 2021/22, the cost of the SMDA Scheme Operator and Test House will continue to be funded by the SEC Panel budget. The SMDA Scheme Operator undertakes the day to day technical administration for the Scheme (including its Test Specifications and Test Scripts) as well as ongoing management of the Test House and routine reporting to industry, SEC Panel and Board. The Test House carries out the formal testing of devices against the specifications provided by the Scheme Operator and supports the Scheme Operator with issue resolution during testing. During 2021/22 we were able to reduce fixed costs compared to the Approved Budget and are therefore forecasting costs to be at the same level as Estimated Outturn for 2021/22 for the next three budgetary years, noting that the outcome of the Test House procurement in 2022/23 could have an impact.