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Draft SEC End of Regulatory Year Report 2021 - 2022

Version 1.0

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1. Introduction

This End of Regulatory Year Report provides highlights of activities undertaken by the SEC Panel in delivering the operation of the Smart Energy Code (SEC), supported by the Smart Energy Code Administrator and Secretariat (SECAS) team. The report is separated into the key functional areas of Technical Operations, Change Management, Security and Privacy, Party Engagement and Committee Support. Section 8 also provides insight into the Smart Metering Device Assurance (SMDA) activity, and Section 9 provides an overview of the Alternative Home Area Network (Alt HAN), due to the inclusion of both within the SEC.

The Panel is also required, as part of the Report, to set out its evaluation of whether the SEC continues to meet the SEC Objectives. These views can be found in Section 10.

2. Summary

This report covers the period 1 April 2021 to 31 March 2022 a year which has seen continued impact by the Covid-19 pandemic, alongside unprecedented pressures on the Energy industry and its customers, given the recent increase in energy prices, price capping and subsequent Supplier failures. SECAS has continued to regularly engage with and support Parties via both remote and office-hosted services. The SEC Panel continues to monitor the challenges and issues that have arisen as Parties adapt to increased utilisation of the DCC systems, through its various Sub-Committees and SECAS. It is the Panel's view that the SEC continues to meet the SEC Objectives.

SEC Panel and SECCo Board

The SEC Panel met 13 times this year and its Strategic Working Group (SWG) met 5 times this year. The Panel and SWG continue to horizon scan and respond to changes in the industry landscape and pressure on Suppliers. The Panel has kept abreast of DCC initiatives such as the Network Evolution programme, as well as regular reporting on installation rates and Major Incidents. The Panel has been prioritising its work to both support and represent SEC Party interests in any smart or industry changes and continues to oversee Events of Default and Privacy matters such as User Privacy Change Notification Requests. The SECCo Board met 12 times this year to release funds for Panel-approved projects.

Technical Operations headlines

Technical Operations includes delivery of the Technical and Business Architecture Sub-Committee (TABASC), Operations Group (OPSG) and Testing Advisory Group (TAG). These three Sub-Committees have had another busy year. A key focus across all three groups has been Network Evolution, feeding into the review and development of the business requirements and testing arrangements for Communication Hubs (CH) and Networks. They have also sought to ensure User concerns are taken on board by the Data Communications Company (DCC) so that any deliverable is developed with a benefit to Users. Equally, as the Data Service Provider (DSP) programme continues, the Sub-Committees have been challenging the requirements and approach to help ensure a successful programme.

Modifications and Releases headlines

The volume of change being assessed remains high due to increased experience of the systems. 45 new modifications were initiated this year, up from 39 in the previous year. Three scheduled SEC Releases were delivered, with 28 modifications implemented across the year. Enhancements to the framework and underlying processes have been rolled out following the SEC Section D Review, and a modification raised to enhance the SEC provisions. Key changes delivered include introducing Business Requirements sessions, and the Panel delegating oversight of the modifications framework to the Change Sub-Committee (CSC). SECAS has also been reviewing and enhancing engagement with other Codes to identify and progress cross-Code changes impacting the SEC.

Security and Privacy headlines

Security and Privacy Assessment volumes remained consistent with last year with the majority of Parties continuing to opt for remote assessment. The Privacy Change Notification Process was established to facilitate the required Panel approval of changes Other Users wish to make to their established processes outside their annual assessment cycle. The Security Sub-Committee (SSC) has worked with third party experts to develop the required guidance following the latest Commercial Product Assurance (CPA) Security Characteristics Threat Mapping Review. The SSC CPA Issue Resolution Sub-Group (SCIRS) was established to support the CPA evaluation process and facilitate industry engagement with SSC, BEIS and NCSC in resolving the outstanding Use Case issues. The 9th iteration of the SSC End-to-End Risk Assessment commenced and is due to complete in Q2 2022. SMKI PMA completed a DDC-lead Recovery Event Exercise in November and is now working with DCC providing guidance on areas of improvement noted from the exercise.

Party Engagement headlines

Party Engagement has continued to support Parties through a variety of channels. Throughout the year, 11 tailored [webinars were hosted](#), monthly Small Supplier and Other SEC Party, and Quarterly Engagement calls with Electricity Network Parties were held to communicate relevant updates from SEC Panel meetings. The team has modernised the format of the monthly [SEC Newsletter](#), which remains popular with over 800 subscribers. 19 SEC Parties have acceded to the SEC this year, and five Parties have been guided through the [User Entry Process](#) (UEP). Over 25 Small Suppliers have ceased trading, with their customers being transferred via the Supplier of Last Resort (SoLR) process. SECAS has engaged with the DCC and the Gaining Suppliers to ensure that all Smart Metering Equipment Technical Specification (SMETS) meters have been successfully transferred.

Committee Support headlines

179 Meetings were facilitated, and the rate of action closure has been high demonstrating a concerted effort to resolve actions and drive forward tangible solutions. Other SEC Party engagement with the code and via the Panel and its Sub-Committees remains high and continues to increase. A focus of the year has been encouraging better visibility of the breadth of work undertaken under SEC governance by downgrading information classifications where possible.

6. SEC Panel and SECCo Board

The SEC Panel met 13 times this year, and is now meeting in person. It continues to horizon scan, monitoring areas that impact the SEC and keeping abreast of changing market conditions, with additional support from the Strategic Working Group (SWG), who met 5 times this year.

The Panel recognises that the current environment in the Energy industry is extremely challenging, and has responded to key changes such as the Ofcom announcement of 2G/3G sunset, and the subsequent DCC Network Transition and Sunset plans. Another pressure on industry continues to be the pandemic, and the Panel has been involved in conversations about supply chain challenges in the Central and South regions, and the DCC's proposal for a temporary CH price increase, which was approved by the DCC Board.

The Panel has also kept abreast of the DCC's Network Evolution programme workstreams, in particular reviewing the CH & Networks Cost Benefit Analysis, and making a recommendation to BEIS on the DSP Contract Extension. The Panel has granted the DCC outage windows in response to the DSP Technical Refresh and the Adverse Weather Trial, but has emphasised the need for the DCC to reduce these outages. The Panel also stays informed of any Major Incidents reported by the DCC.

The Panel continues to grant compliance statuses for Users undergoing Random Sample Privacy Assessments and monitor User Privacy Change Notification Requests. The Panel also continues to oversee Events of Defaults and Parties going through the Supplier of Last Resort (SoLR) process, which has seen a significant increase given the current challenges facing Suppliers and subsequent

market exit. Since the delegation of responsibilities to the CSC in mid-2021, the Panel no longer oversees SEC Modifications unless escalated. The Panel frequently responds to industry consultations, and engages with the SMDA and Alt-HAN on a regular basis. The Panel also published the annual SEC Panel Budget, which is available [here](#).

The SECCo Board met 12 times this year and grants the release of funds for any Projects approved by the Panel, as well as completing its standard contractual and commercial obligations.

7. Technical Operations

7.4 Technical Architecture and Business Architecture Sub-Committee (TABASC)

The TABASC continues to provide input and support to the discussions regarding the current and future smart metering ecosystem. The TABASC increased its role in the Modifications process by amending its Terms of Reference and providing views to both the SEC Panel and BEIS transitional governance forums regarding the impact of proposed changes on the Technical Specifications or the Technical and Business Architecture.

A key focus for the TABASC has been providing input into the DCC's proposals regarding the retirement of the 2G/3G mobile network and introduction of the 4G CH under the Network Evolution Programme (NEP). The TABASC has also reviewed the NEP Data Service Provider (DSP) business requirements document and market engagement options.

Equally, the TABASC continues to consider the impact of Market Wide Half Hourly Settlement (MWHHS) and Meter Splitting (BSC P375) on the smart metering technical infrastructure.

The TABASC has also kept abreast of several industry developments which have the potential to impact the technical and business architectures and has increased its oversight of strategic events and emerging technologies such as electric vehicles, gas decarbonisation and demand side response, advising the SEC Strategic Working Group, and working with BEIS to understand the policy position relating to the proliferation of these technologies via the smart metering architecture.

7.5 Testing Advisory Group (TAG)

The TAG's primary focus has been providing SEC governance of testing and Release activities carried out by the DCC. The TAG continues to be well supported by industry, providing expertise from energy suppliers, Network Parties, shared resource providers, meter & display manufacturers, trade bodies, SECAS, and the DCC. Members have provided significant input into testing matters, reviewing a substantial volume of materials produced by the DCC to determine its readiness to implement changes.

During the year, the TAG oversaw and agreed the DCC's production of the SEC Release Testing Approach Documents which form part of the Panel's SEC Release implementation documentation for the June 2021, November 2021, and June 2022 SEC Releases, alongside assessing and agreeing test completion for each Release.

The TAG also reviewed the testing of several SMETS1 activities, including Final Operating Capability (FOC) and Middle Operating Capability (MOC) uplifts, Mixed Installation, Device Model Combination and Pre-Payment Testing. This included agreeing the depth and breadth of the testing to be carried out on each Release and approving test completion for Systems Integration Testing.

Further, the TAG reviewed progress on the Trusted Service Provider (TSP) programme, including the Test Approach Document for the programme and proposed regression testing by the DCC.

The TAG also oversaw the progress of Network Evolution for the Comms Hub & Network (CH&N) Programme. This included reviewing the proposed governance approach, reviewing the business needs relating to Data Service Provider procurement, reviewing the Test Automation Framework proposal, and agreeing the CH&N Test Approach Document.

Additionally, the TAG reviewed a number of DCC programme proposals, including the Central Switching Service testing proposals and the Enduring Change of Supplier delivery plan. The TAG worked with the DCC to ensure governance, visibility, and the paths to production of the proposed testing was appropriate.

7.6 Operations Group (OPSG)

The OPSG continued to meet twice a month, with one meeting reserved for reviewing SEC operational reports. The OPSG continues to deal with operational matters relating to services provided under the SEC, and to enable DCC and its customers to raise and share operational matters. During the year, the OPSG has been regularly reviewing the operational status of DCC critical services. The OPSG also regularly reviews DCC Service Performance and provides updates to the SEC Panel on areas for concern. This includes the missed Service Level Agreements (SLA) for CSP North and the investigations into Performance Indicators (following the implementation of [MP122A 'Operational Metrics'](#) on 25 February 2021). The CSP North remediation plans have demonstrated a significant improvement in the performance of key services (notably Firmware Downloads – PM2), with the DCC achieving Minimum Service Levels in January 2022 for the first time since August 2019.

The OPSG supported the progression and engagement on the DCC's Dual Control Organization remediation plans to outline and improve key issues with the ability to deliver firmware to SMETS1 devices and ensure the DCC are compliant with the SEC requirements.

The OPSG has been overseeing and reviewing the DCC's Heightened Service Management plans aimed at addressing the stability and performance issues exhibited by the SMETS1 FOC Service since it went live in February 2021.

The Panel continues to rely on OPSG and has delegated to it a number of tasks such as overseeing the Superfluous Alerts issue and supporting the Ofgem review of Alternative metrics for the DCC Service Operational Performance Regime.

The OPSG continues to engage with the DCC regarding the Network Evolution for the DSP Programme and the 4G CH & Network Programme. The OPSG has reviewed key documents such as the Additional Candidate requirements to the Minimum Viable Product and the engagement timelines.

The OPSG provided views on the DCC Business Continuity and Disaster Recovery and Outage Strategy, particularly for the CSP N and DSP Technical Refreshes. It provided comments on lessons learnt for the DCC engagement strategy with Users for future Technical Refreshes. The OPSG continues to challenge the DCC's failure to meet Planned Maintenance requirements and requested the development of a Service Outage Strategy to consider key drivers to additional outages and provide recommendations for consideration by the OPSG and SEC Panel.

The forecasting requirements for Service Request and Certificate Signing Request on SEC parties were reviewed by OPSG who recommended raising modifications to resolve the issues identified. [SECMP116 'Service Request Forecasting'](#) was implemented on 24 February 2022 which removes the burden on SEC Parties to provide forecasts and has demonstrated significantly improved accuracy of forecasts versus actuals. [SECMP160 'Certificate Signing Request forecasting'](#) was also subsequently raised in April 2021 and is currently in the 'Refinement Process'.

The OPSG has contributed to several Releases, endorsing go-live for the June 2021, November 2021 and February 2022 SEC Releases. Other topics that the OPSG has addressed include setting up projects on Performance Assurance of SEC Parties and DCC Services, monitoring Major Incidents, Adverse Weather events, Radio Frequency Noise and Impacts to Service, CH Supply Chain Challenges and Exclusions, Issues and Risks.

7.7 CPL

SECAS released a new macro-enabled version of the [CPL spreadsheet](#) to make it easier for Device Manufacturers to check their submissions before providing them to SECAS. [Central Products List](#) (CPL) activities have been high this year, highlights of which are included below:

Central Products List statistics	Number
CPL versions issued	64
SMETS2 Device Models added	110
SMETS1 Device Models added	65
Device Models removed	3
Functionality updates: New macro enabled CPL spreadsheet to allow Device Manufacturers to check their new CPL submissions more easily. Additions to the CPL spreadsheet criteria: Great Britain Companion Specification (GBCS) version 4.1, Smart Meter Equipment Technical Specifications (SMETS) version 5.1 and Communications Hub Technical Specifications (CHTS) version 1.5. Updated Device Level Versioning was also added in accordance with the updated Technical Specification Applicability Tables (TSAT). Updated Device Language Message Specification (DLMS) selection - the option to select DLMS Conformance Test Tool (CTT) 3.0 was removed, and the option to choose DLMS CTT 4.0 and 4.1 was added.	3

An increasing number of SMETS1 and SMETS2 Device Models have been added to the CPL, along with associated updates being made to the [Firmware Information Repository \(FIR\)](#) (accessed once [logged in](#) to the SEC website) which allows SEC Parties to view information about firmware updates and contact information for the relevant meter manufacturer. The [Plain English Mapping spreadsheet](#) has also been updated on a regular basis to provide information relating to new SMETS1 and 2 Device Models.

8. Modifications and Releases

8.4 Draft and Modification Proposals

The number of modifications progressing through the framework has remained high this year, as the roll-out continues and Parties make increasing use of the arrangements. 44 new Draft Proposals were raised, and one open modification split into two, adding to the 50 already open at the start of the year. The following table sets out the number of modifications raised, progressed and closed in the year:

Modification Status	Number
Modifications open at start of regulatory year	50
Modifications raised during regulatory year	45
<i>New modifications raised</i>	44
<i>Open modifications split</i>	1

Modification Status	Number
Modifications concluded during regulatory year	45
<i>Approved</i>	28
<i>Rejected</i>	2
<i>Withdrawn</i>	15
Modifications open at end of regulatory year	50

In response to volumes, SECAS continues to implement streamlined processes, whilst ensuring due diligence is completed for each proposal. The prioritisation approach developed by SECAS and endorsed by the Panel has been used to ensure higher-value modifications are given priority during times of constraint. SECAS worked with the CSC to further enhance this with a waiting list mechanism to allow SECAS to focus resource on completing more developed modifications. This helped to allow many modifications to reach final decision towards the end of the regulatory year.

8.5 SEC Releases

28 approved Modification Proposals were implemented via SEC Releases this year:

- The **June 2021 SEC Release** contained five modifications.
- The **November 2021 SEC Release** contained 10 modifications.
- The **February 2022 SEC Release** contained five modifications.
- Eight further modifications were implemented across the year via ad-hoc releases.

The November 2021 Release contained DCC System impacting changes arising from SEC Modification Proposals, including the first phase of [SECMP0007 'Firmware updates to IHDs and PPMIDs'](#); the June 2021 and February 2022 SEC Releases only consisted of SEC documentation changes arising from SEC Modification Proposals and did not impact the DCC Systems.

8.6 Modification framework enhancements

Following a review of SEC Section D, and Panel approval of recommendations made in April 2021, SECAS has been rolling out improvements, and [MP186 'Section D Review \(2020\): further enhancements'](#) is taking forward the proposed Section D changes arising from this work.

A key recommendation from the review was for the Panel to delegate oversight of modifications and releases to the Change Sub-Committee (CSC), allowing a dedicated group to provide greater oversight and scrutiny of proposed changes as they progress through the framework. The Panel formally delegated these responsibilities to the CSC in June 2021.

The Panel had previously noted exceptionally high implementation costs being produced by the DCC for SEC modifications and sought a long-term approach that would allow the industry visibility of the costs of modifications prior to the final decision being made. The DCC undertook a Collaborative Design Review at the end of the last regulatory year to establish a collaborative approach to the design phase of new SEC modifications. This sought to reduce the time taken to deliver DCC Assessments to meet the current targets set out in the SEC. Following both reviews, SECAS and the DCC introduced a Requirements Workshop to the early stages of the modification framework. Here, SECAS, the DCC, the Service Providers and Proposers can discuss the identified issue and the requirements for any solution collaboratively. This is helping to shape more effective solutions and reduce the time needed for the DCC to subsequently assess these.

SECAS has also sought to increase engagement with smaller Parties on modifications. It now presents regular updates on modifications to the Small Supplier and Other SEC Party engagement calls and has established a regular session with Device manufacturers to update them on relevant changes.

8.7 Cross-Code engagement

The Cross-Code Steering Group (CCSG) was established in September 2021 as part of the Retail Energy Code (REC) go-live, and SECAS is an active participant in this group. This group is responsible for assessing new modifications and change proposals raised across six of the Energy Codes (including the SEC) to identify potential cross-Code impacts.

SECAS continues to participate in the Code Administration Code of Practice (CACoP) Forum which presents an opportunity to discuss and share cross-Code activities.

SECAS undertook a review of its cross-Code working, identified the key Codes where changes may have consequential impacts on the SEC or smart metering arrangements and defined an approach to enhance engagement with the organisations delivering these. SECAS also produced a short checklist that other Codes can use to help assess if changes may affect the SEC, to further enhance the early identification of cross-Code impacts. This was positively received by CACoP and CCSG.

SECAS is closely involved in the ongoing work to deliver market-wide half-hourly settlement (MHHS), and sits on the Cross-Code Advisory Group (CCAG) and other technical workgroups under the programme. [MP162 'SEC changes required to deliver MHHS'](#) has been raised to progress the DCC System changes required for the full MHHS solution, and SECAS and the DCC have been working closely with the programme throughout its progression.

SECAS has also worked closely with Ofgem to develop the SEC changes required for Faster Switching, which have now been raised under [MP200 'Faster Switching consequential changes to the SEC'](#).

8.8 Transitional Governance

In addition to Modification Proposals, other changes to the SEC arise under Transitional Governance. Throughout 2021-22, 13 BEIS- or DCC-designated changes were implemented into the live SEC, with configuration management support provided by SECAS.

9. Security and Privacy Provisions

It has been another busy year for Security and Privacy maintaining a high level of engagement with our Sub-Committee members, key stakeholders, and SEC Parties.

Due to an increase in activity in the Other User market, the Panel, assisted by SECAS and the User Independent Privacy Auditor (IPA), approved the introduction of the Privacy Change Notification process. This allows Other Users to obtain ad-hoc Panel-approval of material and non-material changes to the privacy processes and procedures approved as part of their initial Full Privacy Assessment (FPA), ensuring ongoing compliance with their SEC Obligations.

9.4 Security Sub Committee (SSC)

The SSC develops and manages the User Security Assessment documentation that SEC Parties and DCC Users require, as well as the wider requirements associated with SEC Section G 'Security', including reviewing security-related modifications, and overseeing and maintaining the Security Characteristics for the CPA Scheme.

The SSC meets bimonthly managing a packed agenda. A key part of SSC's work continues to be progressing Parties through the Security Assessment process. 135 Full User Security Assessments, Verification User Security Assessments, Self-Assessments, Director's Letter and Follow-Up Assessments have been reviewed. 89 assurance and compliance statuses were set, and 40 Directors

Letters Approved. Virtual Assessments continue to be successfully conducted by the User Competent Independent Organisation (User CIO).

While assessment reviews for DCC assurance remain a core function of the SSC, the SSC also monitors DCC progress regarding SMETS1 Enrolment and Adoption receiving regular DCC updates covering the DCC's remediation plan; CIO report updates; and the FOC Gas Supply Interruption Incident. The remaining MOC Secure remediation has now also been completed.

In addition, the SSC monitors updates from the DCC regarding the TSP re-platforming, DSP Technical Refresh, Central Switching Services, and Enduring Change of Supplier.

SECAS provide the SSC with an overview of the DCC updates on CPA certificates, CPA Remediation Plans, Prepayment Meters Report, and the report from the DCC on Devices in "pending" mode in the Smart Metering Inventory).

DCC presents the Post Commissioning and Anomaly Detection Threshold (ADT) Reports monthly for SSC's information and feedback. These reports monitor the effectiveness of the relevant security controls and support the SSC in their annual review and setting of the threshold figures with DCC.

This year's project and procurement activity included the procurement of SSC Consultants as part of meeting the SSC's Annual Security Obligations under the SEC, for the 9th Iteration of the End-to-End Risk Assessment.

Following the conclusion of the CPA Smart Meter Assurance Technical Workshop held in August, the SSC CPA Issues and Resolution Sub-Group (SCIRS) was created to aid the ongoing work with NCSC and BEIS regarding the CPA process evaluation.

9.5 SSC CPA Issue Resolutions Sub-Group (SCIRS)

The establishment of the SCIRS has enhanced industry engagement and improved transparency in relation to the NCSC-led Commercial Product Assurance (CPA) evaluation process. The monthly meeting provides a working level forum through which the SSC, BEIS and NCSC can work together with key industry partners to review issues arising from CPA evaluations and to reach a consensus on the application of security controls and the interpretation and implementation of the CPA Security Characteristics and any associated Guidance.

SCIRs covers a range of topics including Use Case 004 (Factory Reset) Triage Assurance Arrangements, CPA Re-certification and improvements to the future management and administration of the CPA Scheme. The SSC received regular updates from the Sub-Group and has also engaged their input in relation to the SSC annual End-to-End Security Risk Assessment, now in its 9th Iteration, which is currently underway and due for completion later in the year.

The SCIRS is well attended by over 50 industry stakeholders with an interest in CPA issues and has already yielded positive results towards finalising the CPA Use Cases for Device refurbishment.

9.6 Smart Metering Key Infrastructure Policy Management Authority (SMKI PMA)

The SMKI PMA oversees the effectiveness of the SMKI Document Set and the SMKI Services. In addition to their monthly meetings, The SMKI PMA facilitated an additional extraordinary meeting to discuss the SMKI Recovery Testing for National Grid Gas Certificates.

SMETS1 Enrolment and Adoption has continued to impact SMKI PMA activities this year. The DCC provided updates on different aspects of SMETS1 enrolment including the DCC's Initial Operating Capability (IOC)/Middle Operating Capability (MOC)/Final Operating Capability (FOC), t-Scheme findings, TSP Re-Procurement, TSP Certificate Authority Re-platforming, SMETS1 Symmetric Keys, and resolving incorrect Network Operator Certificates.

The SMKI PMA carried out a SMKI Recovery Event Exercise in which 598k out of 635k devices were recovered over a three-day period. Following a successful exercise, several areas for DCC

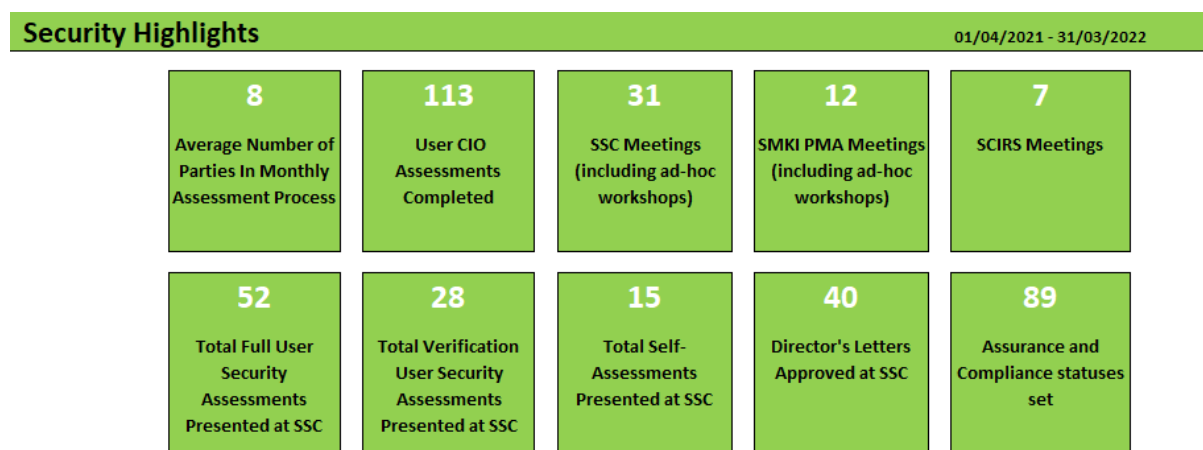
improvement were noted. DCC is currently working to implement these, with guidance from the SMKI PMA, before running another exercise later this year.

The SMKI PMA approved version 1.0 of the SMETS1 Symmetric Key Management Policy as required by SEC Section L1.17(r) (iii).

The SMKI PMA determined the assurance status of the DCC in relation to SMKI Services following the outcome of the SMKI tScheme audit undertaken by the DCC. Members agreed to set the status to “approved with caveats” as per SEC Appendix C Section 4.7 (b) (ii).

The SMKI PMA continues its involvement with improving the SoLR event processes by adhering to updated governance procedures to keep Prepayment Energy Consumers safe.

The SMKI PMA also commenced the SMKI Recovery Key Guidance review, in which the publication of the updated SMKI Recovery Guidance v1.3 was authorised in September 2021.



10. Party Engagement

10.4 Market Entry and Exit

The SEC Panel oversees applications from organisations wishing to become a SEC Party and manages the exit of Parties under SEC Section C2.3. This year, 19 new Parties joined the SEC, with 13 Parties leaving through expulsion and five Parties withdrawing from the SEC. The Party count now stands at 337, representing 270 Voting Groups, as illustrated in the table and pie chart below.

Party Category	Number of SEC Parties
Electricity Networks	28
Gas Networks	22
Large Suppliers	26
Small Suppliers	126
Other SEC Parties	134
DCC	1
Total	337

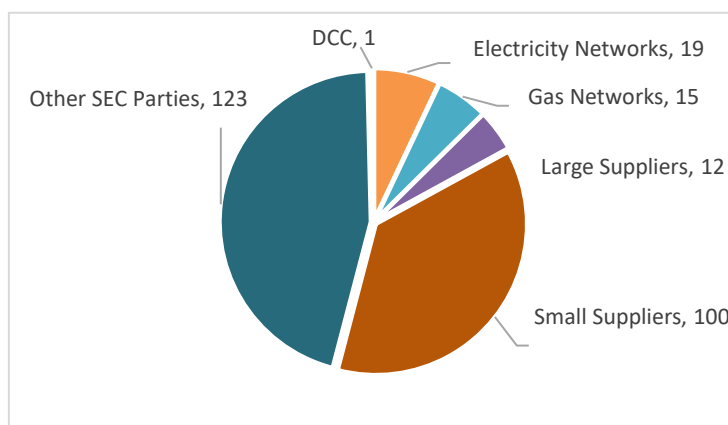


Figure 1: Current Voting Groups by Party Category

10.5 User Entry Process

SEC Section H1 sets out the [User Entry Process](#) (UEP) which Parties must complete before they can access DCC Services as a Live DCC User. Five Parties successfully completed this process this year, resulting in 125 current Parties having completed this process.

10.6 Defaults, Disputes and Supplier of Last Resort

In 2021-22, there were 13 instances where Defaulting Parties were subsequently expelled from the SEC. Since August 2021, there have been 29 Supplier of Last Resort (SoLR) scenarios. One Large Supplier Party, Bulb Energy Limited, has entered Special Administration.

There has been a rapid increase in the number of Small Suppliers which have ceased trading, and/or failed to pay their DCC charges. SECAS has continued to follow and refine its Events of Default process with the DCC, as common causes have been observed and effective strategies for managing these identified.

SECAS has continued its work to facilitate the SoLR process to ensure that where issues arise, lessons learned are implemented to prevent reoccurrence. SECAS has published guidance on both [Credit Cover](#) as well as [Checklists on the SoLR process](#) to help ensure that Parties comply with their SEC obligations and that Gaining and Failing Suppliers fulfil their SoLR duties.

10.7 Engagement

SECAS has continued to increase engagement and provide key updates to SEC Parties by encouraging greater transparency. In line with our digital strategy, a new helpdesk system was launched in March 2022. This will enable SECAS to more effectively identify themes arising from Helpdesk queries and take action to mitigate similar queries.

10.8 SECAS Webinars

Short topic-focused [webinars](#) have continued to be a highly useful tool to keep SEC Parties informed of relevant updates and enable SECAS to engage with Parties remotely. The Introduction to the SEC webinar remains the most popular type of webinar. SEC Parties value the opportunity to submit questions to the speakers in real time, which generates a lot of engagement. Webinar attendees can answer multiple-choice poll questions to provide snapshot feedback.

SEC Parties, once [logged in](#), can view the slides and video recordings of all our previous webinars [here](#). SECAS hosted 11 live webinars in 2021 - 2022. Figure 2 below details the number of attendees per webinar.

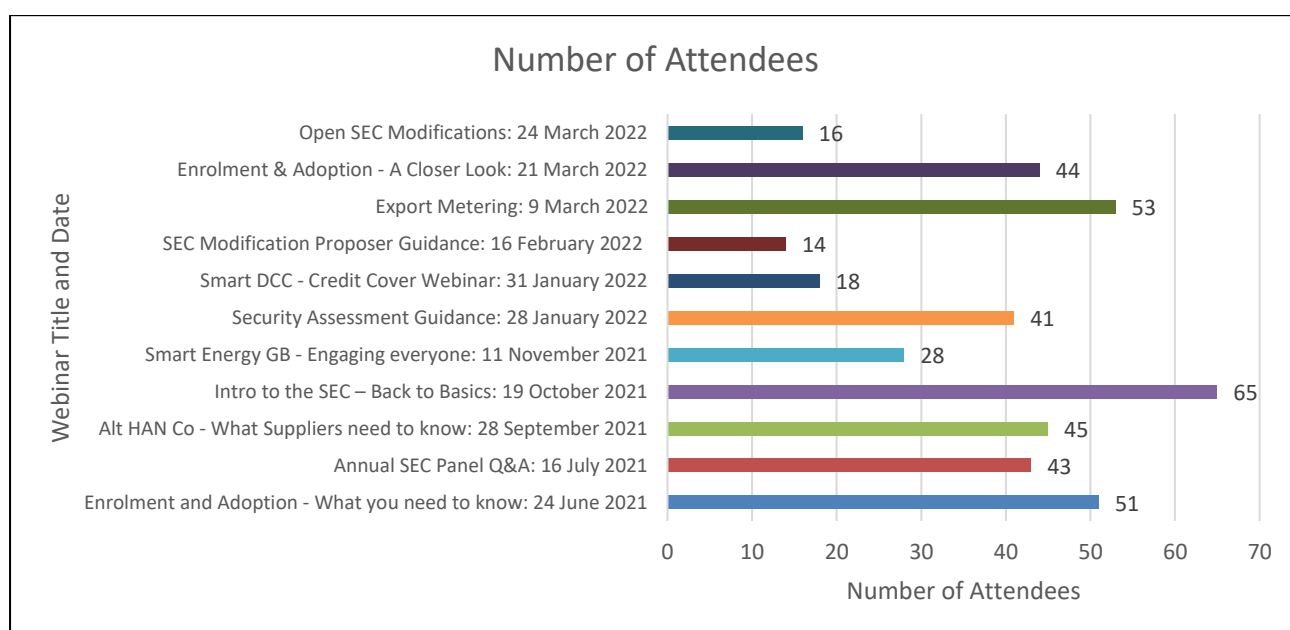


Figure 2: Number of attendees by webinar hosted in 2021-22

10.9 SEC Party Engagement Calls

SECAS has continued to facilitate monthly Small Supplier and Other SEC Parties engagement calls. These calls provide a valuable opportunity for Parties to share their thoughts and feedback with their respective SEC Panel representatives. SECAS presents updates from the Change Board, highlighting any Modifications which are particularly relevant to the Party group. The DCC and Alt HAN Co also attend to provide regular updates.

In May 2021 SECAS introduced a quarterly SECAS update to help Electricity Networks keep informed of relevant updates and enable SECAS to gain insight and explore potential solutions to the challenges experienced by Electricity Networks.

10.10 SEC Newsletters

In January 2022, we modernised the [SEC Newsletter](#) to improve its content and format. The updated Newsletter remains highly popular with over 800 subscribers. This is a great way for Parties to keep up to date with industry developments and events, and for SECAS to request feedback from Parties.

10.11 Website Improvements

SECAS has introduced several new website features to improve the user experience, including a new webpage for the [Smart Meter Device Assurance Sub-Committee \(SMDASC\)](#), an [online feedback form](#) for Parties to easily provide their feedback and the [Auxiliary Load Control Switch \(ALCS\) and Home Area Network \(HAN\) Connected Auxiliary Load Control Switch \(HCALCS\) label online forms](#) to allow SEC Parties to easily inform the TABASC of requested changes to the ALCS and HCALCS lists.

We also introduced an online form to make it easier for SEC Parties to opt into the annual Customer Satisfaction Survey (CSS). In March 2022, we launched an online consultation form for SEC Parties to respond to the 2022 DCC Operational Performance Review (OPR) consultation.

10.12 CodeWorks - The Digital SEC

Since [CodeWorks](#) was launched in September 2019, over 580 SEC Parties and other authorised industry body users have registered. Parties and authorised members can sign up [here](#). CodeWorks has undergone multiple feature updates to improve its functionality and user experience. New features include an enhanced Search Bar, filtering, and ability to view recent searches and recently viewed documents.

10.13 Customer Satisfaction Survey

The SECAS customer satisfaction survey was carried out in Q4 2021/22. Results from the survey will be presented to the SEC Panel in Q1 2022/23.

11. Committee Support

The SEC Panel and its Sub-Committees have hosted 179 meetings this year, compared to 180 last year. Committee Support has continued to successfully run remote meetings as working remains affected by the pandemic and has embraced hybrid meeting practices. During the year, over 700 actions were captured of which 84% have been closed. This is a significant increase from last year's closure rate of 75%, demonstrating a concerted effort to resolve actions and drive forward tangible solutions.

Committee Support has also rolled out several Continuous Improvements to ensure that its services remain optimal. This includes a digitised nomination form for elections to encourage greater participation.

SECAS has encouraged greater participation across SEC Party types via Panel and Sub-Committee meetings and increased visibility of code governance by downgrading the classification of papers where possible to allow sharing with a wider audience.

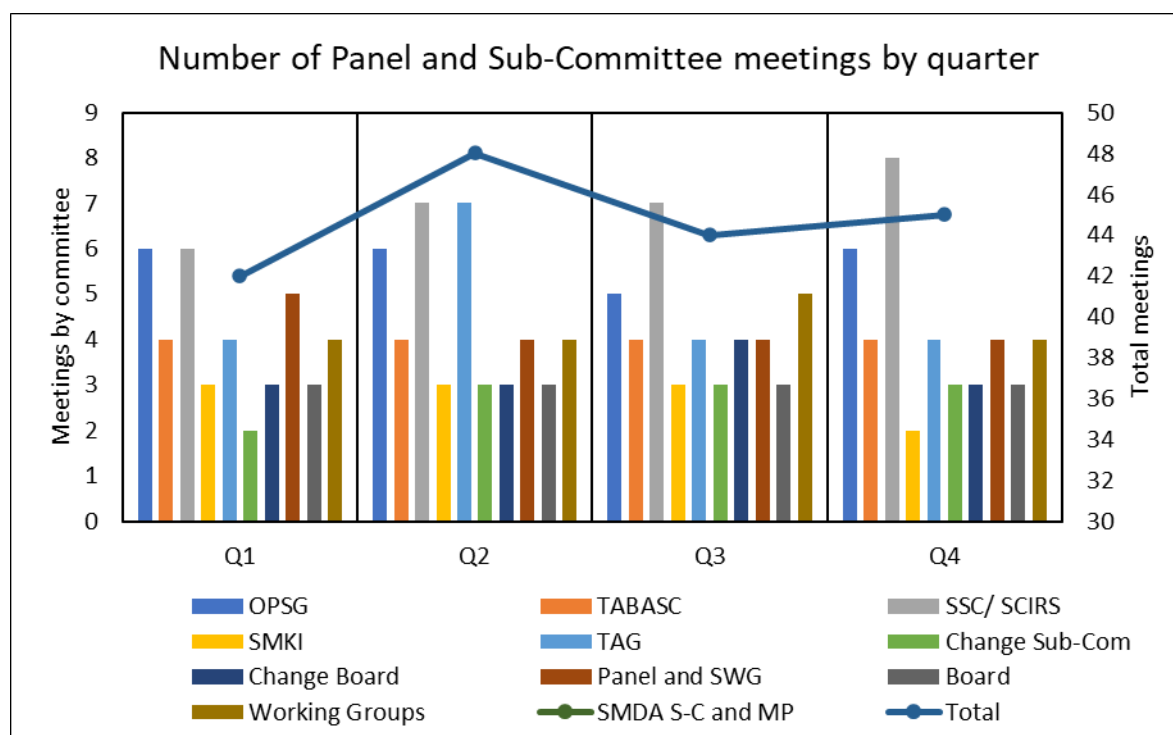


Figure 3: SEC Meeting Volumes 2021-22 by Regulatory Year Quarter

12. Smart Metering Device Assurance (SMDA)

The Smart Meter Device Assurance (SMDA) Scheme has resided within the SEC since January 2021. The SMDA Sub-Committee (SMDASC) met six times to discuss and support the Scheme's interchangeability and interoperability testing functionality on SMETS2 smart meter devices. All governance transition activities were completed by January 2022 and the SMDA Company Ltd has filed for voluntary strike off with Companies House and HMRC. The company is expected to close by the end of June 2022. The SMDASC are assisted by the Management Panel Sub-Group (MPSG) - a technical working group who advise on the progression and maintenance of the test specifications and testing process.

The key focus of SMDASC during the past year has been to facilitate the move from Partial Assurance to Full Assurance. The Full Assurance baseline was published in November 2021. Full Assurance demonstrates to industry that the device works effectively in the live environment with a number of device combinations. Since February 2022, three PPMID devices and one ESME device have successfully achieved Full Assurance. Six other devices are expected to complete the testing process in the next financial year, including 4-Terminal/ Variant ESME devices, 5-Terminal ESME devices and Polyphase ESME and GSME devices. In total, 23 devices have been awarded Partial or Full Assurance by the Scheme.

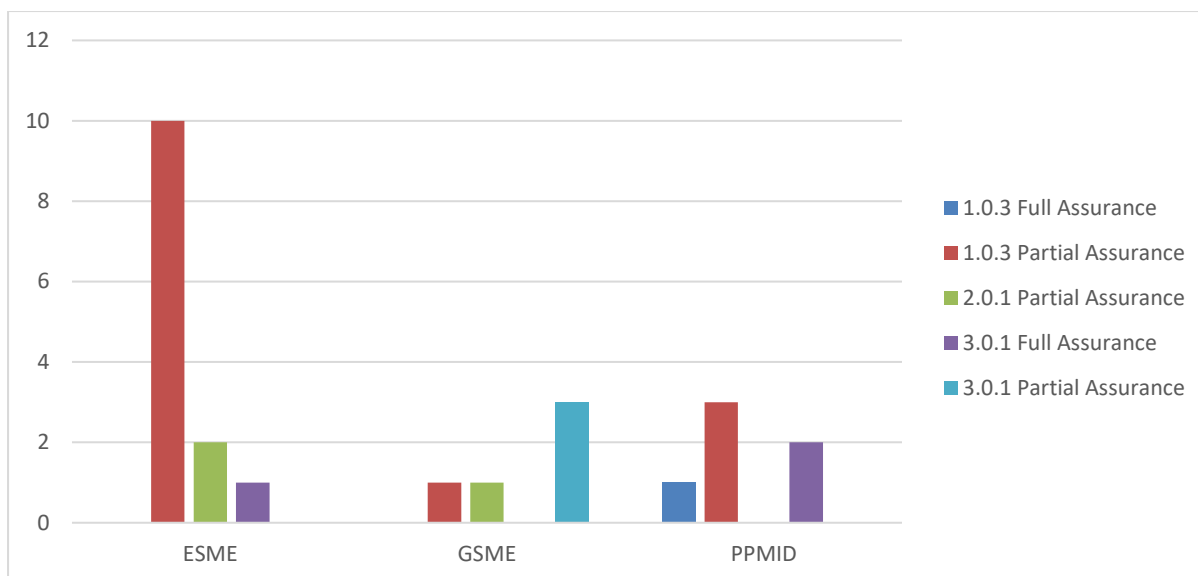


Figure 4: SMDA Assurance on Devices, broken down by type of assurance and baseline version.

Following the appointment of a new Test House, Critical Software Ltd in April 2021, the Scheme was able to reduce SMDA testing fees by more than half, increasing the value and accessibility of SMDA testing to manufacturers. The Early Movers Fund was closed following the final allocation of funding and in-line with the implementation of the reduced fees.

A Pilot programme to test six DCCCH variants started in September 2021. These variants are already used in the live environment with known issues. This provided the Scheme with a good baseline for testing, as the function of each CH was understood. Five have successfully completed testing so far with no additional issues found. A new firmware version for the remaining variant CH will be submitted by DCC for testing in May 2022.

The Scheme has assessed the option to introduce WNC CH's into SMDA testing, following a recommendation by BEIS as part of its independent review in 2019. Funding for a pilot programme to test for differences between WNC and Toshiba CH's was approved by the SEC Board. The outputs from the pilot programme will enable the Scheme to either develop additional or adapt test scenarios, where any differences are identified between the two CH's.

In August 2021, a consultation on the SMDA scope review was circulated for comment. The consultation included a proposal to introduce additional test scenarios raised by DNOs. 18 responses were received and the feedback has been reviewed by the SMDASC. Work is ongoing with the DNO representatives to understand their requirements and expected outcomes.

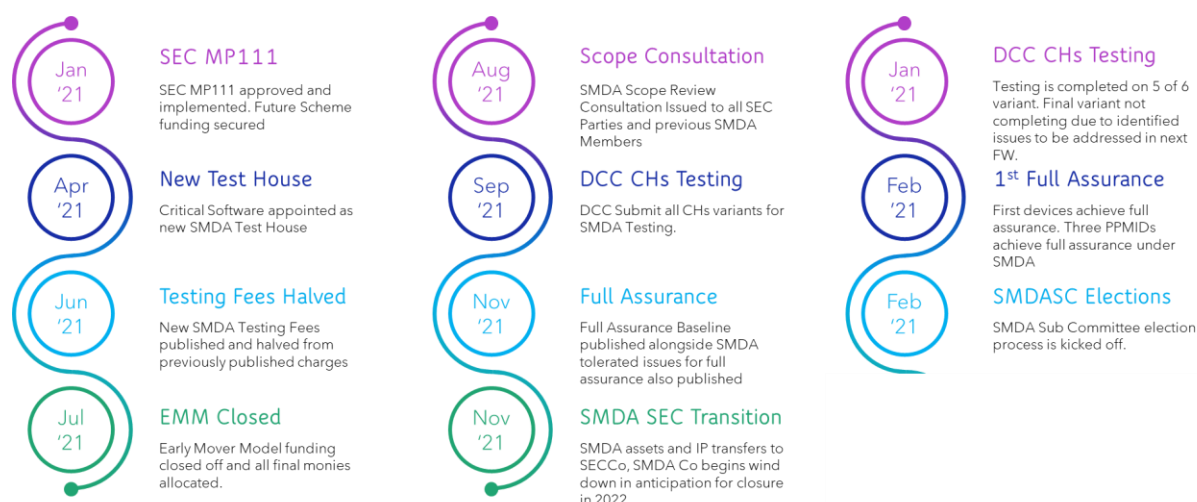


Figure 5: SMDA Success 2021-2022

The SMDASC has started to develop a strategic plan and communications plan to clearly outline the aims and next steps for the Scheme. From feedback received, key items for improvement have been identified as:

- Documentation quality;
- Quicker updating of testing baselines, in-line with SEC Releases and Industry Changes, including November 22 and Double Band devices; and
- Targeted communications providing detail on the benefits and value of SMDA to Suppliers and wider industry.

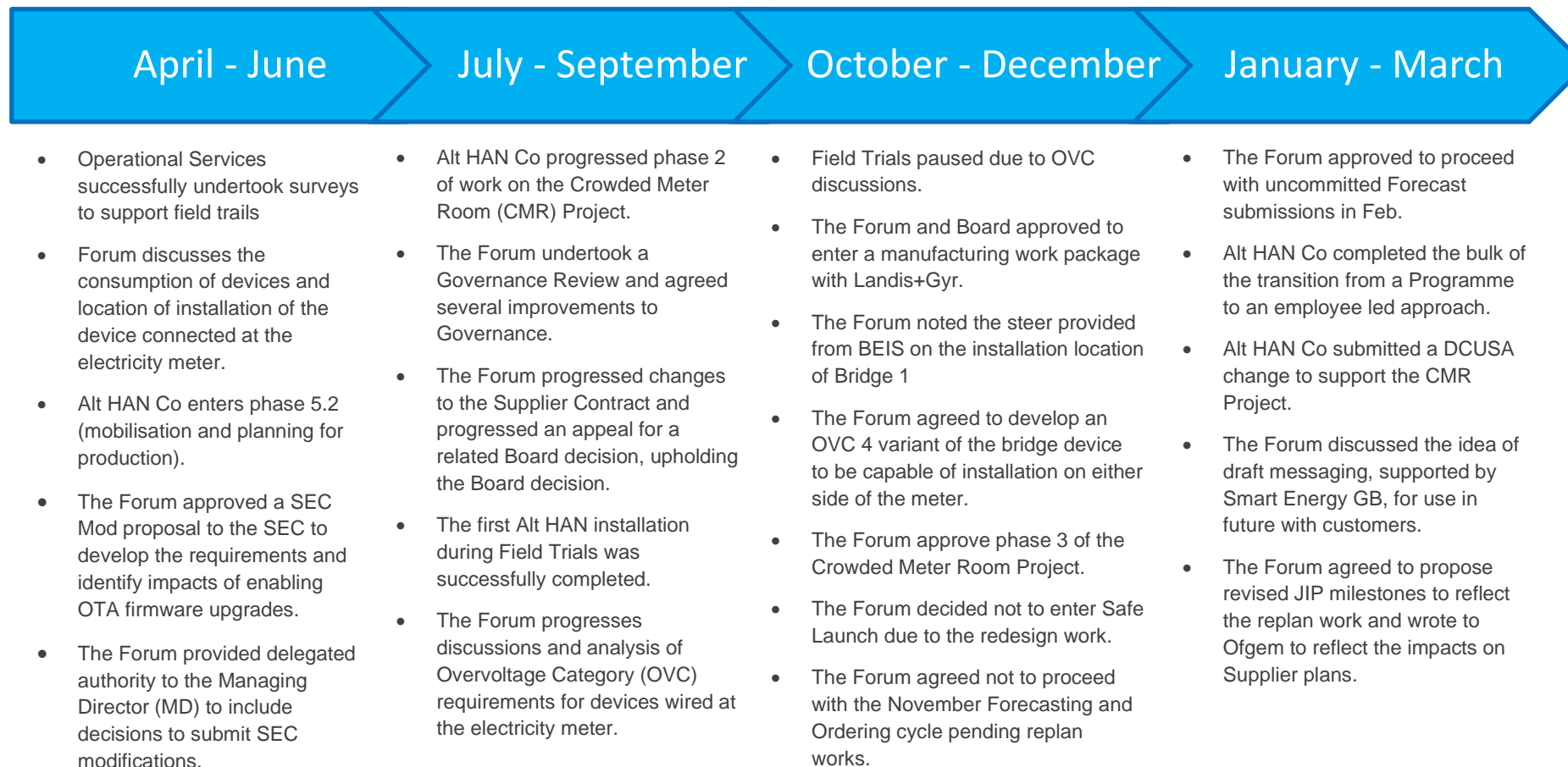
A further opportunity currently under discussion, is for the Scheme to provide independent confidence testing for Alternative Home Area Network (Alt HAN) bridge devices. The Test House and Scheme Operator have provided initial costs and timescales based on the requirements defined by Alt HAN.

13. Alt HAN Activities

The Eighth General SEC Objective relates to activities of the Alternative HAN Forum (the "Forum") on the establishment and operation of Alternative HAN Arrangements. Section Z 1.3 sets out the objectives of the Forum and provides the framework within which all Alt HAN activities must operate.



In the 2021/2022 Regulatory Year the Forum gave direction to Alt HAN Co on the activities surrounding proving the technology and ongoing operational services. The Alt HAN Forum made progress towards the Alt HAN arrangements and the key features are listed below:





Commentary Regarding Activities








14. Delivery of SEC Objectives


With regard to the foregoing activities and achievements for the Regulatory Year 2021-22, the SEC continues to meet the SEC Objectives as outlined in the table below.



Objective	Status	Notes
First General SEC Objective - to facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain.		<p>This General SEC Objective continues to be met through activities that the Panel and the Sub-Committees undertake, including:</p> <ul style="list-style-type: none"> Supporting DCC Release activities through the Panel, OPSG and TAG decision-making activities; Managing the resolution of issues through the OPSG; SMDA has been brought under the SEC, and testing through this Scheme seeks to assure the interoperability and interchangeability of Devices; The SMETS2 Interoperability project has facilitated the publication of Firmware Management Best Practice Guidance and the development of reporting requirements which will enable the ongoing monitoring of Device Model proliferation, firmware versions and Service Request success as part of assuring Device combination interoperability. This reporting will be implemented in 2022-23; Providing governance and oversight of functional uplifts to improve the SMETS1 Services provided via the DCC ecosystem; Sub-Committees continually monitoring the installation, operation and interoperability of Devices, reporting any issues to the Panel as required; Supporting the assessment and refinement of Modification Proposals and delivery of SEC Releases, with oversight from the CSC and continuous improvement process; SECAS and the Panel Chair attending the BEIS Groups and keeping the Panel and Parties apprised of developments through the monthly Transitional Governance Update paper. Consultation responses have also been submitted where appropriate from the SEC Panel or Sub-Committees.
Second General SEC Objective - to enable the DCC to comply at all times with the General Objectives of the DCC (as defined in the DCC Licence), and to efficiently discharge the other obligations imposed upon it by the DCC Licence.		<p>Where there is a dependency on the SEC operations for the DCC to comply with its Licence, the Panel has acted promptly and proactively to ensure that it achieves its responsibilities in a consultative manner, whilst not frustrating the process for the DCC to meet its obligations. The majority of the DCC's obligated reporting has been delegated by the Panel to the OPSG for review, with any issues being highlighted to the Panel as required.</p> <p>DCC progress in delivering against its obligations is monitored through an update from the DCC Panel Member provided at SEC Panel meetings, regular meetings with the DCC, and monitoring of consultations, activities and updates at industry meetings.</p>

Third General SEC Objective - to facilitate Energy Consumers' management of their use of electricity and gas through the provision to them of appropriate information by means of Smart Metering Systems.		<p>Energy Consumers are able to access data derived from their electricity and gas usage following DCC Go-Live and take up of DCC Services.</p> <p>The impacts on Energy Consumers is monitored by the Panel and supplemented by the consumer representation of Citizens Advice at both the Panel and SECCo Board meetings. SECAS has engaged closely with Citizens Advice, providing them with tailored information on modifications and other areas of interest to enable them to be more involved in consumer impacting areas rather than across the whole smart arrangements.</p> <p>SECAS maintains its relationship with Smart Energy GB to share insight with SEC Parties at regular engagement events.</p>
Fourth General SEC Objective - to facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy.		<p>The development of the overall market design and DCC Services under the SEC, together with the technical and security framework, support the aim to facilitate effective competition under this objective.</p> <p>All Party Categories are represented on the SEC Panel and Sub-Committees to ensure their differing needs are represented.</p> <p>Information is available on the SEC Website for all Parties, regardless of Party Category. CodeWorks enables Parties to view only the obligations relevant to their SEC Party type.</p>
Fifth General SEC Objective - 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.		<p>Network Parties' participation is integrated into the SEC governance entities as well as their rights as SEC Parties.</p> <p>SECAS continue to engage with the Network Parties, ensuring that they are fully appraised of new SEC content and their implications.</p> <p>The OPSG has overseen work to correct DNO certificates in installed Devices. The TABASC is developing a SMETS-based integrated solution to BSC P375 which could provide DNO's with better information regarding on-site activities and the impact on network design and operation.</p>
Sixth General SEC Objective - to ensure the protection of Data and the security of Data and Systems in the operation of this Code.		<p>This SEC Objective continues to be met, with the SEC security requirements and architecture ensuring appropriate protections, responses and remediations are in place.</p> <p>The SSC continues to assess and monitor the remediation of Users' non-compliances with the SEC security obligations.</p>

		<p>The SSC monitors Devices with certificates that are approaching expiry or have been withdrawn. The SSC has instructed the removal of Devices from the CPL that have been unable to upgrade to more current firmware versions.</p> <p>A new Privacy Change Notification process has been introduced to allow Other Users to obtain ad-hoc Panel-approval of material and non-material changes to the privacy processes and procedures approved as part of their initial Full User Privacy Assessment (FUPA), ensuring ongoing compliance with their SEC Obligations.</p> <p>The Panel reviews its Panel Information Policy on an annual basis to ensure it remains fit for purpose.</p> <p>SECAS has built a relationship with and will work alongside the Information Commissioner for data protection activities. The Panel has retained the obligation for data protection rather than delegating to a Sub-Committee and has set up a Memorandum of Understanding with the Information Commissioner to enable information sharing.</p>
Seventh General SEC Objective - to facilitate the efficient and transparent administration and implementation of this Code.		<p>The SEC Panel and SECCo Board have been established and have demonstrated their commitment to this objective through undertaking the Panel Duties in accordance with the Panel Objectives as laid out in the SEC.</p> <p>SECAS supports this General Objective through issuing communications to SEC Parties, including providing updates on Sub-Committee activities, modifications going through the process, and the SEC Panel budget. Significant effort has been made this year to downgrade the classification of Committee papers to increase transparency to SEC Parties.</p> <p>SECAS has continued to offer remote and virtual services to encourage engagement with SEC Parties, and efficiency, including remote meetings, webinars, monthly engagement calls with Other SEC Parties; and the use of Virtual Assessments for Security and Privacy assessments.</p>
Eighth General SEC Objective - to facilitate the establishment and operation of the Alt HAN Arrangements.		<p>The Alt HAN Arrangements are detailed in Section Z of the SEC, setting out the roles and responsibilities of the Alt HAN Forum, Board and Relevant Suppliers. These bodies continue to operate effectively as decision-making entities. The work of the Forum is now supported by a total of four sub-groups, having consolidated activities of other sub-groups to ensure we use stakeholder time more efficiently.</p> <p>In 2021/22 Alt HAN made significant progress in the development of the Alt HAN solution, most critically the delivery of the Technology Services, from down selection and numerous test phases to developing proposals for a variant of the Bridge 1 (wired at the electricity meter). The technology provider is developing the Bridge 1 device to allow its installation on either side of the electricity meter.</p>

		<p>The Supplier Contract was updated to reflect the Technology Services and progressing further updates. A review of the approach to progressing Supplier Contract changes has completed and efficiency improvements are being considered by the Forum.</p> <p>The Forum carefully considered the approach to ordering and forecasting for Alt HAN devices and Safe Launch, the conclusion being that Safe Launch should not proceed until the redesign activity for the Bridge 1 device has completed.</p> <p>Covid-19 continued to impact a number of activities but Relevant Supplier signatories to Alt HAN represent 97% coverage of the market.</p> <p>Alt HAN made significant progress in its transition to an enduring operational business with consultants being rolled off throughout the year and replaced with the enduring team. Paul Cooper, Managing Director, established the permanent leadership team and commenced work on the enduring organisational operating model and culture. In the central London office hub Alt HAN now has a hybrid working model for all staff, and meetings with stakeholders can proceed face to face once again.</p>
Transition Objective - the efficient, economical, co-ordinated, timely, and secure process of transition to the Completion of Implementation.		SEC Section X outlines the transitional arrangements. Progress and outputs of the Transition Working Groups are monitored on a monthly basis and Panel and SECAS operations have been fully prepared to receive updated Code content and SEC Subsidiary Documents upon designation.
Charging Objectives - First Relevant Policy Objective.		The first Charging Methodology in SEC Section K meets the aim of the objective by applying uniform charges to Domestic Premises.
Charging Objectives - Second Relevant Policy Objective.		The Charging Methodology has been implemented within the SEC and the Charges applicable within the reporting period facilitate the implementation of the DCC Services reflective of the DCC costs.

Charging Objectives – Third Relevant Policy Objective.		The first Charging Methodology has been implemented within the SEC and the Charges applicable within this reporting period facilitate the implementation of the DCC Services reflective of the DCC costs.
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-  Continues to meet Objective
-  Will be met subject to the introduction of future SEC content