

This document is classified as **White** in accordance with the Panel Information Policy. Information can be shared with the public, and any members may publish the information, subject to copyright.



MP224 ‘SEC Performance Assurance Framework’

Modification Report

Version 0.4

5 July 2023



About this document

This document is a draft Modification Report. It currently sets out the background, issue, and progression timetable for this modification, along with any relevant discussions, views and conclusions. This document will be updated as this modification progresses.

Contents

1. Summary.....	3
2. Issue.....	3
3. Solution	6
4. Impacts	7
5. Costs	8
6. Implementation approach	9
7. Assessment of the proposal	9
8. Case for change.....	15
Appendix 1: Progression timetable	16
Appendix 2: Glossary	16

This document also has two annexes:

- **Annex A** contains the full responses received to the request for information (RFI).
- **Annex B** contains the redlined changes to the Smart Energy Code (SEC) required to deliver the Proposed Solution.

Contact

If you have any questions on this modification, please contact:

Kev Duddy

020 3574 8863

kev.duddy@gemserv.com

1. Summary

This proposal has been raised by Emslie Law from OVO Energy.

The SEC does not explicitly define a Performance Assurance Framework (PAF), which is in contrast with some other Energy Codes. Instead, the SEC Panel, as the key decision-making authority under the SEC, is expected to deal with any performance-related matters as they arise. However, managing performance-related matters on a case-by-case basis is challenging and the scope of the Panel is broad.

A project undertaken on the Panel's behalf has concluded that the implementation of a risk-based PAF under the SEC would give confidence to Parties that: the obligations set out in the SEC are being fulfilled; that Parties are not being disadvantaged by the failure of any one Party to meet its obligations; and that performance risks and issues are dealt with in a standardised manner. The project detailed a proposed approach to the delivery of a PAF and concluded this should be progressed further via the SEC modification framework. Respondents to the RFI (which can be found in Annex A) unanimously agreed that a PAF should be introduced.

The Proposed Solution will deliver a PAF, as well as requiring a Performance Assurance Board (PAB) be set up to develop the appropriate risk-based methodology. The costs for delivering the modification are limited to the Smart Energy Code Administrator and Secretariat (SECAS) implementation costs. Ongoing operating costs for management of the PAF and PAB have been included within the SEC budget, which Parties have already been consulted on. The budgeted costs for the set up and first year of operation are £98,358.

This modification will impact all SEC Parties and is targeted for implementation in the February 2024 SEC Release.

This will be progressed as an Authority-Determined modification.

2. Issue

What are the current arrangements?

What is a PAF?

When acceding to multi-party agreements such as the SEC, Parties accept the obligations set out within the agreement. The assumption is that fulfilment of these obligations is necessary for the objectives of the relevant agreement to be achieved.

A PAF can be set up under such agreements to give confidence to all signatories that the obligations set out in the agreement are being fulfilled, and that failure to meet obligations is not detracting from the achievement of the objectives of the agreement. It can also give confidence to signatories, both individually and collectively, that they are not being disadvantaged by the failure of any one signatory to meet its obligations.

A principal benefit of having an explicit PAF is that it could require and encourage an integrated approach to assurance, which is likely to have advantages over an issue-by-issue approach. However, it is not the purpose of a PAF to determine whether obligations are 'right' or optimum, though operation of the PAF may highlight areas of risk where, for example, compliance is proving difficult to achieve.

Typically, a PAF comprises four principal parts:

- **Governance arrangements**, which will likely include establishing a governance body (for example, a PAB).
- A **Risk Evaluation Methodology** used to identify, evaluate, and assess the materiality of risks to the fulfilment of the code objectives.
- A set of **Performance Assurance Techniques** (PATs) which can be applied to mitigate and manage the risks identified by the Risk Evaluation Methodology and cover the different aspects of assurance. These are often categorised as:
 - **Preventative**: techniques that are intended to promote assurance by acting early in the lifecycle to avoid subsequent operational non-compliances
 - **Incentivisation**: techniques which encourage operational compliance, and are often also seen as part of the 'corrective' category
 - **Detective**: techniques which discover and provide evidence of areas of risk, or non-compliances
 - **Corrective**: techniques which remediate any non-compliances. It should not be assumed that these are necessarily sanctions, or punitive; for example, agreed error correction processes (remediation plans) and a derogation process are likely to be important
- A **Support Capability** to facilitate the operation of the PAF. This would include support staff, explicit and detailed business processes, and support tools.

Designing a PAF to ensure that it is appropriate and proportionate is important. One way of doing this is to adopt an adaptive, risk-based approach. As an illustration, each year the PAB might recommend a plan identifying the areas of highest risk and a proposed assurance plan. This plan might be put to signatories and any overarching governance body for endorsement before being implemented by the PAB. This approach would also allow the appropriate phasing of the introduction of assurance measures to match the maturity of arrangements area-by-area.

Existing assurance mechanisms under the SEC

In general, the SEC does not explicitly mandate the end-to-end, coherent view of assurance that would be one of the outcomes of a PAF. As it stands, the SEC Panel is seen as the decision-making body, and would therefore be expected to deal with assurance matters individually as they arise. Compliance with the SEC is also a Licence Condition for SEC Parties, and therefore ultimately subject to Ofgem authority.

Some examples of assurance mechanisms which are already intrinsic parts of the SEC and its associated processes include:

- Provisions providing for Parties to raise Disputes (SEC Section M7) and those allowing for the Panel to declare a material breach by a Party.
- The capability brought under the SEC through the Smart Meter Device Assurance (SMDA) scheme (SEC Section F12), providing a preventive technique.
- The Operations Group (OPSG), working with the Data Communications Company (DCC), has pursued several topics with the aim of improving compliance. In general, the OPSG has

adopted a style of 'inform, encourage, persuade', as with Radio Frequency Noise compliance. In effect, this style incorporates some aspects of preventative, detective and corrective techniques. Experience to date indicates general willingness by SEC Parties to address compliance matters once they are provided with specific information regarding shortcomings.

- The SEC includes strong provisions for assuring security (SEC Section G).

What is the issue?

The SEC does not explicitly define a PAF, in contrast with other Energy Codes such as the Balancing and Settlement Code (BSC), the Retail Energy Code (REC) and the Uniform Network Code (UNC). Instead, the SEC Panel, as the key decision-making authority under the SEC, is expected to deal with any performance-related matters as they arise. However, managing performance-related matters on a case-by-case basis is challenging and the scope of the Panel is broad.

The Panel therefore considered whether a PAF and a PAB should be established under the SEC. It subsequently approved SECAS undertaking a project to investigate this further. The aim of this project was to facilitate the development of a proposal to implement a PAF¹.

The project concluded that the implementation of a risk-based PAF under the SEC would give confidence to Parties that:

- The obligations set out in the SEC are being fulfilled, and that any failure to meet obligations will not detract from the achievement of the SEC Objectives;
- They are not being disadvantaged, either individually and collectively, by the failure of any one Party to meet its obligations; and
- Performance risks and issues are dealt with in a standardised manner.

The project's findings, approved by the Panel, detailed a proposed approach to the delivery of a PAF, based on the premise that:

- Changes to the SEC will be required to fully enable the introduction of a PAF – a PAB could be established under the existing SEC provisions, but would lack the 'weight' to apply any PAF without corresponding obligations being placed on Parties;
- The PAF will require a delivery/responsible body, a PAB, to develop and manage the framework;
- The changes will be further developed and implemented via the SEC modification process, after which an 'annual' budget will be established to facilitate the PAF, to be managed by a PAB; and
- All Parties who will be included in the PAF will have the opportunity to shape it into a working model that best supports the SEC Objectives.

The Panel agreed that further work on the delivery of a PAF should be undertaken via the modification framework, to avoid duplication of effort. It therefore agreed that a Draft Proposal should be raised to take this forward². The work and materials (including the proposed SEC changes and the proposed PAB terms of reference) developed under the project will be handed over for consideration under this modification.

¹ Please see [SEC Panel paper SECP_95_1308_04](#) (White) for further details

² Please see [SEC Panel paper SECP_111_1612_08](#) (Green) for further details

What is the impact this is having?

Having the Panel manage performance-related matters on a case-by-case basis is challenging and the scope of the Panel is broad. One of the challenges the Panel has faced has been to ensure that sufficient resources with the required time and detailed technical expertise are available to deal with issues and risks as they arise, especially as the volume of Parties, data and change has increased.

Under the project, SECAS and the OPSG identified a range of historical issues and potential instances of non-compliance with obligations that might have fallen under the remit of a PAF and sought to quantify their impact. This analysis provided an indicative view of the type of SEC obligations that may fall within the scope of a PAF.

A workgroup was established under the project to seek input from industry members, but no wider consultation was undertaken. Consultation will therefore be undertaken with Parties during the Development Stage to seek further input on the issue raised under this Draft Proposal, including further examples that may have fallen within scope of a PAF, and the impacts this is having.

Impact on consumers

Any Party failing to meet its obligations or required performance levels under the SEC could have an adverse impact on the service provided to consumers. The specific impact on consumers of any given failure will depend on the obligation in question, but as a minimum could lead to a negative perception among consumers regarding the smart metering arrangements.

3. Solution

The Proposed Solution will introduce the concept of a PAF through a new Appendix to the SEC. It will also mandate a new Sub-Committee be created, the PAB, to manage the framework and all associated processes. The details of the make-up, proceedings and deliverables of the PAB is set out in a new Terms of Reference for the Sub-Committee as part of this solution.

The way the solution has been developed will put the onus on the newly formed PAB to develop the methodology and processes, in consultation with industry, to deliver these outcomes. The modification itself focuses on the supporting governance arrangements required for the creation of the PAF and supporting PAB.

4. Impacts

This section summarises the impacts that would arise from the implementation of this modification.

SEC Parties

SEC Party Categories impacted			
✓	Large Suppliers	✓	Small Suppliers
✓	Electricity Network Operators	✓	Gas Network Operators
✓	Other SEC Parties	✓	DCC

Breakdown of Other SEC Party types impacted			
✓	Shared Resource Providers	✓	Meter Installers
✓	Device Manufacturers	✓	Flexibility Providers

All SEC Parties will be impacted by this modification. The PAB will be made up of representatives from all Party categories and Parties will need to engage with the PAF as requested.

DCC System

There are not expected to be any impacts to the DCC System from this modification. Any reporting that will be required as part of the will be managed by the Performance Assurance Board once it has been set up.

SEC and subsidiary documents

The following parts of the SEC will be impacted:

- Section C 'Governance'
- New Appendix 'Performance Assurance Framework'
- New Performance Assurance Board 'Terms of Reference'

The changes to the SEC required to deliver the proposed solution can be found in Annex B.

Devices

Devices impacted			
	Electricity Smart Metering Equipment		Gas Smart Metering Equipment
	Communications Hubs		Gas Proxy Functions
	In-Home Displays		Prepayment Meter Interface Devices
	Standalone Auxiliary Proportional Controllers		Home Area Network Connected Auxiliary Load Control Switches
	Consumer Access Devices		Alternative Home Area Network Devices

Managed by

This modification will not impact Device behaviour.

Consumers

Consumers will not be directly impacted by this modification. However, the indirect impacts of improvements that the PAF should deliver will be consumer focused so consumers should see benefits from improvements in this area.

Other industry Codes

There are no impacts to other Codes from this modification.

Greenhouse gas emissions

There are no impacts to Greenhouse gas emissions from this modification.

5. Costs

DCC costs

There are no DCC costs to implement this modification.

SECAS costs

The estimated SECAS implementation cost to implement this as a stand-alone modification is one day of effort, amounting to approximately £600. This cost will be reassessed when combining this modification in a scheduled SEC Release. The activities needed to be undertaken for this are:

- Updating the SEC and releasing the new version to the industry.

Ongoing operating costs for management of the PAF and PAB have been included within the SEC budget, which Parties have already been consulted on. The budgeted costs for the set up and first year of operation are £98,358.

SEC Party costs

The operating costs have been included within the SEC budget which Parties feed into already. There may be some minor additional resource costs for Parties to engage with the PAF. Additional information in this area will be sought via the Refinement Consultation.

6. Implementation approach

Recommended implementation approach

SECAS is recommending an implementation date of:

- **29 February 2024** (February 2024 SEC Release) if a decision to approve is received on or before 29 January 2024; or
- **27 June 2024** (June 2024 SEC Release) if a decision to approve is received after 29 January 2024 but on or before 27 May 2024.

The earliest implementation this modification can target is the February 2024 SEC Release. Once implemented, there will be a period of time needed to initially set up and constitute the membership of the PAB, and then for the PAB to develop the appropriate methodology and processes, which SEC Parties must be consulted upon. This should give an adequate amount of time for Parties to prepare for any changes required.

Views from SEC Parties on the implementation will be sought via the Refinement Consultation.

7. Assessment of the proposal

Areas for assessment

Scope of the PAF

The scope of the PAF will be developed and confirmed as part of this modification's development.

Any scope will need to ensure that maximum benefit is achieved, whilst managing costs and ensuring that performance assurance activities are proportionate and not unduly onerous or intrusive. Given the extensive nature of the SEC, seeking to assure that every obligation is being fulfilled is unlikely to be a productive or cost-effective exercise. A risk-based PAF would identify the areas of the greatest risk to the achievement of the SEC Objectives and then make sure that appropriate performance assurance techniques are focussed on these. In the solution proposed by the project, this prioritisation process (the 'Risk Evaluation Methodology') would be developed and then managed by a PAB. This 'Risk Evaluation Methodology' would also be subject to periodic consultation with SEC Parties and endorsement by the Panel, providing for an additional level of scrutiny to give confidence to Parties that performance assurance activities are proportionate and not unduly onerous or intrusive.

The project's recommendation was that only those obligations under SEC Section G 'Security' and SEC Section J 'Charges' be excluded from the scope of the PAF. The SEC already contains explicit provisions for dealing with compliance with security risks and credit management processes. Consequently, there would seem to be little benefit in moving oversight of these to a PAB. To deem anything else to be out of scope at this stage could potentially limit the effectiveness of a PAF before the key risks to compliance with SEC objectives have been established. Consequently, all other obligations should be deemed in scope, at least until such time as the 'Risk Evaluation Methodology' has been developed and approved.

One RFI respondent noted that the Party obligations relating to Section Z 'Alt HAN Arrangements' are governed by the Alt HAN Forum, and not the SEC Panel. The Working Group agreed that Section Z should be out of scope.

Inclusion of DCC obligations

At present, feedback to the DCC on the performance of operational services, impacts on Users, and the resolution of problems and defects falls under the scope of the OPSG, with performance issues being highlighted to the SEC Panel as required. Experience to date indicates that this process generally works well and there is a willingness by SEC Parties and the DCC to address compliance matters once they are provided with specific information regarding shortcomings.

The project considered there would seem little value in moving the existing OPSG and associated DCC performance reporting arrangements fully under the scope of a PAB, at least initially. Instead, it considered a PAB should take on more of an oversight and escalation role, similar to that currently undertaken by the Panel. This approach would be consistent with a risk-based PAF process, with the application of the current OPSG processes seen as one of the 'Performance Assurance Techniques' that a PAB could bring to bear should DCC compliance with obligations be flagged via the application of the 'Performance Assurance Methodology' as one of the key risks to be mitigated. This approach would also be consistent with the proposed approach to any other risk identified by the 'Performance Assurance Methodology' and any other impacted SEC Party.

The project recommended that DCC obligations should be considered in scope until any 'Risk Evaluation Methodology' has been established and applied to identify the main risks to compliance with SEC Objectives. This will be confirmed as part of this modification.

Sub-Committee input

SECAS will engage with the Chairs from the OPSG, the Technical Architecture and Business Architecture Sub-Committee (TABASC), the Security Sub-Committee (SSC) and the Smart Metering Key Infrastructure (SMKI) Policy Management Authority (PMA) to confirm what input is required from these forums. SECAS believes the following Sub-Committees will need to provide the following input to this modification:

Sub-Committee input	
Sub-Committee	Input sought
OPSG	The OPSG has been consulted as part of the project and has continued to be consulted on the solution under this modification through the process.
SMKI PMA	SMKI-related areas under SEC Section L 'Smart Metering Key Infrastructure and DCC Key Infrastructure' may fall within the scope of any PAF. The SMKI PMA has been updated on the modification
SSC	Security-related areas are expected to be out of scope of any PAF, and so the SSC will not need to be consulted
TABASC	There are no system or architectural impacts expected from this modification or any system changes expected to deliver any solution, and so the TABASC do not need to be consulted

Observations on the issue

This Draft Proposal was presented to the Change Sub-Committee (CSC) for initial comment. Members had no comments on the issue.

The DCC has confirmed they are supportive of the purpose underpinning this exercise stating that the performance assurance landscape has become overly complex and unwieldy. They continued that any reform must be seized as an opportunity to improve and simplify the status quo rather than drive further inefficiency, complexity and additional cost on consumers.

The way the solution has been developed will put the onus on the newly formed PAB to develop the methodology and processes, in consultation with industry, to deliver these outcomes. The modification itself focuses on the creation of the PAF and supporting PAB.

A Working Group member commented that the general view within industry is that other Codes benefit from having a PAF and therefore the SEC should also introduce one.

A respondent to the RFI noted that Smart metering and the DCC's services are critical not only to the consumer experience of the energy market, but also to the success of wider transformation projects like Market-wide Half Hourly Settlement (MHHS). They believe it seems counterintuitive for there to be no formal framework for identifying risks, monitoring performance, and addressing poor performance where it occurs and where it directly impacts consumers, or smart metering more widely.

Another respondent believed that having a framework that will provide Parties with a standardised approach would help move performance improvements forwards. They highlighted that it is currently difficult to recognise or even understand where things go wrong.

Scale of the issues that could fall within the scope of a PAF

The project was primarily focused on the development of a potential solution, though undertook some analysis of historical issues that could have fallen within scope of a PAF. This analysis was attached to the Panel paper setting out the PAF project's conclusions. As part of the Development Stage, an RFI was issued to allow Parties to provide further examples of the issues that could fall under a PAF and the magnitude of the impacts these are creating.

Nine Parties responded in favour of progressing a PAF and provided a list of issues that could have been managed more effectively had a PAF been in place. The full responses can be found in Annex A, with some issues that respondents highlighted being detailed below.

Failure to complete post-commissioning or SMKI obligations

This issue relates to requirements on Suppliers to update and apply the appropriate Distribution Network Operator (DNO) certificate on installation of a Smart Meter to allow the DNO's to communicate with the Device. If the correct certificate is not installed, the DNO cannot execute any of its smart metering business processes for that device.

DCC Outages

Some respondents noted DCC performance regarding outages, either through maintenance or incidents, impacts their ability to communicate effectively with Devices. Another Party noted this has a large impact on consumers and the current reporting does not measure against volume of incidents, only that they are resolved within timescales.

Market-wide Half Hourly Settlement (MHHS) and increased DCC traffic

Another respondent highlighted that the performance of the DCC in delivering its services could impact settlement performance under the new MHHS settlement arrangements. The DCC's performance will have a direct impact on whether Suppliers are able to meet their settlement performance targets under MHHS. This risk will increase as MHHS will require exponentially higher volumes of consumption data to be made available to Suppliers (and other Parties) on a time critical basis.

As the DCC is not a party to the BSC, or a Supplier Agent (as defined in the BSC) it is not currently clear how the DCC's performance, and its impact on settlement, will be managed. A SEC PAF, that identifies DCC performance as a risk and creates a process for monitoring this whilst providing a PAB the tools to mitigate this risk would appear to be an appropriate solution.

The current Operational Performance Regime (OPR) that the DCC operates under is not, on its own, sufficient to do this and is more focussed on how DCC performance impacts its margin under the Price Control than on consequential impacts to things like settlement performance and consumer experience.

Another respondent noted there have been instances of increased demand on DCC services by specific users which has resulted in performance issues that impact other DCC users.

The volume of 'Other User' traffic is likely to increase going forwards and continue to periodically cause widespread capacity issues. They suggested that there may need to be further amendments in the SEC on capacity volumes, and there also needs to be a way of assuring 'Other User' (and all Parties) compliance with any such requirements.

Suppliers not responding to install code emails?

[MP121 'Commissioning non-commissioned Devices after CoS'](#) was introduced in February 2022. This placed an obligation on Suppliers to respond to requests for install codes from a gaining Supplier within 10 working days. A respondent noted that non-responses to these requests are having a big impact on their business.

Suppliers not keeping firmware up to date

In this issue scenario, Suppliers are obligated to maintain a Device in line with the Smart Metering Equipment Technical Specification (SMETS) and by not upgrading to the latest firmware to resolve an issue identified with affected Devices, Suppliers are in breach of those obligations.

Suppliers not updating the Smart Metering Inventory (SMI)

The impact on these issues varies greatly. Some of the impacts include DNOs not being able to communicate with Devices, resulting in being unable to obtain data to assist in benefit realisation. Other impact results in time and resource being spent investigating and raising incidents because the SMI is not truly reflective of the situation on site, for example Devices showing as de-commissioned but still generating and sending Alerts.

Solution development

An RFI was conducted to help identify the scale of the issue and provide a case for change. There were also responses that identified considerations as part of delivering a PAF.

How will data be provided in to the PAF?

Some Parties noted that the introduction of a PAF should see as much as possible of the administrative burden centralised to reduce Party impacts.

The DCC already reports on over 80 measures within the Performance Measurement Report (PMR) reviewed by the OPSG. Parties believe this modification should be used as an opportunity to rationalise and consolidate DCC reporting requirements and metrics to re-focus on which matter most to customers and consumers.

There was agreement that the introduction of a PAF should be an opportunity to improve and simplify the current arrangements rather than drive further inefficiency, complexity and additional cost on consumers.

The Working Group considered that lessons should be learned from [MP122B 'Operational Metrics'](#) with regards data provision. They suggested not putting in place requirements until they are known to be able to be delivered.

The solution will leave the data provision responsibility with the PAB to decide what is the appropriate source, dependent on what issue is being addressed. The funds are included in the annual SEC budget and DCC costs for additional reports could be drawn down from this, or existing reports can be utilised where appropriate.

How will any obligations in the SEC be excluded from scope?

The RFI and Panel project both noted that certain Sections should be out of scope and how best to identify and record those should be considered. One respondent highlighted that Party obligations relating to Section Z 'Alt HAN Arrangements' are governed by the Alt HAN Forum. Therefore, a cross governance with the PAF would add complexity or duplication. The Working Group agreed and noted these should be excluded from the scope.

The Panel project identified Section J 'Charges' and Section G 'Security' should also be considered whether they should remain in scope as the existing controls appeared to be working well. One RFI respondent noted that the User Assessments detailed in Section G 'Security' should only be excluded from scope of a PAF once a complete review had been undertaken to ensure they were fit for purpose. The current assessments focus on documentary compliance (policies and process) and theoretical application of risks. They noted that a new risk based PAF, which assigns appropriate weighting and targets those risks which are material, rather than the broad current SEC annual User Security Assessments would be preferred.

Scope exclusions could be introduced within the new legal text or could be left to the newly formed PAB to determine whether they should be included or not through their Risk Evaluation Methodology. If left out of the legal text this does give the option of this being reviewed and changed without the need for a future modification.

The Proposed Solution is drafted to leave this up to the PAB to determine. However, further views on this will be sought through the Refinement Consultation.

What timeframe should be considered for introduction?

Respondents to the RFI noted that consideration should be given to the timing of the introduction of a PAF and transition arrangements, noting the wider landscape of Code Reform should also be considered.

The Working Group agreed that ensuring Parties would have enough transition time would be appropriate. They also noted that there should be no delay due to Code Reform.

The modification will aim for implementation in February 2024, noting that following implementation there will be requirements on the PAB to develop processes and documentation that will need to be consulted on with Parties.

Should the Performance Assurance Techniques (PATs) include financial penalties?

The DCC raised concerns about the performance assurance techniques detailed within the draft legal text. They noted that under 'incentive' techniques there were financial sanctions which seemed at odds with the concept. They highlighted the term 'liquidated damages' had been used and queried whether it would be applicable here. They also noted that the DCC are subject to financial incentives through the Price Control process and believe this could conflict with the role Ofgem plays currently.

SECAS notes that the legal text had not yet been reviewed by the SEC Lawyers and a full review will be completed after all comments have been received through the Refinement Consultation.

Ensuring a risk-based approach to assurance

Respondents to the RFI were consistent that any new PAF should ensure that a risk-based approach was adopted by the PAB.

One Party noted that assessment must consider the size of the organisation, and size of their portfolio. They highlighted that not having this approach may mean they would need to engage with significant resource to trivial matters. They suggested that percentage based performance management should be against whole industry view, as opposed to portfolio size to ensure Large and Small Suppliers were treated equally.

Another Party suggested that the PAB should focus primarily on issues that have a consumer impact. They also commented that the assurance processes should provide meaningful support to Parties in understanding the framework and providing clear guidance how non-compliances can be corrected.

To address these points, the Proposed Solution details that the PAB shall develop a Risk Evaluation Methodology and a Performance Risk Register that should be consulted upon when developed and material changes made.

8. Case for change

Business case

The modification is limited to SECAS costs for implementation, although there will be running costs which are included within the SEC budget to cover the PAB and associated activities. The budgeted costs for the set up and first year of operation are £98,358, Parties have already been consulted on.

The number of issues that Parties suggested could be covered would be hugely beneficial to have addressed on a risk basis to ensure the SEC Objectives continue to be delivered.

Further views on the business case will be gained through the Refinement Consultation.

Views against the General SEC Objectives

Proposer's views

The purpose of the PAF is to give confidence to all Parties that obligations are being fulfilled, and not detract from achieving the SEC Objectives. By managing the issues that arise there is potential that the modification could better facilitate many of the SEC Objectives, depending on what specific issue is being addressed.

SEC Objective (a)³ would be better facilitated if most issues that had been identified by the RFI respondents could be addressed.

Industry views

These views will be sought as part of the Refinement Consultation.

Views against the consumer areas

Improved safety and reliability

This modification will have a positive impact on reliability by ensuring that potential issues are addressed on a risk basis. Therefore, the biggest issues to the SEC Objectives will be addressed first.

Lower bills than would otherwise be the case

This modification will have no impact on consumer bills.

Reduced environmental damage

This modification will have no impact on reduced environmental damage.

³ Facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain

Improved quality of service

This modification will have a positive impact on quality of service as the PAF should reduce the impacts of any issues and risks to the SEC Objectives.

Benefits for society as a whole

This modification will have no impact benefits for society as a whole.

Appendix 1: Progression timetable

Timetable	
Event/Action	Date
Draft Proposal raised	9 Jan 2023
Presented to CSC for initial comment	17 Jan 2023
Request for information issued	6 Mar – 6 Apr 2023
RFI responses discussed with the Panel	25 Apr 2023
Working Group consulted on the issue	3 May 2023
CSC converts Draft Proposal to Modification Proposal	16 May 2023
Modification discussed with Working Group	7 Jun 2023
<i>Refinement Consultation</i>	<i>5 – 26 Jul 2023</i>
<i>Modification discussed with Working Group</i>	<i>6 Sep 2023</i>
<i>Modification Report approved by CSC</i>	<i>17 Oct 2023</i>
<i>Modification Report Consultation</i>	<i>18 Oct – 8 Nov 2023</i>
<i>Change Board Vote</i>	<i>22 Nov 2023</i>
<i>Authority decision (anticipated date)</i>	<i>15 Jan 2024</i>

Italics denote planned events that could be subject to change

Appendix 2: Glossary

This table lists all the acronyms used in this document and the full term they are an abbreviation for.

Glossary	
Acronym	Full term
Alt HAN	Alternative Home Area Network
BSC	Balancing and Settlement Code
CoS	Change of Supplier
CSC	Change Sub-Committee
DCC	Data Communications Company

Glossary	
Acronym	Full term
DNO	Distribution Network Operator
MHHS	Market-wide Half Hourly Settlement
OPR	Operational Performance Regime
OPSG	Operations Group
PAB	Performance Assurance Board
PAF	Performance Assurance Framework
PAT	Performance Assurance Techniques
PMA	Policy Management Authority
PMR	Performance Measurement Report
REC	Retail Energy Code
RFI	request for information
SEC	Smart Energy Code
SECAS	Smart Energy Code Administrator and Secretariat
SMDA	Smart Metering Device Assurance
SMETS	Smart Metering Equipment Technical Specification
SMI	Smart Metering Inventory
SMKI	Smart Metering Key Infrastructure
SSC	Security Sub-Committee
TABASC	Technical Architecture and Business Architecture Sub-Committee
UNC	Uniform Network Code