



Department for
Business, Energy
& Industrial Strategy

Department for Business,
Energy & Industrial Strategy
1 Victoria Street,
London SW1H 0ET

www.gov.uk/beis

The Authority (Ofgem), the SEC Panel, SEC Parties and other interested parties 22 February 2018

Dear Colleague,

**SMART METERING IMPLEMENTATION PROGRAMME CONSULTATION
RESPONSE AND DIRECTION INCORPORATING THE SEC VARIATION TESTING
APPROACH DOCUMENT (SVTAD) FOR RELEASE 2 WITHIN THE SMART
ENERGY CODE (SEC) AND APPROVING THE RELEASE 2 SYSTEM
INTEGRATION TESTING (SIT) APPROACH DOCUMENT AND DEVICE
INTEGRATION TESTING (DIT) APPROACH DOCUMENT**

1. On 30 January 2018 we consulted on the timing for incorporation into the SEC of the SVTAD for Release 2; designating v1.5 of the SVTAD (**Annex A** of this letter) as Appendix AJ of the SEC. We also invited views on additional drafting within the document that was incorporated subsequent to DCC's consultation. In addition we set out our intention to approve the Release 2 SIT and DIT Approach Documents (**Annex B and Annex C** of this letter) at the same time as incorporating the SVTAD.

Government response to consultation comments

2. The consultation closed on 13 February 2018 and we received three responses. Our consideration of the responses to the two questions is set out below:
 - The consultation sought views on a proposed new provision at Section 8.5 (of the SVTAD) which allows the Secretary of State to request assistance and support from the SEC Panel and/ or Parties on certain matters¹. Two respondents agreed with the proposed additional provision. The third questioned whether part of the additional provision obligated Parties to undertake administrative activities for any Baseline Margin Project Performance Adjustment Scheme. This is not the case.

¹ Namely reasonable support and assistance on decisions on SEC variations associated with Release 2.0 and administration of any Baseline Margin Project Performance Adjustment Scheme (See paragraph 4 of the 30 January 2018 consultation and Section 8.5 of the SVTAD)

The intention of this new provision is to enable the expertise of the Panel and Parties to be utilised to inform these activities. This would be at the specific request of BEIS and in practice we envisage requesting Panel involvement rather than specific SEC Parties. We do not therefore consider that the drafting of the SVTAD needs to be amended.

- There were no substantive comments on the proposed timing of the effective date for the changes set out in the consultation.

3. Having duly considered the consultation responses, we have decided to proceed with the designation as set out in the direction below.

Approval of Release 2 SIT and DIT Approach Documents

4. As set out in our 30 January consultation the DCC has submitted to the Secretary of State versions of the Release 2 SIT and DIT Approach Documents (**Annex B** and **Annex C** of this letter). We are satisfied that the DCC has completed the appropriate process for finalising these documents including engaging the Testing Advisory Group (TAG). They are therefore approved by the Secretary of State with effect on 22 February 2018.

Future developments

5. Parties should note that the DCC intends to submit further Test Phase Approach Documents to the Secretary of State for approval, including for User Integration Testing. We also note from discussions regarding exit criteria for User Integration Testing at the TAG that there may be further changes to the SVTAD. Any updated or future documents will be subject to consultation at the appropriate time.

Direction

This direction is made for the purposes of the smart meter communication licences granted under the Electricity Act 1989 and the Gas Act 1986 (such licences being the "**DCC Licence**") and the Smart Energy Code designated by the Secretary of State pursuant to the DCC Licence (such code being the "**SEC**").

Words and expressions used in this direction shall be interpreted in accordance with Section A (Definitions and Interpretation) of the SEC.

1. Pursuant to Condition 22 of the DCC Licence and Section X5 (Incorporation of Certain Documents into this Code) of the SEC, the Secretary of State directs

that, with effect from **22 February 2018**, the document set out at **Annex A** in this direction is hereby designated for incorporation as a **SEC Variation Testing Approach Document**, and shall be incorporated into the SEC as Appendix AJ.

2. Pursuant to Section X3.2(b) (Effective Dates) of the SEC, the Secretary of State hereby designates **22 February 2018** as the date from which this SEC Variation Testing Approach Document shall have legal effect.
3. Pursuant to Condition 22 of the DCC Licence and Section X5.6 (Supplementary Provisions) of the SEC, Section A1 (Definitions) of the SEC is hereby amended by replacing the words "Appendix [TBC]" in the definition of SEC Variation Testing Approach Documents with the words "Appendix AJ".

This direction is also being notified to the SEC Administrator and an updated version of the SEC to reflect these changes will be available on the SEC website in due course.

Yours faithfully,



Duncan Stone
Head of Delivery
Smart Metering Implementation Programme

(an official of the Department for Business, Energy & Industrial Strategy authorised to act on behalf of the Secretary of State)

List of Annexes to this letter

- Annex A** Release 2 SEC Variation Testing Approach Document v1.5 [separate document]
- Annex B** Release 2 System Integration Testing Approach Document [separate document]
- Annex C** Release 2 Device Integration Testing Approach Document [separate document]