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| **Paper Reference:** | **SECP_58_1307_06** |
| **Action:** | **For Decision** |

# SEC Panel Risk and Issue Register Update

## 1. Purpose

This paper provides the monthly update on the SEC Panel Risk Register. It explains any proposed new risks, or changes to existing risks, and associated ratings. It also sets out any updates to the Panel Issues Register and outlines further details on the actions being taken to resolve or mitigate the issues.

The SEC Panel Risk Register and Issue Register are provided as Appendix A and B respectively.

## 2. SEC Panel Risk Update

### 2.1 Updates to existing risk(s)

**SEC Panel Risk 15**

SEC Panel Risk 15, which covers the DCC not having a sufficiently detailed or stable SMETS1 Enrolment and Adoption (E&A) design, has been updated to clearly indicate that the risk was identified by the SCC as part of its risk register review, before being subsequently escalated to the Panel to be added to the Panel Risk Register.

The amendment made to Risk 15 this month is summarised in Table 1 below.

| Risk # | Risk Description | Summary of Change |
|---|---|---|
| **15** | The Security Sub-Committee (SSC) has identified a risk[1], that the DCC has not yet completed a sufficiently detailed-or stable SMETS1 E&A design leading to:<br>• Potential delays and cost increases to enrolment and adoption caused by the need to implement additional security controls or rework;<br>• Impact on time and cost to change the security solution design, later in the design, build and test cycle;<br>• Reputational risk to smart metering (including SMETS2);<br>• A security compromise could lead to an adverse impact on SMETS1 operations. | The risk description has been amended to reference that the risk was raised by the SSC |

***Table 1: Amended existing SEC Panel risk***

[1] That has been subsequently escalated and added to the Panel Risk Register

The matrix below (Figure 1) shows the latest status of Panel risks.

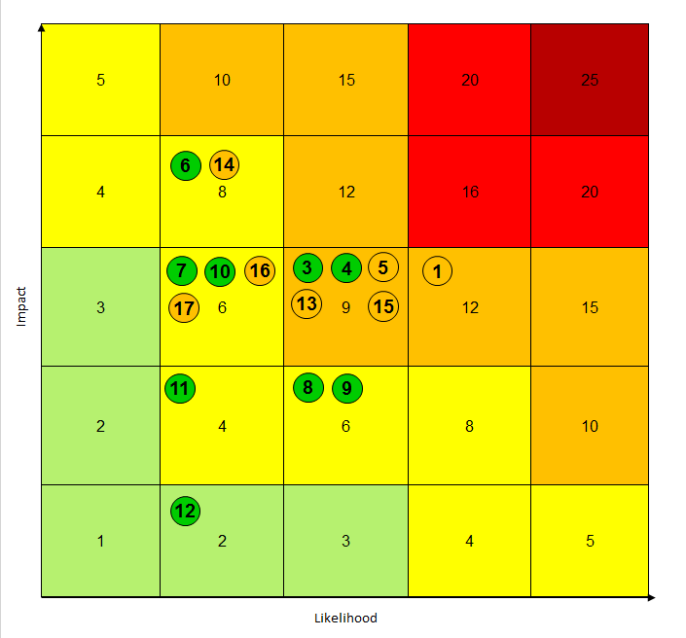


***Figure 1: SEC Panel Risks Matrix***

## 3. Recommendations

The SEC Panel is requested to:

- **AGREE** the amendments to the SEC Panel Risk Register

**Kayla Reinhart**

**SECAS Team**

**6th July 2018**

## Appendix A - SEC Panel Risks

The following table lists the SEC Panel risks, reflecting any updates made as part of the monthly review. The risks have been ordered from highest to lowest Severity. Any mitigations or actions activities in *italics* are those that are ongoing or require completion. Any mitigations or actions activities in red are those that are new.

| # | There is a risk that… | Impact (1-5) | Likelihood (1-5) | Severity | Mitigation (*Planned and/or ongoing actions in italics)* | RAG Status |
|---|---|---|---|---|---|---|
| **1** | The DCC are unable to deliver all the changes that make up the content of a Release, leading to potential descoping of content or delays to Release timescales. | 3 | 4 | **12** | • SEC Panel and the DCC have developed a Release Management Document to cover the overarching approach to managing releases, which was issued for consultation on 15th November 2017.<br>• *DCC to regularly update the Panel on progression of the release implementation.* | **AMBER** |
| **3** | Confidential information is leaked due to inadequate security controls leading to reputational damage and potential legal challenge. | 3 | 3 | **9** | • The Panel Information Policy is in place to control access to confidential information in accordance with the SEC.<br>• Terms of Reference (ToR) for each Sub-Committee require all members to sign a confidentiality and non-disclosure agreement.<br>• Internal SECAS processes for handling of confidential data, including the use of Egress to store and distribute data. | **GREEN** |
| **4** | Testing may be insufficient for a stable environment leading to defects. | 3 | 3 | **9** | • The Testing Advisory Group (TAG) analyse and review outcomes and reports through the weekly testing updates and calls.<br>• DCC Live Service Criteria Report to BEIS in place.<br>• Defect Resolution Process and Issue Resolution Processing in place in relation to Modifications.<br>• Obligations in place under User E2E testing. | **GREEN** |

| # | There is a risk that… | Impact (1-5) | Likelihood (1-5) | Severity | Mitigation (*Planned and/or ongoing actions in italics)* | RAG Status |
|---|---|---|---|---|---|---|
| **5** | Release Management is inefficient due to the dual input by BEIS and the SEC Panel in relation to Release content and implementation. | 3 | 3 | **9** | • Initiated early handover of Technical Specifications to align Modifications in Releases.<br>• *Development of the enduring Release Management documentations (ongoing).*<br>• *SECAS continue to attend the Implementation Managers Forum (IMF) and Technical and Business Design Group (TBDG) for BEIS updates on Release Management planning.* | **AMBER** |
| **13** | Wider industry initiatives that have impacts on the smart metering arrangements take into account the current requirements (e.g. the switch to half-hourly settlement and the faster switching programme and changes to Feed in Tariffs). | 3 | 3 | **9** | • *Establish regular reporting and information exchange between the Faster Switching teams to ensure impacts are captured and considered.*<br>• *Sub-Committees (such as the TABASC and the Ops Group) to highlight any industry wide projects that may require SEC input.*<br>• *Updates to be provided to the Panel or (relevant Sub-Committee) on new industry initiatives to be requested from leading body*<br>• *Assumptions made by the leading body are checked and challenged (if required) by the Panel or relevant Sub-Committee.* | **AMBER** |
| **15** | The Security Sub-Committee (SSC) has identified a risk[2] , that the DCC has not yet completed a sufficiently detailed or stable SMETS1 E&A design leading to:<br>• Potential delays and cost increases to enrolment and adoption caused by the | 3 | 3 | **9** | • SSC SMETS1 workshops (on 12th September 2017, 19th December 2017, and 1st May 2018) have taken place where the DCC presented its SMETS1 Risk Assessment and an updated SMETS1 Security Architecture document.<br>• An additional SSC SMETS1 meeting of core SSC Members was held on 10th January 2018. | **AMBER** |

[2] That has been subsequently escalated and added to the Panel Risk Register

| # | There is a risk that… | Impact (1-5) | Likelihood (1-5) | Severity | Mitigation (*Planned and/or ongoing actions in italics)* | RAG Status |
|---|---|---|---|---|---|---|
| | need to implement additional security controls or rework;<br>• Impact on time and cost to change the security solution design, later in the design, build and test cycle;<br>• Reputational risk to smart metering (including SMETS2);<br>• A security compromise could lead to an adverse impact on SMETS1 operations. | | | | • DCC provided an updated Security Architecture Document on 25th April 2018 and addressed previous SSC feedback provided, to enable SSC input on whether the:<br>○ security controls are sufficient and / or feasible; and<br>○ that wider impacts of controls have been considered (e.g. on performance, consumers, Users and cost etc). | |
| **14** | Insufficient Communications Hub firmware regression testing to be undertaken during Release testing, resulting in deployed devices and/or Communications Hubs in storage not working once a release goes live. | 4 | 2 | **8** | • *DCC undertakes appropriate levels of Communication Hub regression testing to provide assurance that devices continue to work once a release goes live.*<br>• *Evidence of the regression testing is provided and reviewed by the TAG and Panel.*<br>• Panel highlights Communications Hub regression testing concerns to BEIS, as part of its considerations of Release 2.0 SIT (System Integration Testing) Approach Documentation.<br>• DCC provides extra details on the extent of regression testing within the Release 2.0 SIT Approach Documentation. | **AMBER** |
| **6** | Incorrect implementation of process or tooling defects lead to errors being introduced into the draft Technical Specifications and Great Britain Companion Specification (GBCS). | 4 | 2 | **8** | • A Quality Assurance process is in place.<br>• SECAS has a defined process including resourcing.<br>• SECAS has a community of technical experts for content reviews. | **GREEN** |

| # | There is a risk that… | Impact (1-5) | Likelihood (1-5) | Severity | Mitigation (*Planned and/or ongoing actions in italics)* | RAG Status |
|---|---|---|---|---|---|---|
| **7** | The expert support structure established by the Technical Architecture and Business Architecture Sub-Committee (TABASC) is not adequate for supporting them in its duties, due to knowledge gaps or there not being availability within industry. | 3 | 2 | **6** | • The Technical and Business Expert Community (TBEC) is established.<br>• Agreed approach for expert resource to be managed on a work package level.<br>• Directly seek out technical experts if required by future work packages. | **GREEN** |
| **8** | The Panel guidance and timescales cannot support DCC Users in meeting their licence obligations in relation to User Mandates. | 2 | 3 | **6** | • Completed updates to the User Entry Process guidance on SEC Website.<br>• Provide Party Support by communicating with all Small Suppliers.<br>• Joint DCC engagement with DCC Users, to ensure alignment.<br>• The SEC Panel have delegated the responsibility of setting the assurance statuses to the SSC, which therefore, supports quicker timescales for the assessment process. | **GREEN** |
| **9** | A Modification Proposal is progressed that has a negative impact on the End-to-End Technical Architecture. | 2 | 3 | **6** | • The *TABASC to feed into Modifications Process with any feedback and impact assessment required (ongoing).*<br>• The TABASC are provided with a monthly Modification development update.<br>• TBEC established for the TABASC to call on if required to provide expert input into the Modifications Process. | **GREEN** |
| **10** | SEC Panel Budget is insufficient due to unexpected resource needs (e.g. high volume of Modification Proposals or additional unexpected Panel responsibilities taking effect). | 3 | 2 | **6** | • Updated Jointed Implementation Plan (JIP) reviewed to identify any impacts to SEC Panel.<br>• SEC Panel Budget reflects DCC re-plan outcomes. | **GREEN** |

| # | There is a risk that… | Impact (1-5) | Likelihood (1-5) | Severity | Mitigation (*Planned and/or ongoing actions in italics)* | RAG Status |
|---|---|---|---|---|---|---|
| | | | | | • SEC Panel Budget for Regulatory Year 2017-2018 approved and finalised.<br>• SEC Panel Budget for Regulatory Year 2018-2021 was approved by the Panel in February 2018 and following the 15 Working Day appeal window has been set as the Approved Budget commencing on the 1st April 2018. | |
| **16** | Insufficient SECAS and/or User CIO resource capacity results in the delay to User entry activities, resulting in delay to User Go Live and/or DCC Mandates. | 3 | 2 | **6** | • SECAS undertake thorough resource planning in conjunction with the User CIO. This includes fortnightly catch ups to discuss recent assessment bookings. The SEC website also contains an online booking form which provides adequate slots for people to book in advance of the mandates.<br>• The User CIO have the ability to upscale their team resources if needed.<br>• SECAS undertaking review of workload and responsibilities to enable thorough resource planning and to expand its resource capacity. | **AMBER** |
| **17** | The User CIO is unable to deliver User CIO assessments due to conflicts of interest and/or the alternative User CIO is not appropriately geared up (e.g. subject matter knowledge) to provide a thorough and consistent evaluation given the potential numbers of assessments involved. | 3 | 2 | **6** | • Mechanism in place with User CIO to promptly identify any conflicts of interest to enable the deployment of the alternative/reserve User CIO.<br>• In these occasions, the SEC Panel has the ability to procure an alternative User CIO. Processes such as shadowing the current User CIO are in place to ensure that they are appropriately geared up for assessments. | **AMBER** |

| # | There is a risk that… | Impact (1-5) | Likelihood (1-5) | Severity | Mitigation (*Planned and/or ongoing actions in italics)* | RAG Status |
|---|---|---|---|---|---|---|
| **11** | Inability to fulfil SEC activities across all SEC Panel Sub-Committees due to unclear requirements or timings. | 2 | 2 | **4** | • Duties set out and monitored monthly by each Sub-Committees' Activity Planners.<br>• Utilise available resources such as the TBEC and SECAS technical experts.<br>• The SSC utilise security experts.<br>• The TABASC utilise work packages to determine a development approach and estimated resource required for each new piece of work.<br>• The SMKI PMA utilise specialists available.<br>• Seek Panel's advice if duties are unclear in the Terms of Reference. | **GREEN** |
| **12** | There is insufficient interaction between the SEC Panel and Alt HAN Forum to enable alignment of SEC Objectives. | 1 | 2 | **2** | • Establish regular reporting and information exchange between the SEC Panel and Alt HAN Forum Chairs.<br>• Alt HAN Forum provided input to the SEC End of Regulatory Year Report. | **GREEN** |

***Table 2: SEC Panel Risks***

## Appendix B - SEC Panel Issue Register

The following table lists the SEC Panel issues, reflecting any new or updated issues made as part of the monthly review. Any mitigations or actions activities in *italics* are those that are ongoing, or require completion. Any mitigations or actions activities in **red** are those that are new.

| Issue No. | Date Raised | Issue Category | Associated Risk No. | There is an Issue that… | The Impacts of the Issues are... | Impact (1-5) | Mitigation and Actions Required (*Planned actions in italics)* | RAG Status |
|---|---|---|---|---|---|---|---|---|
| 1 | 14th July 2017 | Modification Process | 2[3] | The progression of Modification Proposals are not meeting required timescales due to the delayed completion of activities (e.g. submission of Impact Assessments and any requested information within reasonable timescales from the DCC) leading to reputational damage and challenge. | That industry driven Modification Proposals are not being progressed in a timely manner resulting in:<br>• diminished case for the change, as the benefits against the SEC Objectives are potentially reduced;<br>• frustration with the SEC Modification Process; and/or<br>• frustration that Industry driven change is not a priority compared with other changes. | 3 | • Panel is monitoring progression against agreed timescales through monthly Modification updates and is reviewing changes when necessary.<br>• Panel has requested commitment and confirmation from the DCC that timescales (including revised timescales) for the completion of Preliminary Assessments and Impact Assessments will be achieved and will not slip (further).<br>• *SECMP0034 'Changes to the SEC Section D for DCC analysis provisions', which is currently with the Authority for final decision, seeks to recognise within the SEC the DCC's Preliminary Assessment (PA) and Impact Assessment (IA) processes to ensure there are clear delivery timescales and methods for setting such timescales.*<br>• Plan resourcing, manage expectations and extent of involvement to deliver | RED |

[3] The progression of Modifications Proposals does not meet required timescales due to the delayed completion of activities (e.g. submission of Impact Assessments and any requested information within reasonable timescales) leading to reputational damage and challenge by SEC Parties and/or Ofgem.

| Issue No. | Date Raised | Issue Category | Associated Risk No. | There is an Issue that… | The Impacts of the Issues are... | Impact (1-5) | Mitigation and Actions Required (*Planned actions in italics)* | RAG Status |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | obligations are reviewed and reflected in the SEC Panel Budget.<br>• DCC to confirm that the timescales they indicate for the provisions.<br>• SECAS is carrying out a review of the SEC Section D provisions and the end-to-end modifications process to implement a more efficient and robust assessment process.<br>• SECAS is proactively seeking industry engagement in the various modification Working Groups to ensure meetings are quorate and do not need to be rescheduled. | |
| 2 | 15th June 2018 | Modification Process - DCC Systems | TABASC 10 | DCC System is circumvented as making changes to it is too complicated | • This risk concerns the circumstance where Modification Proposals that will provide a benefit from the perspective of process improvement and/or efficiency, however the (DCC System) costs or implementation timescales are high, resulting in | 3 | • SECAS is carrying out a review of the SEC Section D provisions and the end-to-end Modifications Process to implement a more efficient and robust assessment process.<br>• Clear requirements needed to enable an accurate assessment of (DCC solution) cost impacts to be calculated.<br>• Monitor the costs associated with implementing (DCC System impacting) Modification Proposal solutions<br>• DCC to request the Working Group to clarify requirements (in a timely manner and prior to the submission of | RED |

| Issue No. | Date Raised | Issue Category | Associated Risk No. | There is an Issue that… | The Impacts of the Issues are... | Impact (1-5) | Mitigation and Actions Required (*Planned actions in italics)* | RAG Status |
|---|---|---|---|---|---|---|---|---|
| | | | | | the change not going ahead for cost and/or timescale reasons alone. | | PA/IA requests) to enable an accurate assessment to be undertaken. | |

***Table 3: SEC Panel Issue Register***

# Appendix C - SEC Panel Risk and Issue Impact Classification

| Category | Negligible (1) | Minor (2) | Moderate (3) | Serious (4) | Major (5) |
|---|---|---|---|---|---|
| **Safety** | Minor or no medical treatment required, no lost time. | Medical treatment, less than 3 days' impact. | Reportable injury with impact greater than 3 days. | Major long term but reversible injury. | Single fatality or serious irreversible disability with major quality of life impact. |
| **Environment** | Contained environmental release with no adverse effects. | Short term, minor environmental impact confined to site. | Moderate short-term impact on biological or physical environment. | Environmental impact causing serious but reversible environmental impact on biological or physical environment. | Major environmental impact causing long-term or irreversible change in localised biological or physical environment with loss of habitat/species. |
| **Reputation** | Isolated complaint or comment with no anticipated coverage. | Limited local public and media concern with 'short lived' local coverage. | Extensive regional public and media concern with potential to escalate to national coverage. | Sustained regional public and media concern with limited national coverage impacting business in UK. | Sustained public and media criticism impacting smart metering or business in UK. |
| **Client & Customer** | Limited short-term impact on client base and satisfaction. | Short-term impact on client base and satisfaction. | Significant short-term impact on client base and satisfaction. | Significant impact on client base and satisfaction requiring some change to company strategy. | Significant long-term impact on client base and satisfaction requiring significant change to company strategy. |
| **Asset** | Minimal asset damage, affecting operations for less than 48 hours. | Minor asset damage which impacts operations for < 30 days. | Moderate asset damage which impacts operations for between 30 days and six months. | Serious asset damage which impacts operations for more than 6 months. | Total loss of single asset (or group of interdependent assets). |

| Category | Negligible (1) | Minor (2) | Moderate (3) | Serious (4) | Major (5) |
|---|---|---|---|---|---|
| **Legal & Regulatory** | Breach of internal controls, limited impact. | Low level legal issue, quickly resolved. Breach of internal control. | Moderate legal issue, non-compliance or breach of regulation, increased scrutiny by authorities. Multiple breach of internal controls. | Significant breach, or latest in a series of breaches, involving investigation or report to authorities with prosecution or moderate fine possible. | Major legal/regulatory breach resulting in litigation, regulatory sanction and/or significant fine. |
| **Financial Impact** | One off revenue impact < £50k.<br><br>Recurring, annual revenue impact < £10k. | One off revenue impact: £50k to £250k.<br><br>Recurring, annual revenue impact < £50k. | One off revenue impact: £250k to £500k.<br><br>Recurring, annual revenue impact < £100k. | One off revenue impact: £500k - £1m.<br><br>Recurring, annual revenue impact < £250k. | One off revenue impact > £1m.<br><br>Recurring, annual revenue impact > £250k. |
| **People** | Minimal staff loss or shortfalls in recruitment. Key Staff / Team not available for a week. | <10% loss or recruitment of a team. Key Staff / Team not available for up to one month. | Between 10% - 50% loss or recruitment of a team. Key Staff /Team not available for between one to three months. | >50% loss or recruitment of a team. Key Staff / Team not available for between three to six months. | 100% loss of or unable to recruit a team. Key Staff / Team not available for more than six months. |
| **Security** | Temporary closure (less than a day) or reduced operation of a Site or Asset. | Temporary closure (more than a day) of a Site or Asset. | Temporary closure (more than a week) of a Site or Asset. | Long term (more than a month) closure of a Site or Asset. | |
| **Strategic** | Impacts short-term tactical objectives. | Strategic objectives are delayed or require additional resource to deliver. | A strategic objective is not delivered or a key strategic assumption is overturned. | Multiple strategic objectives are not delivered or multiple key strategic assumptions are overturned. | Incident response prevents strategic roles being delivered, or demands complete change of strategy. |