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.

SECMP0059 Initial Modification Report

About this document

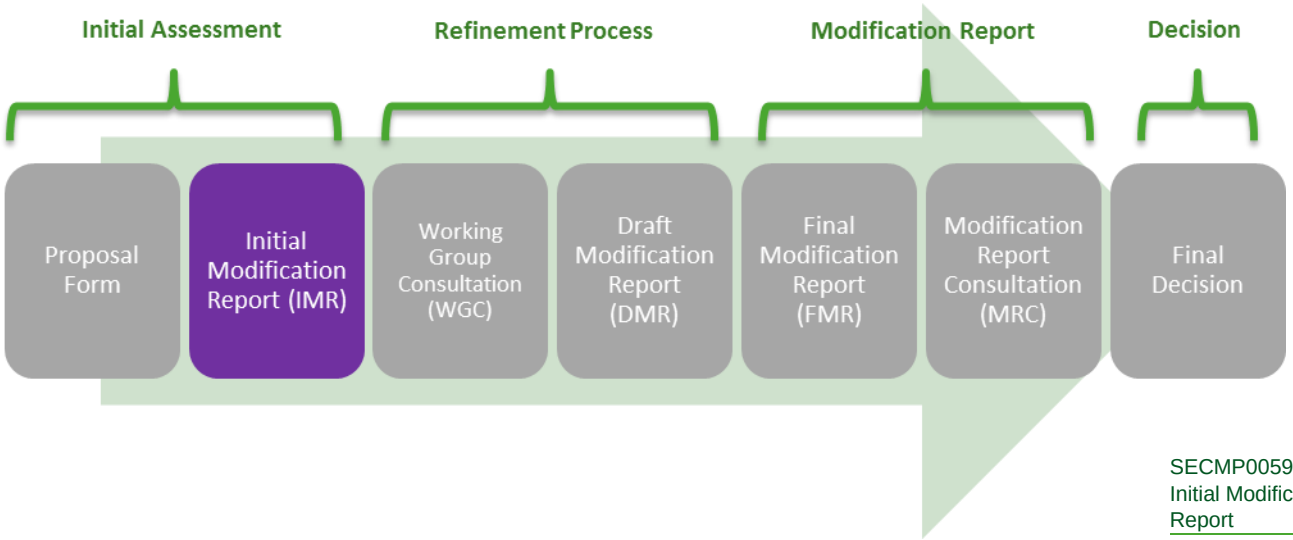
This Initial Modification Report (IMR) contains our initial assessment of SECMP0059 'Amendments to SEC Security Assessments for Non-Domestic Suppliers and Other Users'. It also provides information on the issue, the Proposer's solution, potential impacts, costs and proposed progression.

This document is submitted to the Smart Energy Code (SEC) Panel for consideration to determine how this Modification Proposal should be progressed through the Modification Process.

As part of this document the Panel will be invited to:

- **AGREE** that this modification should be submitted into the Refinement Process to be assessed by a Working Group;
- **AGREE** the Working Group Terms of Reference;
- **AGREE** the progression timetable set out in Section 6; and
- **AGREE** that SECMP0059 should be progressed as a Path 3: Self-Governance Modification Proposal.

Where are we in the process?



© SECCo 2018

Smart Energy Code

SEC
Smart Energy Code

Stage 01: Initial Modification Report

SECMP0059:

Amendments to SEC Security Assessments for Non-Domestic Suppliers and Other Users

What stage is this document in the process?

- 01 Initial Assessment
- 02 Refinement Process
- 03 Modification Report
- ► 04 Decision

SECAS Contact:

Name:

Joe Hehir

Number:

020 7770 6874

Email:

SEC.change@gemserv.com

Summary

This modification seeks to provide clarity for non-domestic energy Suppliers on the type of User Security Assessment that is required for the second and third years after the initial Full User Security Assessment; and align security assessments for Other Users with the arrangements that currently apply to Small Suppliers to ensure proportionate assurance of the security risks.

Proposed Progression

This Modification Proposal is recommended to be:

P3

- progressed as a Path 3: Self-Governance Modification Proposal; and
- progressed through the Refinement Process for three months.

3 Months

Potential Impacts

!

- Large Supply Parties
- Small Supply Parties
- Other SEC Parties
- There are no impacts on Data Communications Company (DCC) Central Systems or Party interfacing systems.

© SECCo 2018

Gemserv

Content

1. Summary 4
2. What is the issue? 6
3. Solution 8
4. Potential Impacts 10
5. Potential Costs 11
6. Proposed Progression 12
7. Recommendations 14
Appendix 1: Detailed Progression Plan 15
Appendix 2: Glossary 16

About this Document

This is an Initial Modification Report (IMR). This document contains details of the issue, solution, potential impacts and costs as well as the proposed progression for SECMP0059.

This document has one attachment:

- Appendix A contains the SECMP0059 Modification Proposal Form.

The Panel will consider this IMR at its meeting on 14th September 2018 and determine how this modification should be progressed through the Modification Process.

© SECCo 2018

1. Summary

What is the issue?

Non-domestic energy Suppliers

At present, the SEC sets out the arrangements for the type of User Security Assessment for the second and subsequent User Security Assessment for Suppliers who supply gas and/or electricity to Domestic Premises. However, the SEC is silent on the arrangements for the second and subsequent User Security Assessment for Suppliers who supply gas and/or electricity to Non-Domestic Premises. This has resulted in more queries being sent to SECAS from non-domestic energy Suppliers asking for clarification on the nature of the second and subsequent User Security Assessment.

Other Users

At present, the SEC sets out the arrangements for the annual User Security Assessments for Other Users after the initial Full User Security Assessment. Other Users are required to have a Self-Assessment in year two and a further Self-Assessment in year three. The Security Sub-Committee (SSC) considers that the security profile for the Other User role has changed since the existing SEC obligations for security assurance were established and that a Self-Assessment in the second year is no longer proportionate to the security risks.

What is the Proposed Solution?

Non-domestic energy Suppliers

The SSC proposes that the SEC should explain the arrangements for the type of User Security Assessment for the second and subsequent User Security Assessment for Suppliers who supply gas and/or electricity to Domestic Premises.

Other Users

The SSC proposes to align the User Security Assessments for Other Users in SEC Section G8.47 with the existing arrangements for Small Suppliers.

Potential impacts

Party

Large Supplier Parties	X	Small Supplier Parties	X

© SECCo 2018

Electricity Network Parties		Gas Network Parties	
Other SEC Parties	X		

System

There are no impacts on DCC Central Systems or Party interfacing systems.

Potential implementation costs

We believe that the cost to implement SECMP0059 will be limited to SEC time and effort to deliver the necessary document changes.

Proposed progression

We and the Proposer recommend this Modification Proposal is:

- Progressed as a Path 3: Self-Governance Modification Proposal; and
- Progressed through the Refinement Process for three months.

© SECCo 2018

2. What is the issue?

What is the issue?

Second and subsequent User Security Assessments for non-domestic energy Suppliers

The smart metering mandate uses a site-based definition to identify the sites which are in scope of the non-domestic rollout. Energy Supply Licence Conditions require energy Suppliers to install smart meters (or in some circumstances, advanced meters) at gas sites where the annual consumption is below 732MWh per year and all electricity sites in Profile Classes 1-4 (the majority of non-domestic electricity consumers are in Profile Classes 3 and 4).

At present, SEC Sections G8.40 to G8.43 explain the arrangements for the type of User Security Assessment for the second and subsequent User Security Assessment for Suppliers who supply gas and/or electricity to Domestic Premises. However, the SEC is silent on the arrangements for the second and subsequent User Security Assessment for Suppliers who supply gas and/or electricity to Non-Domestic Premises. Until recently, non-domestic energy Suppliers were not required to be a DCC User but, following a consultation, the Department for Business, Energy and Industrial Strategy (BEIS) recently announced that most energy Suppliers to Non-Domestic Premises must become a DCC User by 31st August 2018 (the "DCC User Mandate").

SECAS has received queries from non-domestic energy Suppliers asking for clarification on the nature of the second and subsequent User Security Assessment. The SSC considers that the SEC should be amended to provide clarity.

Second User Security Assessments for Other Users

At present, SEC Section G8.47 sets out the arrangements for the annual User Security Assessments of Other Users after the initial Full User Security Assessment. Other Users are required to have a Self-Assessment in year two and a further Self-Assessment in year three.

The SSC has noted that the existing SEC obligations were established with the expectation that the Other User role would be undertaken by price comparison websites seeking consumer consent to access an individual's consumption data. This would largely be governed by the privacy assurance arrangements in SEC Section I 'Data Privacy' and would be subject to very few security risks. The SSC is now aware that the Other User role is being considered by organisations wishing to undertake remote diagnostic analysis of Devices and to 'join' and 'unjoin' Type 2 Devices, in addition to obtaining consumption data on a large scale e.g. for university research. It is possible that other innovative applications will also be considered

© SECCo 2018

within the Other User role. As a result, the SSC considers that the security profile for the Other User role has changed since the existing SEC obligations for security assurance were established and that a Self-Assessment in the second year is no longer proportionate to the security risks.

© SECCo 2018

3. Solution

Proposed solution

SECMP0059 was raised by the SSC on 31st August 2018. It proposes to make the following changes:

Non-Domestic Suppliers

The SSC has considered the security risks that arise from the supply of energy to Non-Domestic Premises. The SSC has proposed that the threshold for the supply of Non-Domestic Premises for which determines the type of User Security Assessment Supplier Parties are subject to, be set at 50,000. The SSC proposes to clarify that in assessing the number of Domestic Premises supplied with electricity and/or gas through one or more Smart Metering Systems that number shall, where any Shared Resources form part of both its User Systems and the User Systems of another User, be deemed to include any Non-Domestic Premises supplied with electricity and/or gas through one or more Smart Metering Systems for that Supplier.

The SSC's proposed User Security Assessment guidelines have been set out below:

	No. of Non-Domestic Premises	User Entry / Year One	Year Two	Year Three
Supplier Parties	More than 50,000	Full Assessment	Full Assessment	Full Assessment
	50,000 or less	Full Assessment	Verification User Assessment	User Self-Assessment

Other Users

The SSC proposes that SEC Section G8.47 is amended to align it with the security profile of Supplier and Network Parties who supply gas or electricity to 250,000 or less Domestic Premises and that in year 2 of becoming a SEC Party, Other Users schedule a Verification User Security Assessment, instead of a User Security Self-Assessment. For clarification the proposed User Security Assessment guidelines for Other Users have been set out below:

- **Year 1** – The Other User will schedule a Full User Security Assessment;
- **Year 2** – The Other User will schedule a Verification User Security Assessment;
- **Year 3** – The Other User will schedule a User Security Self-Assessment.

© SECCo 2018

Views against the General SEC Objectives

The Proposer believes that this Modification Proposal better facilitates General SEC Objectives (a) and (f).

- **Objective (a)**[1]: This change would ensure that Non-Domestic Suppliers and Other users have clarity on the security assurance objections;
- **Objective (f)**[2]: This change would provide assurance of compliance with SEC security obligations.

For the avoidance of doubt, the Proposer believes that this modification is neutral against the remaining General SEC Objectives.

[1] Facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain.
[2] Ensure the protection of Data and the security of Data and Systems in the operation of this Code.

© SECCo 2018

4. Potential Impacts

The following section sets out the initial assessment of likely impacts should SECMP0059 be approved and implemented. Additional impacts may be identified by the Working Group as part of the Refinement Process.

SEC Party impacts

Large Supplier Parties	X	Small Supplier Parties	X
Electricity Network Parties		Gas Network Parties	
Other SEC Parties	X		

This modification will affect the annual User Security Assessments for all Non-Domestic Suppliers who are affected by the BEIS Government Response and all Other Users.

Central System impacts

There are no system impacts anticipated from the result of this modification.

Testing

There is no testing anticipated to be needed for this modification.

SEC and Subsidiary Document impacts

SEC Section G 'Security' will be impacted by this modification.

Impacts on other industry codes

There are no other codes anticipated to be impacted as a result of this modification.

Greenhouse Gas Emission impacts

This modification will not have an impact on Greenhouse Gas Emissions.

© SECCo 2018

5. Potential Costs

Potential implementation costs

The cost to implement SECMP0059 is expected to be limited to SECAS Administration time and effort for:

- Making the necessary amendments to the SEC;
- Releasing a new version of the SEC to SEC Parties; and
- Publishing this on the SEC website.

However, this will be confirmed as part of the Working Group's assessment and development of the modification.

© SECCo 2018

6. Proposed Progression

Modification Path

We and the Proposer recommend that SECMP0059 be progressed as a Path 3: Self-Governance Modification Proposal as we do not believe it meets any of the criteria under Section D2.6 to require an Authority determination.

Proposed progression

We recommend the following progression timetable for Panel consideration.

Activity	Date
Modification Proposal raised	31 Aug 18
IMR presented to Panel	14 Sep 18
Working Group	W/C 24 Sep 18
Working Group Consultation	12 Oct 18 – 02 Nov 18
Working Group *(if required)*	W/B 12 Nov 18
Panel reviews Modification Report	14 Dec 18
Modification Report Consultation	17 Dec 18 – 10 Jan 19
Change Board vote	23 Jan Feb 19

Refinement length

We recommend that this modification is submitted for a three-month Refinement Process for assessment by a Working Group. This three-month timeframe will allow for:

- a full Working Group assessment to take place (approx. one to two Working Group meetings);
- one 15 Working Day industry consultation to be issued and reviewed;

For a more detailed progression plan please see Appendix 1.

© SECCo 2018

Working Group

Membership

We recommend that the SECMP0059 Working Group be made up of individuals with expertise in user security assessments and members of the SSC, as well as any other interested parties.

Terms of Reference

In order to assess the Modification Proposal fully, we are recommending that the Working Group considers the following specific questions in addition to the standard Working Group Terms of Reference questions.

Q1: Is the threshold of 50,000 non-domestic premises appropriate to determining the types of User Security Assessment a Supplier Party is subject to?

The Working Group should consider whether the threshold which determines the type of User Security Assessments Non-Domestic Suppliers undergo, should be set at 50,000 non-domestic premises.

Q2: Are there any reasons why Other Users should not undergo a User Security Verification Assessment in the second year?

The Working Group should consider whether there could be any valid reasons as to why Other Users shouldn't have a User Security Verification Assessment in the second year.

© SECCo 2018

7. Recommendations

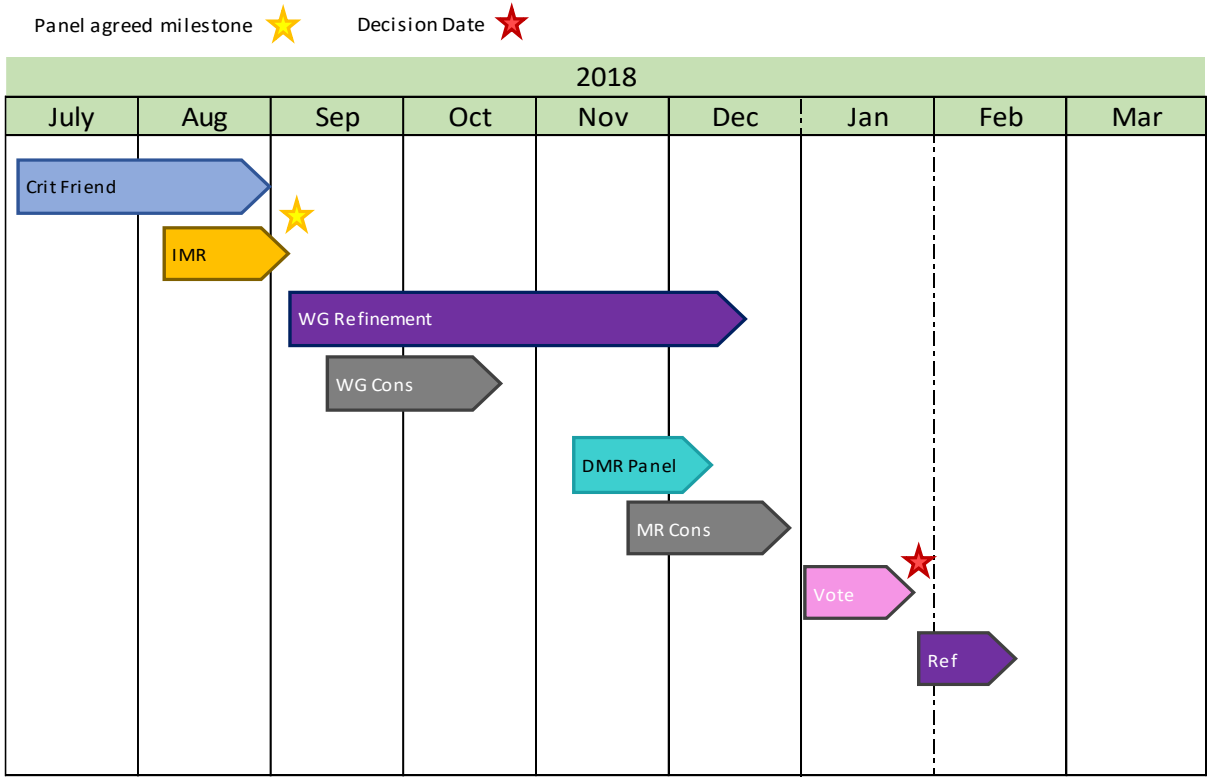
The Panel is invited to:

- **AGREE** that this modification should be submitted into the Refinement Process to be assessed by a Working Group;
- **AGREE** the Working Group Terms of Reference;
- **AGREE** the progression timetable set out in Section 6; and
- **AGREE** that SECMP0059 should be progressed as a Path 3 Modification Proposal.

© SECCo 2018

Appendix 1: Detailed Progression Plan

Please note that the progression plan shown below is subject to change.



Appendix 2: Glossary

The table below provides definitions of the terms used in this document.

Acronym	Defined Term
BEIS	Department for Business, Energy and Industrial Strategy
DCC	Data Communications Company
DMR	Draft Modification Report
IMR	Initial Modification Report
Mwh	Megawatt Hour
SEC	Smart Energy Code
SECAS	Smart Energy Code Administrator and Secretariat
SSC	Security Sub-Committee