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# SECMP0065 Initial Modification Report

## About this document

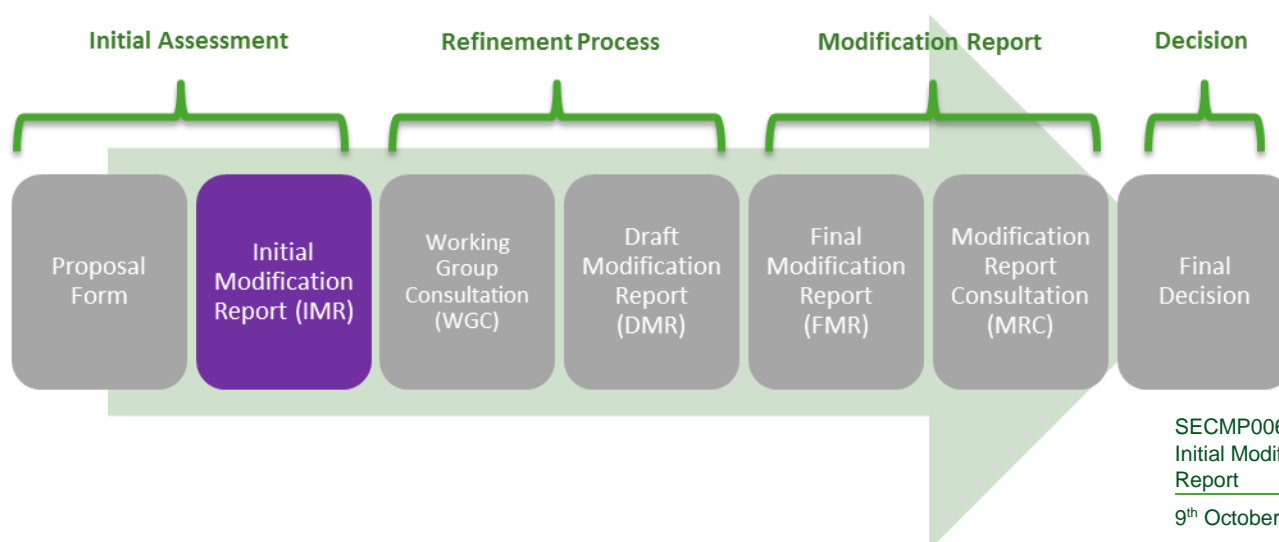
This Initial Modification Report (IMR) contains our initial assessment of [SECMP0065 'SMETS1 Security Obligations'](#). It also provides information on the issue, the Proposer's solution, potential impacts, costs and proposed progression.

**This document is submitted to the Smart Energy Code (SEC) Panel for consideration to determine whether 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 be treated as an Urgent Modification Proposal;
- **AGREE** that this modification should be submitted to Modification Report Consultation;
- **AGREE** the progression timetable set out in Section 6; and
- **AGREE** that SECMP0065 should be progressed as a Path 3: Self-Governance Modification Proposal.

## Where are we in the process?



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Initial Modification  
Report

9<sup>th</sup> October 2018

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## Stage 01: Initial Modification Report

# SECMP0065:

# SMETS1 Security Obligations

## Summary

This modification seeks to align Smart Energy Code (SEC) Section G (with the original intent of the Smart Metering Equipment Technical Specifications 1 (SMETS1) policy so that security obligations in G3.26 to G3.28 only apply from the date on which SMETS1 Devices start to be enrolled into the Data Communications Company (DCC). This will avoid the potential for Supplier Parties to be unnecessarily in breach of SEC obligations.

## Proposed Progression

This Modification Proposal is recommended to be:

**P3**

- progressed as a Path 3: Self-Governance Modification Proposal; and
- treated as an Urgent Modification Proposal and proceed as such under a timetable agreed by the Authority.

## Potential Impacts

**!**

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

What stage is this document in the process?

01	Initial Assessment
02	Refinement Process
03	Modification Report
04	Decision

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## 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 SECMP0065.

This document has two attachments:

- Attachment A contains the SECMP0065 Modification Proposal Form; and
- Attachment B contains the draft legal text changes to support this modification.

The Panel will consider this IMR at its meeting on 12<sup>th</sup> October 2018 and determine whether this modification should be progressed through the Modification Process.



## 1. Summary

### What is the issue?

In March this year the Department for Business, Energy and Industrial Strategy (BEIS) issued a [consultation letter](#) seeking views on proposals to amend the SEC, the DCC Licence and energy supply licences to enable the provision of a SMETS1 Service by the DCC. The Consultation document made it clear that the obligations were only intended to apply post enrolment of SMETS1 Devices. BEIS published its conclusions on 4 June 2018 and laid the regulatory changes before Parliament in line with the procedure under Section 89 of the Energy Act 2008, with the changes coming into legal effect on 18 July 2018 in [SEC v5.20](#).

SEC Sections G3.26 to G3.28 outline the security obligations for SMETS1 Smart Metering Systems and changes were made to these paragraphs in order to implement the obligations as a result of the BEIS consultation. The wording introduced into the SEC could however be interpreted to apply to pre-enrolment meters as it does not specify that the obligations only apply post enrolment. The legal effect is that the obligations apply now and do not allow time for the necessary planning by Users, the Security Sub-Committee (SSC) and the User Independent Security Assurance Service Provider.

### What is the Proposed Solution?

The SSC proposes that to meet the original policy intent for the SMETS1 security obligations in [SEC Section G](#), and particularly those in SEC Sections G3.26 to G3.28, that they be altered so that they apply only from the date on which SMETS1 Devices start to be enrolled into the DCC. This will avoid the potential for Parties to be in breach of SEC obligations.



## Potential impacts

### Party

Large Supplier Parties	<b>X</b>	Small Supplier Parties	<b>X</b>
Electricity Network Parties		Gas Network Parties	
Other SEC Parties			

### System

DCC Systems		Party interfacing systems	
Smart Metering Systems		Communication Hubs	
Other systems			

## Potential implementation costs

We believe that the cost to implement SECMP0065 will be limited to SEC time and effort to deliver the necessary document changes.

## Proposed progression

We and the Proposer recommend this Modification Proposal:

- be treated as an Urgent Modification Proposal and proceed as such under a timetable agreed by the Authority;
- should be submitted to Modification Report Consultation; and
- be progressed as a Path 3: Self-Governance Modification Proposal.



## 2. What is the issue?

### Background

On 27<sup>th</sup> March 2018, BEIS issued a [consultation letter](#) seeking views on proposals to amend the SEC, the DCC Licence and energy supply licences to enable the provision of a SMETS1 Service by the DCC.

The Consultation document made it clear that the obligations were only intended to apply **post enrolment** of SMETS1 Devices – see extract below:

*“Section 3.7. Aside from those contained within the technical specification itself, SMETS1 device security obligations currently sit within Conditions 40 and 46 of the gas and electricity supply licence standard conditions, respectively. These conditions apply only to systems operating outside the DCC, and there is therefore a need to ensure energy suppliers continue to be subject to obligations regarding device security and testing post enrolment.”*

Following consideration of stakeholder responses, BEIS published its conclusions on 4 June 2018 and laid the regulatory changes before Parliament in line with the procedure under Section 89 of the Energy Act 2008, with the changes coming into legal effect on 18<sup>th</sup> July 2018 in [SEC v5.20](#).

### What is the issue?

SEC Section G does not make it clear that the SMETS1 security obligations only apply post enrolment. The legal effect is that the obligations apply now and do not allow time for the necessary planning by Users, the SSC and the User Independent Security Assurance Service Provider. An example of the impact is:

#### *“SMETS1 Smart Metering Systems*

*G3.26 Each Supplier Party shall use its best endeavours to ensure that each SMETS1 SMS for which it is the Responsible Supplier is at all times Secure.*

*G3.27 Each Supplier Party shall retain documentary evidence sufficient to demonstrate its compliance with the obligation at Section G3.26.*

*G3.28 For the purposes of Section G3.26:*

*(a) a SMETS1 SMS is "Secure" if it is designed, installed, operated and supported so as to ensure, to an Appropriate Standard, that it is not subject to any event which results, or is capable of resulting, in any Device of which it is comprised being Compromised to a material extent; and*

*(b) an "Appropriate Standard" means a high level of security that is in accordance with good industry practice within the energy industry in Great Britain, and is capable of verification as such by the User Independent Security Assurance.”*

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The implications of these obligations are that:

- The SMETS1 Device volumes should be aggregated with the SMETS2 Device volumes to determine the type of the next User Security Assessment. Thus, Suppliers with more than 250,000 SMETS1 and SMETS2 Devices in aggregate will be subject to a Full User Security Assessment; this has not yet been planned for by Users or the User Independent Security Assurance Service Provider;
- The SSC has an obligation (G7.19) to maintain the Security Controls Framework (SCF) to provide guidance to Users and the User Independent Security Assurance Service Provider “to ensure that security assurance assessments are proportionate, consistent in their treatment of equivalent Users and equivalent User Roles and achieve appropriate levels of security assurance....” The SEC obligations have not allowed time for the SSC to develop the SCF to provide the necessary advice and guidance on what constitutes an ‘Appropriate Standard’;
- The User Independent Security Assurance Service Provider assessors will need training on assessing whether SMETS1 Devices are secure to an ‘Appropriate Standard’ and this cannot be undertaken until the SSC advice and guidance is available;
- Without the SEC Modification, the existing SEC obligations could result in Parties being in breach of the SEC if they are operating SMETS1 Devices that cannot be assessed by the User Independent Security Assurance Service Provider during scheduled User Security Assessments because the appropriate guidance to underpin the assessment has not yet been developed.

## 3. Solution

### Proposed solution

Since 2012, Supplier Parties have been subject to the SMETS1 Device security obligations in Conditions 40 and 46 of the gas and electricity Supply Licence, and these obligations continue to be in force. The SSC is therefore satisfied that there is no increased security risk if the SMETS1 SEC obligations are deferred until post enrolment, which was the clear policy intent which has been re-confirmed by the BEIS Smart Metering Head of Delivery.

The SSC wishes to implement a SEC modification to defer the SMETS1 security obligations until the date from which SMETS1 Devices are enrolled into the DCC. This will enable the necessary planning to take place by the SSC, Users and the User Independent Security Assurance Service Provider and for the SCF to be updated to provide advice and guidance on an 'Appropriate Standard'.

As a precursor to developing the SCF guidance, the SSC has already initiated a survey of energy Suppliers with a questionnaire that was issued on 27<sup>th</sup> September 2018 to identify existing industry good practice as referenced in SEC G3.28(b).

The proposed legal text changes to SEC Section G, are provided in Attachment B.

### Views against the General SEC Objectives

The Proposer believes that this Modification Proposal better facilitates General SEC Objective (g).

- **Objective (g)<sup>1</sup>:** This change would provide clear guidance for all Supplier Parties on the nature of their SEC User Security Assessments.

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

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<sup>1</sup> To facilitate the efficient and transparent administration and implementation of this Code.



## 4. Potential Impacts

The following section sets out the initial assessment of likely impacts should SECMP0065 be approved and implemented.

### SEC Party impacts

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

This modification will affect the SMETS1 security obligations for all Supplier Parties.

### Central System impacts

DCC Systems		Party interfacing systems	
Smart Metering Systems		Communication Hubs	
Other systems			

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.

## 5. Potential Costs

### Potential implementation costs

The potential costs to implement SECMP0065 will be limited to the SECAS Administration time and effort for:

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

#### SECAS implementation costs

Implementation activities	Effort	Cost
<p>Application of approved changes to the SEC.</p> <p>Publication of new version of the SEC on the SEC Website and issuance to SEC Parties.</p> <p>Review and updated any impacted SEC guidance materials.</p>	Two Man Days maximum	£1,200 <sup>2</sup>

<sup>2</sup> Based on a blended rate of £600 per day.

## 6. Proposed Progression

### Modification Path

We and the Proposer recommend that SECMP0065 be progressed as a Path 3: Self-Governance Modification Proposal as we do not believe this modification will result in a material impact on competition or create undue discrimination between classes of Party, as per the requirements in [SEC Section D2.6](#) for needing an Authority determination.

### Proposed progression

We recommend the following progression timetable for Panel consideration.

Activity	Date
Modification Proposal raised	05 Oct 18
IMR presented to Panel	12 Oct 18
Modification Report Consultation	15 Oct 18 – 19 Oct 18
Change Board vote	24 Oct 18

### Working Group

#### Membership

We are not recommending this Modification Proposal to undergo refinement and are therefore not recommending a Working Group.

#### Terms of Reference

We are not recommending this Modification Proposal to undergo refinement are therefore not recommending any Terms of Reference questions.



## 7. Implementation

### Recommended implementation date

We recommend an implementation date of:

- **8<sup>th</sup> November 2018**, if a decision to approve is made by 24<sup>th</sup> October 2018.



## 8. Recommendations

The Panel is invited to:

- **AGREE** that this modification be treated as an Urgent Modification Proposal;
- **AGREE** that this modification should be submitted to Modification Report Consultation;
- **AGREE** the progression timetable set out in Section 6; and
- **AGREE** that SECMP0065 should be progressed as a Path 3: Self-Governance Modification Proposal.





## Appendix 1: 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
IMR	Initial Modification Report
SEC	Smart Energy Code
SECAS	Smart Energy Code Administrator and Secretariat
SFC	Security Controls Framework
SMETS1	Smart Metering Equipment Technical Specifications 1
SSC	Security Sub-Committee