Smart Energy Code

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Stage 02: Draft Modification Report

What stage is this document in the process?

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

SECMP0059:

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

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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.

Working Group View

✓

- The Working Group unanimously believe that SECMP0059 should be approved.

Impacts

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

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About this Document

This document is a Draft Modification Report (DMR). This document provides detailed information on the issue, solution, impacts, costs and Working Group discussions and conclusion on SECMP0059.

The Smart Energy Code (SEC) Panel will consider this report to ensure that due process has been followed and determine whether to issue the modification for Modification Report Consultation (MRC).

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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 high levels of 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. 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. Supplier Parties that supply electricity and/or gas to more than 50,000 non-domestic premises will be subject to a Full Assessment in years' one, two and three. Supplier Parties that supply electricity and/or gas to 50,000 or less non-domestic premises will be subject to a Full Assessment in year one, a Verification User Assessment in year two, and a User Self-Assessment in year three.

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. For

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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.

Impacts – Proposed Solution

Party

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

System

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

Implementation Costs

The total estimated implementation cost to deliver SECMP0050 is approximately £1,200. This total cost consists solely of SEC Administration effort.

Implementation Date

The Working Group recommends an implementation date of:

- **28th February 2019**, if a decision to approve is made by 23rd January 2019.

Working Group's views

The Working Group believe **unanimously** that SECMP0059 better facilitates the SEC Objectives. The Working Group therefore believe that this Modification Proposal should be approved.

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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) announced that some energy Suppliers to Non-Domestic Premises must become DCC Users by 31st August 2018 (the "DCC User Mandate").

SECAS has received numerous 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 perform 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 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

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security assurance were established and that a Self-Assessment in the second year is no longer proportionate to the security risks.

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3. Proposed Solution

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 and has proposed that the threshold for the supply of Non-Domestic Premises 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.

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Draft legal text

The proposed legal text changes to SEC Section G are provided in Attachment B to the Working Group Consultation document.

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4. Impacts

The following section sets out the impacts associated with the implementation of SECMP0059.

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 as a result of this modification.

Testing

There is no testing required 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.

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5. Costs

Estimated Implementation costs

The total estimated implementation cost to delivery SECMP0050 is approximately £1,200. This consists solely of SECAS time and effort in implementing the changes to the SEC.

SEC costs

The estimated SEC implementation cost is detailed in the table below:

SECAS implementation costs		
Implementation Activity	**Effort (man days)**	**Cost**
Application of approved changes to the SEC. Publication of new version of the SEC on the SEC Website and issuance to SEC Parties. Review and updated any impacted SEC guidance materials.	Two	£1,200[1]

[1] SEC man day effort based on a blended rate of £600 per day.

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6. Implementation

Recommended implementation date

The Working Group are recommending an implementation date for SECMP0059 of:

- **28th February 2019,** if a decision to approve is made by the 23rd January 2019.

The February 2019 SEC Release is the earliest release that this modification can be targeted for.

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7. Working Group Discussions

Terms of Reference

The Working Group have considered and answered the questions put forward in the SECMP0059 Terms of Reference. A summary of their discussions and conclusions are detailed below.

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 were asked to 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.

Conclusion

The Working group agreed that the threshold of 50,000 premises had been chosen via load data provided by National Grid. One Working Group member noted that load data could not be applied to gas and that it was a factor worth noting when applying the proposed User Security Assessment guidelines to Supplier Party with a portfolio weighted towards the supply of gas. The Working Group agreed that the threshold for determining the types of User Security Assessments undergo be left at 50,000 premises.

Q2: Is the threshold for determining the types of User Security Assessments a Supplier Party is subject to, specific to the number of non-domestic premises or to the number of meters within those premises?

The SEC Panel queried whether the threshold for determining the types of User Security Assessments a Supplier Party should be subject to, was specific to the number of non-domestic premises they supply or to the number of electricity and/or gas meters within those premises they supply.

Conclusion

A Working Group member clarified that the current wording in the SEC for User Security Assessments relates to the number of premises a Supplier Party supplies electricity and/or gas to, not the number of meters they supply electricity and/or gas to. It was also noted that to change the wording to address meters rather than premises, would mean having to

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change Ofgem's and the industry's perception on User Security Assessment guidelines. The Working Group agreed to align the wording for User Security Assessments with those already in the SEC and leave this threshold as 'premises', not 'meters'.

Q3: Are there any reasons why Other Users should not undergo a User Security Verification Assessment in the second year?

The Working Group were asked to 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.

Conclusion

The Working Group agreed that having a Verification User Security Assessment instead of a User Security Self-Assessment was not expected to have any material effects on Other Users, based on the experience of Users who have already undergone these types of assessment.

The Working Group discussed the proposal to align the User Security Assessments for Other Users with those of Small Suppliers. They considered that there would be many Other Users who wouldn't communicate with DCC anywhere near as much as Small Suppliers. They agreed that User Security Assessments were not based upon the frequency of communications between SEC Parties and DCC but to the security risks they posed.

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8. Working Group's Conclusions

The Working Group's **unanimous** view is that SECMP0059 better facilitates General SEC Objectives (f), though some members felt that it would be Objective (g) rather than (a) that was also supported and should be **approved**.

Benefits and drawbacks of SECMP0059

The Proposer and the Working Group have identified the following benefits and drawbacks related to SECMP0059:

Benefits

Working Group members believe that this modification would provide clarity on the types of User Security Assessment Non-Domestic Suppliers need to undergo in their second and third years as the SEC is currently silent on these. Furthermore, this modification would provide a suitable threshold to determine the types of User Security Assessments Non-Domestic Suppliers should undergo based upon the number of non-domestic premises they supply electricity and/or gas to.

Working Group members also believe that this modification would align the security obligations for Other Users with the security profile of the types of Organisations that now fill the Other Users category and those that may do in the future. This is because there are Organisations now 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.

Drawbacks

A Working Group member raised a concern as to how Supplier Parties' non-domestic portfolios would be monitored as the SSC would need to know these in order to identity which Supplier Parties were above or below the threshold of 50,000 non-domestic premises. The Proposer clarified that the SSC relied on Supplier Parties self-declaring the number of non-domestic premises they supplied electricity and/or gas to. As a result, a question has been added to the WGC response form (Attachment C) asking if and how Supplier Parties monitor the number of non-domestic premises they supply electricity and/or gas to.

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Views against the General SEC Objectives

Objective (a)[2]

The **majority** of the Working Group believe that this modification better facilitates SEC Objective (a), though some members felt that it would better facilitate SEC Objective (g)[3] rather than (a). This is because this modification would ensure that Non-Domestic Suppliers and Other users have clarity on the security assurance objections. The reason some Working Group members felt it better facilitated SEC Objective (g) rather than (a) was because they felt the wording of SEC Objective (g) was more appropriate to the Proposers rationale.

Objective (f)[4]

The **unanimous** view of the Working Group is that this modification better facilitates SEC Objective (f). This is because this modification would provide assurance of compliance with SEC security obligations for Non-Domestic Supplier Parties. In addition, the User Security Assessments for Other Users would be aligned with the security threat of roles that now occupy the Other Users category.

For the avoidance of doubt, the Working Group believe that SECMP0059 is neutral against is neutral against all other SEC Objectives.

Draft legal text changes

Shared resources were discussed in relation to the part of the modification covering Non-Domestic Suppliers and a Working Group member noted they needed to be subject to the same provisions. In response to this the Proposer advised that SEC Section G8.63 'Shared Resource Providers' needed to have a paragraph added to it in the legal text that covered the obligations for Non-Domestic Suppliers.

[2] To facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain

[3] To facilitate the efficient and transparent administration and implementation of this Code.

[4] To ensure the protection of Data and the security of Data and Systems in the operation of this Code.

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Appendix 1: Glossary

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

Acronym	Term
BEIS	Department for Business, Energy and Industrial Strategy
DCC	Data Communications Company
DMR	Draft Modification Report
Mwh	Megawatt Hour
SEC	Smart Energy Code
SSC	Security Sub-Committee
WGC	Working Group Consultation

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