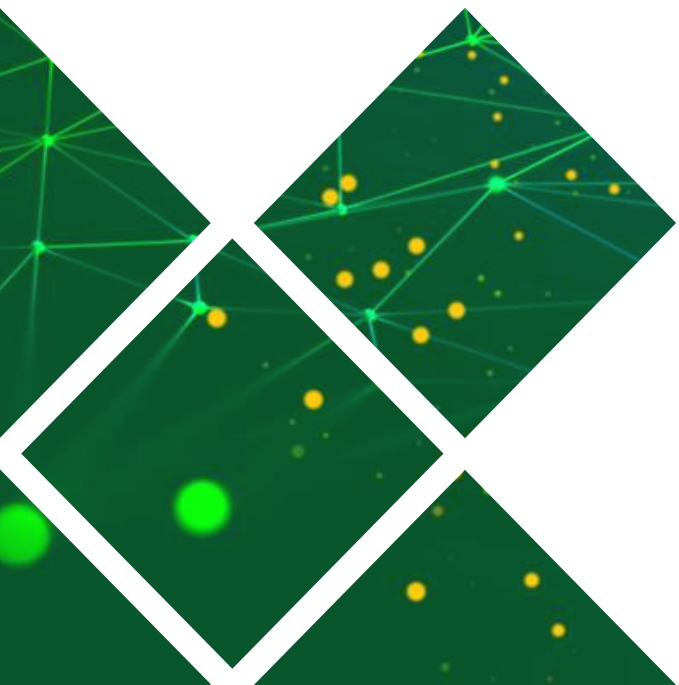


SEC PARTY ENGAGEMENT DAY



WELCOME & HOUSEKEEPING

MICHELLE AWOSOGA, SECAS

HOUSEKEEPING



WELCOME

Our Engagement Day is for you to:



- Meet SEC Panel members and ask questions
- Hear from industry experts (Ofgem, DCC) about key topics and developments
- Participate in a range of workshops
- Network with industry colleagues.



Tell us what you think!
Participate in Slido here:



Slido Details

**Join at slido.com
#1350104**

slido



In one word, what do you expect from today?

ⓘ Start presenting to display the poll results on this slide.

slido



What topic is of most interest and importance to you as a SEC Party?

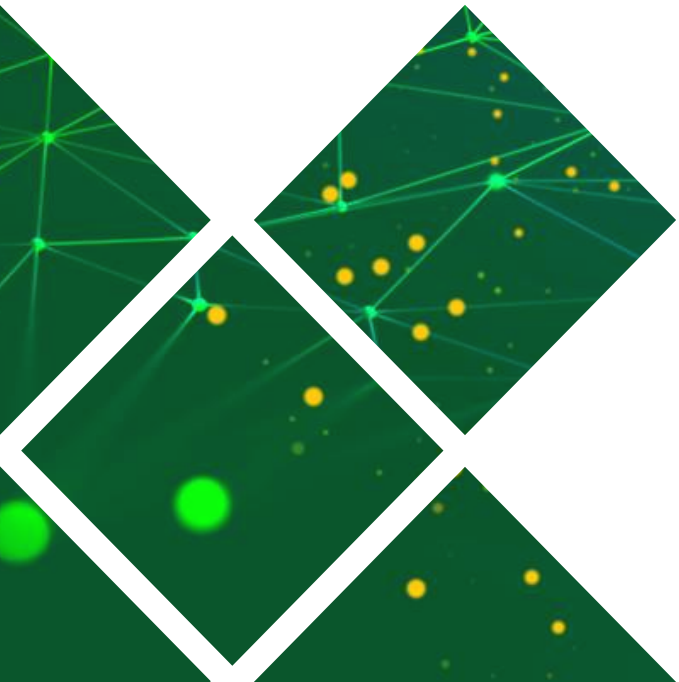
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AGENDA

Time	Subject	Speaker
10:00 – 10:10	Welcome and housekeeping	Michelle Awosoga (SECAS)
10:10 – 10:35	Welcome & Update on SEC Strategy Delivery and Looking Forward	Angela Love (SEC Panel Chair)
10:35 – 11:10	Ofgem: Code Reform and DCC Licence	Joseph Matthews, Adam Gildea, Kirstan McCartney & Jakub Komarek (Ofgem)
11:10 – 11:30	DCC – Technology Roadmap 2025-2028	Mike Hewitt (DCC)
11:30 – 11:45	Coffee and tea break	
11:45 – 12:10	Smart Devices not Operating in Smart Mode	Tom Rothery & Chris Thompson (SECAS)
12:10– 12:35	Modification Improvement Project	Kev Duddy (SECAS)
12:35 – 13:05	Questions and Answers Session	SEC Panel Members & Sub-Committee Chairs, Abigail Hermon (SECAS)
13:05 – 13:50	Lunch and networking	
13:50 – 14:00	Make way to Breakout rooms	
14:00 – 15:30	Breakout sessions (25mins each) (5mins switching)	
15:30 – 15:45	Coffee and tea break	
15:45 – 16:00	Closing	Angela Love (SEC Panel Chair)
	Networking	

WELCOME & UPDATE ON SEC STRATEGY DELIVERY AND LOOKING FORWARD

ANGELA LOVE, SEC PANEL & BOARD CHAIR



■ WHAT I WILL COVER THIS MORNING

- I will be looking back at the last 12 months at the work undertaken by the SEC Panel, its Sub-Committees and SECAS in delivering the operation of the Smart Energy Code (SEC). We then look ahead at the key strategic focus areas for the SEC and what challenges we might face.
- Share the SEC Customer Satisfaction Survey results and Action Plan to address improvement areas.

LOOKING BACK - last 12 months

- **Communications Transition Group** set up to oversee transition to 4G. Now picking up SMETS1 End of Life
- **Privacy Sub-Committee** established to manage growing number of privacy and data items for SEC consideration
- Delivered **2 system impacting SEC Releases** covering 12 Modifications
- Approved **test completion of GBCS4.1**
- Implemented **Terms of Reference changes** for all Sub-Committees
- **SECAS contract extension**

SEC Governance



- More **SEC Party and stakeholder Engagement**
- Established new **monthly Large Supplier Engagement call**
- **Top issues item at OPSG** creating space for DCC and Users to collectively consider priorities in detail
- First **Panel Budget Webinar** was held
- Launched **SEC LinkedIn** page – 986 followers
- **Improved relationships** and open dialogue with DCC, DESNZ and Ofgem
- **Feedback to Ofgem** on DCC Handover Plan

Engagement



- **Established Programme Assurance Policy** with DCC to improve engagement on SEC Party impacting programmes
- **Monthly calls** with Sub-Committee Chairs and DCC Programme leads to secure updates and feedback
- **In-depth confidential Panel sessions - major procurements** e.g. DSP and DSMS (now FSM)
- Established **guidelines on managing price change events**
- Worked with DCC to **improve Major Incident management, Annual Outage planning and BCDR**
- Fed into **audits of DCC engagement and procurement activities**

DCC Oversight



LOOKING BACK – last 12 months (2)

- **Modification** Process Improvements
- **Website** replacement
- **SMDA Scheme** Review and **test-house re-procurement**
- **Asset Life**
- **Quantum Computing**
- **Smart Devices not Operating in Smart Mode**
- **Horizon Scanning**
- **Other Users**
- **Supplier Identified Issues**
- **CPA Scheme Transition** from NCSC - initiated

Projects



- **Customer Satisfaction Survey** carried out and feedback acted on
- Launched **Digital Booking Tool** for Security Assessments
- **Industry events**/all smart consultations on website **calendar**
- Introduced **Issues Triage** process
- Implemented **Triage Facility Provider** Security Assessments in conjunction with Use Case 4
- **Board Director** training
- Instigated quarterly **risk deep dive** process

Continuous Improvement

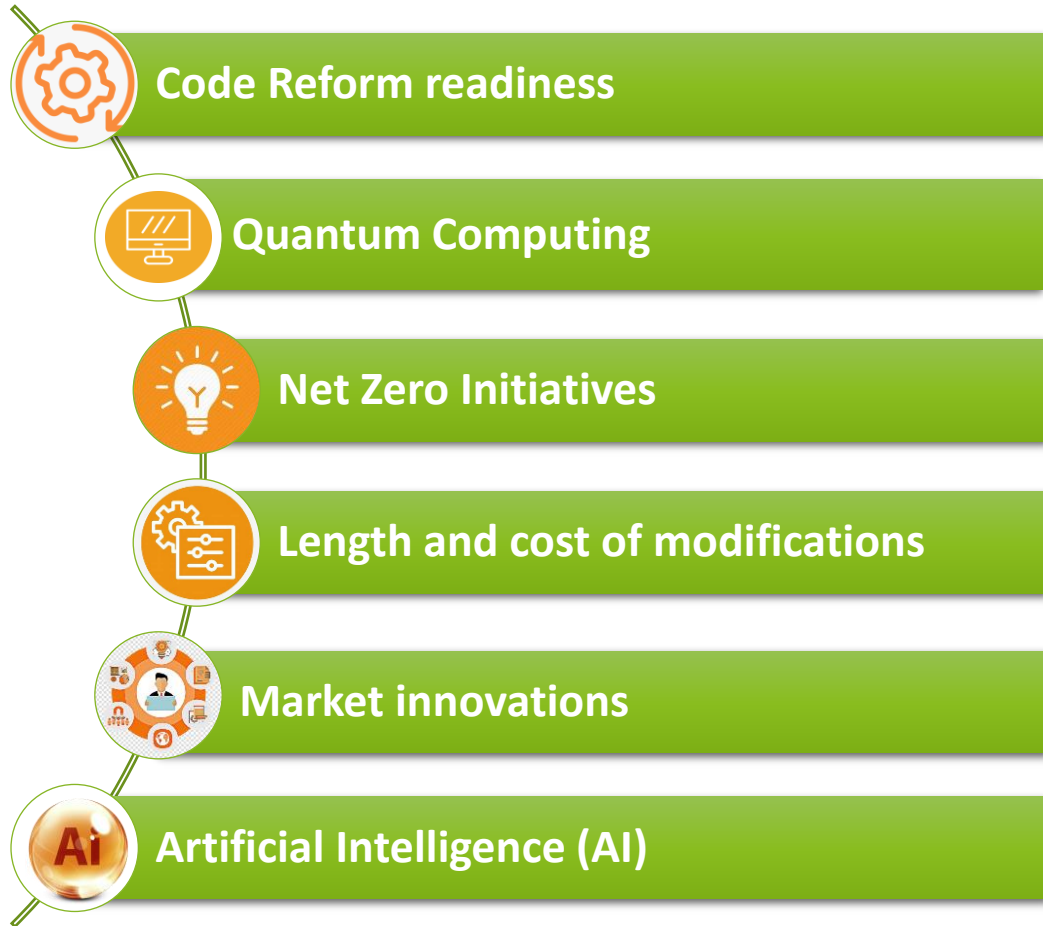


- **SEC Strategy** workstream
- Further developed **Target Operating Model** for Enduring Governance role
- Appointed **four SECCo Executives**
- Determined **Employee Value Proposition**, setting SECCo up as an employer
- Created company/ employee **policies**
- **Influenced policy direction** by responding to **industry consultations** on behalf of SEC Parties
 - Code Reform and DCC2.0
 - Public Accounts Committee (PAC)
 - DCC Business Plan
 - DESNZ 4G CH Financing

Future Proofing

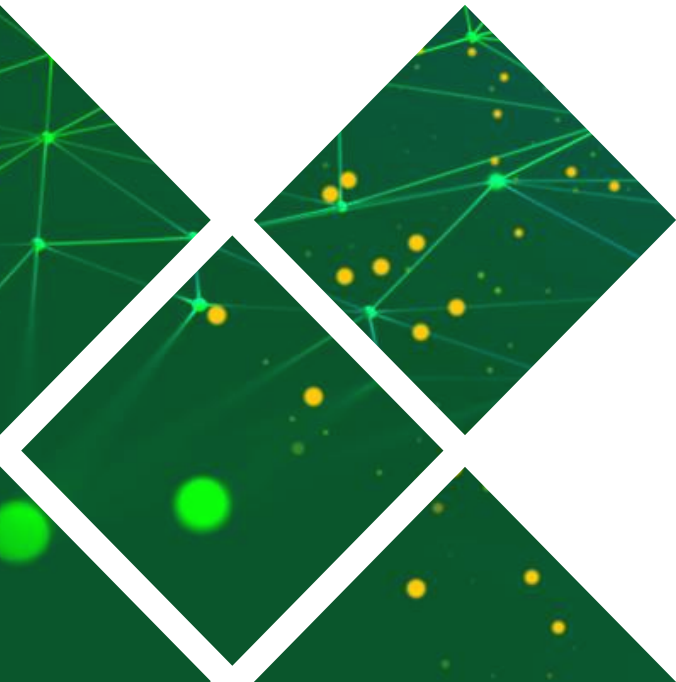


LOOKING FORWARD - STRATEGIC FOCUS AREAS



RESULTS OF 2024 SEC CUSTOMER SATISFACTION SURVEY

ANGELA LOVE, SEC PANEL & BOARD CHAIR



SIGNIFICANTLY IMPROVED SATISFACTION IN MANY AREAS



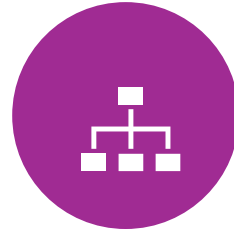
PANEL
COLLABORATION
WITH DESNZ, DCC
AND OFGEM



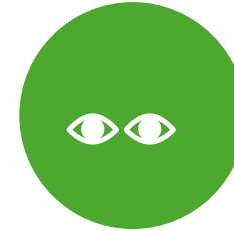
INDEPENDENT CHAIR
MANAGEMENT &
CHAIRING OF
COMMITTEES



SECAS
COMMUNICATIONS &
ENGAGEMENT WITH
PARTIES



SECAS SUPPORT TO
PANEL, BOARD AND
SUB-COMMITTEES



SECAS MEETING
DOCUMENTATION
(QUALITY, CLARITY OF
PURPOSE & VISUAL FORMAT)



MODIFICATION
REPORTS, RELEASE
COMMUNICATIONS &
GUIDANCE

SOME AREAS FOR IMPROVEMENT IDENTIFIED

Meeting Documentation

Make clearer, more succinct and transparent

Communication Channels

Use more innovative channels (videos), improve website navigation and consultation format

Helpdesk

More efficient handling of enquiries, consider dedicated Account Managers

Smart Metering Expertise

Increase technical knowledge to better support Sub-Committees and SEC Parties

DCC Oversight

More financial and performance oversight of DCC

Projects

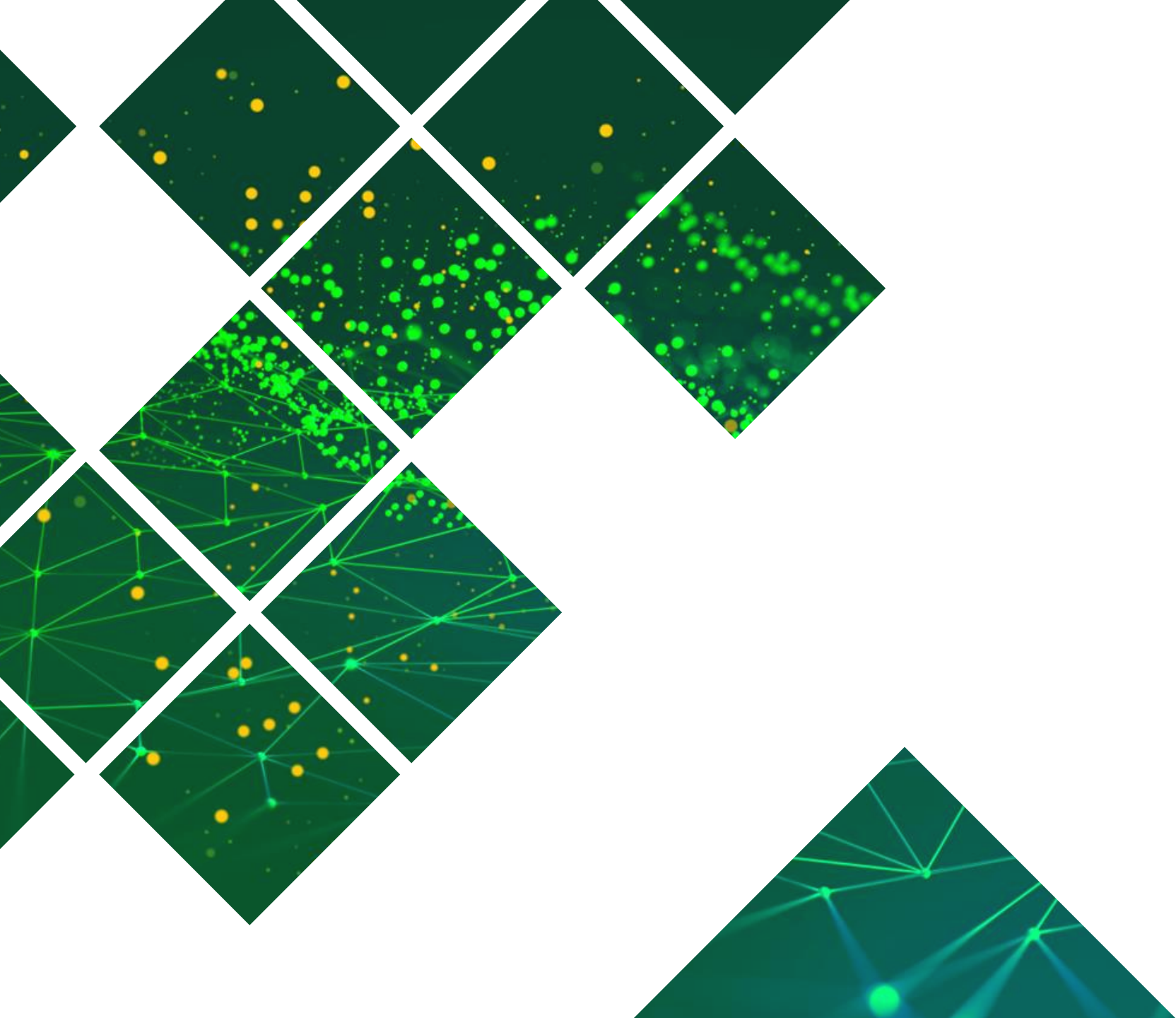
More consistent approach, clarity of scope, improve on cost and time, SEC Party engagement

Modifications

Make process quicker, more efficient and cheaper. Increase cost oversight

Security & Privacy

Increase flexibility and knowledge of User CIO assessors. Tailor approach for Small Suppliers



THANK YOU
FOR LISTENING

ANY QUESTIONS?

Energy Code Reform

Update and next steps



**Joe Matthews, Adam Gildea and Sean
Winchester**
17/07/2024

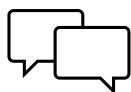
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How well informed do you feel about Code Reform before today?

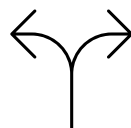
ⓘ Start presenting to display the poll results on this slide.

- Energy code reform aims to deliver a code governance framework that is forward-looking in line with the path to net zero emissions, accommodating to a growing number of market participants, agile and responsive to change, supports innovation and benefits consumers.
- The Energy Act 2023 gave Ofgem new powers and duties, such as setting a strategic direction for the codes and creating a new class of licensed person, a code manager.
- We continue to work alongside the Department of Energy Security & Net Zero on code reform as a joint project.
- This year we have published two consultations:
 - Ofgem's consultation on the implementation of energy code reform (January 2024)
 - Joint DESNZ/Ofgem consultation on code manager licensing and secondary legislation (March 2024).
- Both consultations are now closed. We are considering your views and will publish decisions in due course.



Consultation

In 2019 and 2021, we consulted on the overall approach to code reform, with a focus on what the new governance framework should look like and who should take on any new roles.



Decision

In 2022, we decided on the nature and scope of code reform, covering 11 codes and 5 central systems, and confirmed our intent to retain a strong role for industry in advising, informing and supporting code managers through the introduction of new stakeholder advisory forums.



Legislation

In 2023, we welcomed the successful passage of the Energy Act, which established the new code manager licensing regime and granted Ofgem new strategic code functions, including:

- the duty to publish an annual strategic direction statement;
- the power to select code managers;
- the power to make direct code changes under specific circumstances; and
- the power to issue enforceable directions to central system delivery bodies.



Implementation

In 2024, we are working jointly with DESNZ to finalise remaining elements of the code manager selection and licensing process. We are also preparing to implement the new governance framework, using transitional powers granted by the Energy Act 2023 to Ofgem for a period of up to seven years.



Designation of codes and central system bodies enabling Ofgem to use its transitional powers to implement the governance reforms



Code consolidation to address the complexity and fragmentation of current governance arrangements



Strategic direction statement and Ofgem's approach to delivering its new role in the development of the codes



Code governance arrangements to develop the modification procedures and new roles and responsibilities



Transition to the new code governance framework that minimises disruption and maximises benefits



Code manager standard licence conditions

- licence 'skeleton'
- not-for-profit requirement
- setting budgets
- cost recovery and funding
- incentivisation
- conflicts of interest and independence
- financial and operational controls
- code maintenance and modification

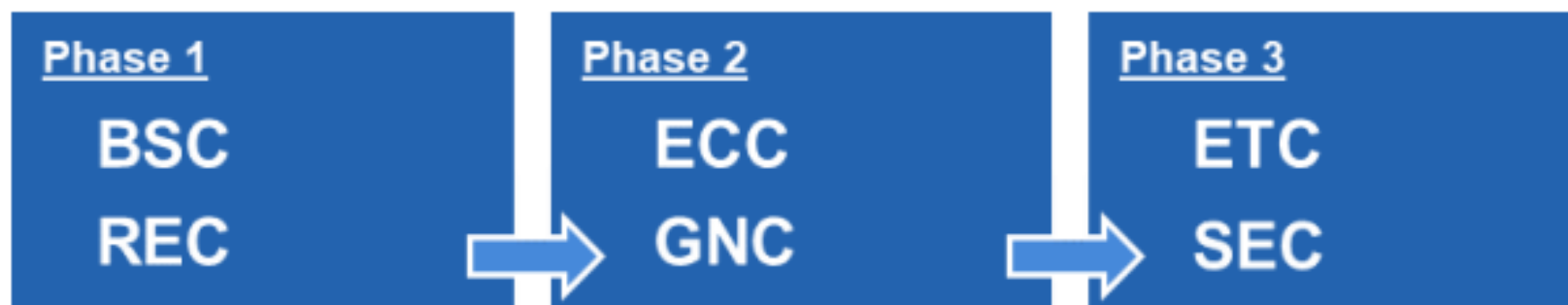


Code manager selection – secondary legislation

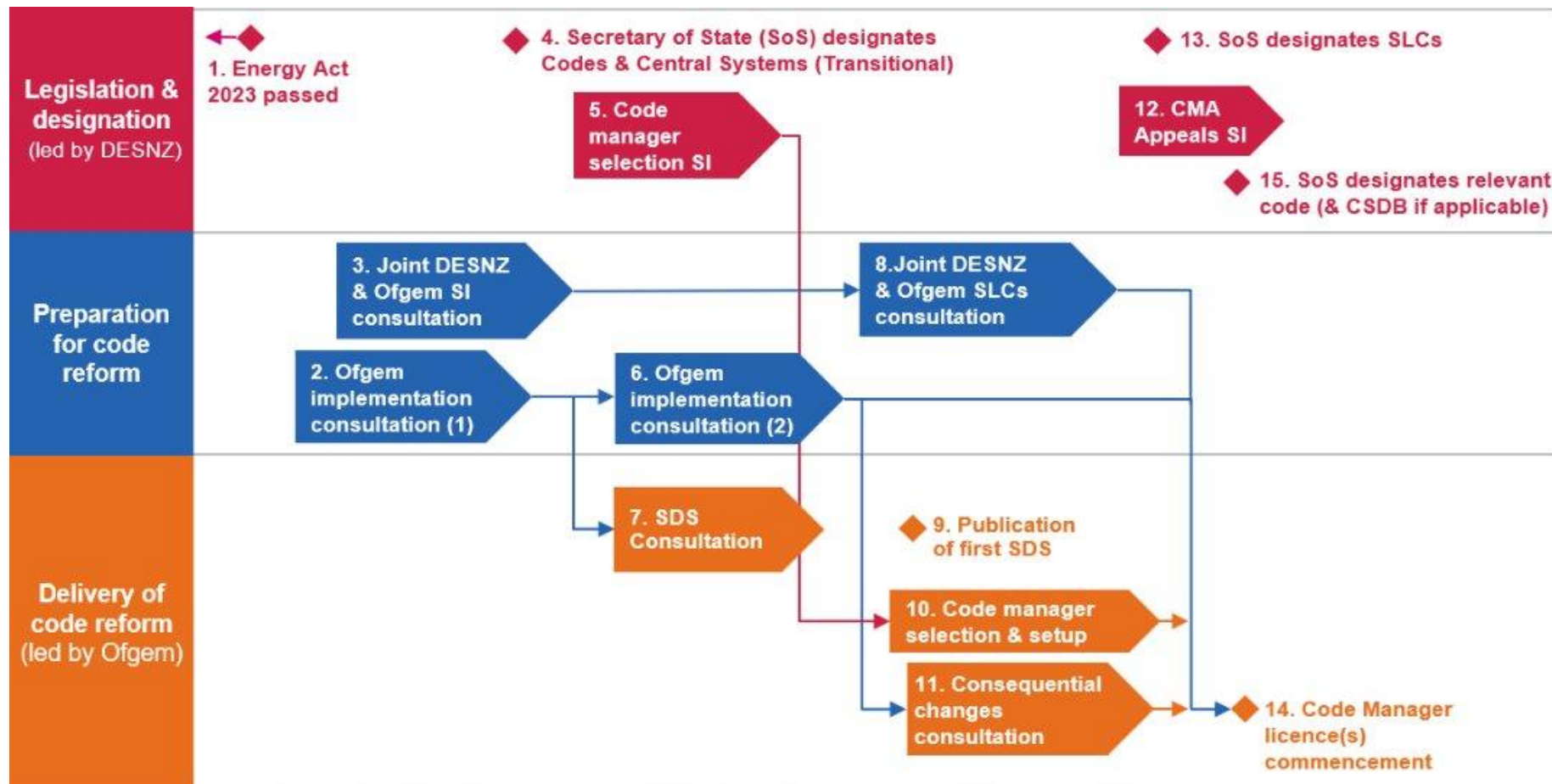
- who will be eligible for selection
- how Ofgem will determine whether to pursue competitive versus non-competitive selection for each code
- how any non-competitive selection process would work

- Transition can start once secondary legislation and licence conditions are in place (estimated end 2025).
- We do not propose to consolidate SEC, following consideration of responses to our Call for Input in 2022. We recognise its status as a relatively new code with content which is quite distinct from the other dual fuel code – REC.
- Our aim is to deliver the transition to the new governance regime as quickly and effectively as possible, whilst minimising disruption to ongoing code work.
- Recognising that SEC is still in its ramp up phase with a continued role for DESNZ in its governance, plus the interactions between SEC and the ongoing DCC licensing review, we've proposed to sequence SEC's code manager appointment in the last phase of transition, to minimise disruption.

Figure 1 – indicative transition sequence



- Our proposed transition sequence is subject to our consultation decisions, including our decision on proposed code consolidation.



Slido question: how well informed do you feel about code reform... before today? And after today?

a) Very well informed b) Quite well informed c) Not very well informed

slido



How well informed do you feel about Code Reform after today?

ⓘ Start presenting to display the poll results on this slide.

DCC Review update

SEC Party Engagement Day

Presenters:

Jakub Komarek – Principal Policy Expert – jakub.komarek@ofgem.gov.uk

Kirstan McCartney – Senior Policy Lead – kirstan.mccartney@ofgem.gov.uk



17/07/2024

DCC Review as a programme of work started in 2021. The objective is to **put in place a new regulatory framework for DCC following the expiry of the current Licence**, and **select and appoint the new licensee** ('DCC2')

Work to date



Governance and Switching arrangements

- Published 21 May. Closed 16 July.
- Sought views on:
 - Future governance arrangements
 - Options for DCC Board composition: Preferred model of an independent majority
 - Independence requirements
 - Appointment process for DCC Board
 - Incentives
 - Switching function
 - Option 1 = transfer to REC to be delivered by RECCo – *preferred*
 - Option 2 = retain within DCC Licence

Price control

- Expected in late summer/autumn 2024
- Focused on a shift towards *ex-ante* cost control arrangements; topics will include:
 - Price control cycle
 - Managing risks and uncertainty
 - Customer engagement
 - Cost management and incentives
 - Governance process
 - Implementation

Future role

- Expected in autumn 2024
- Focused on establishing a transparent process for evolution of DCC's role; topics will include:
 - Scope of DCC's future Mandatory Business
 - Scope and rules for any non-mandatory business (including rules for any diversification)
 - Future Licence objectives
 - Operational model and wider strategy-setting
- Within these, we will consult on options for enhanced customer role through the process for changing future scope of DCC's role

Procurement planning is underway to prepare for the selection process for the new licensee

We expect that our policy consultations will provide **certainty around the scope and operating model** of DCC2



Priorities over next couple of months

- Engage with market and industry on operational scope of DCC2 licence holder including providing clarity over role, responsibilities and liabilities
- Assess market interest in bidding for the new DCC2 licence
- Test and adapt procurement timeline
- Please provide feedback on slide on **“what type of engagement you would find most helpful and on what topics”**

Ofgem is the Office of Gas and Electricity Markets. We are a non-ministerial government department and an independent National Regulatory Authority, recognised by EU Directives. Our role is to protect consumers now and in the future by working to deliver a greener, fairer energy system.

We do this by:

- **working with Government, industry and consumer groups to deliver a net zero economy at the lowest cost to consumers.**
- **stamping out sharp and bad practice, ensuring fair treatment for all consumers, especially the vulnerable.**
- **enabling competition and innovation, which drives down prices and results in new products and services for consumers.**

slido



When we are undertaking further market engagement, what type of engagement would you find most helpful and on what topics?

① Start presenting to display the poll results on this slide.

DCC – Technology Roadmap

We believe in making Britain more connected,
so we can all lead smarter, greener lives.

Mike Hewitt – Chief Technology Officer

DCC technology function

DCC operates and maintains a complex ecosystem of technologies and manages external service providers to deliver our network

Our providers



Complex systems

Our platforms must be able to handle:

- 27k device model combinations
- Wide range of meters
- Wider range of IHD
- Every energy player accessing the systems
- Large weekly code drops (800/month)
- Whole of industry change such as price cap tariff changes
- 3bn messages a month

Key technologies

DCC is well-positioned to enable the development of technology in the energy system

2G: 2G/3G networks are in use in the South and Central regions, 3G is phasing out

4G: The introduction of 4G networks, means DCC will modernise its communications provisions

Radio: DCC uses radio networks in the North, it has one of the largest radio frequency test facilities in Europe

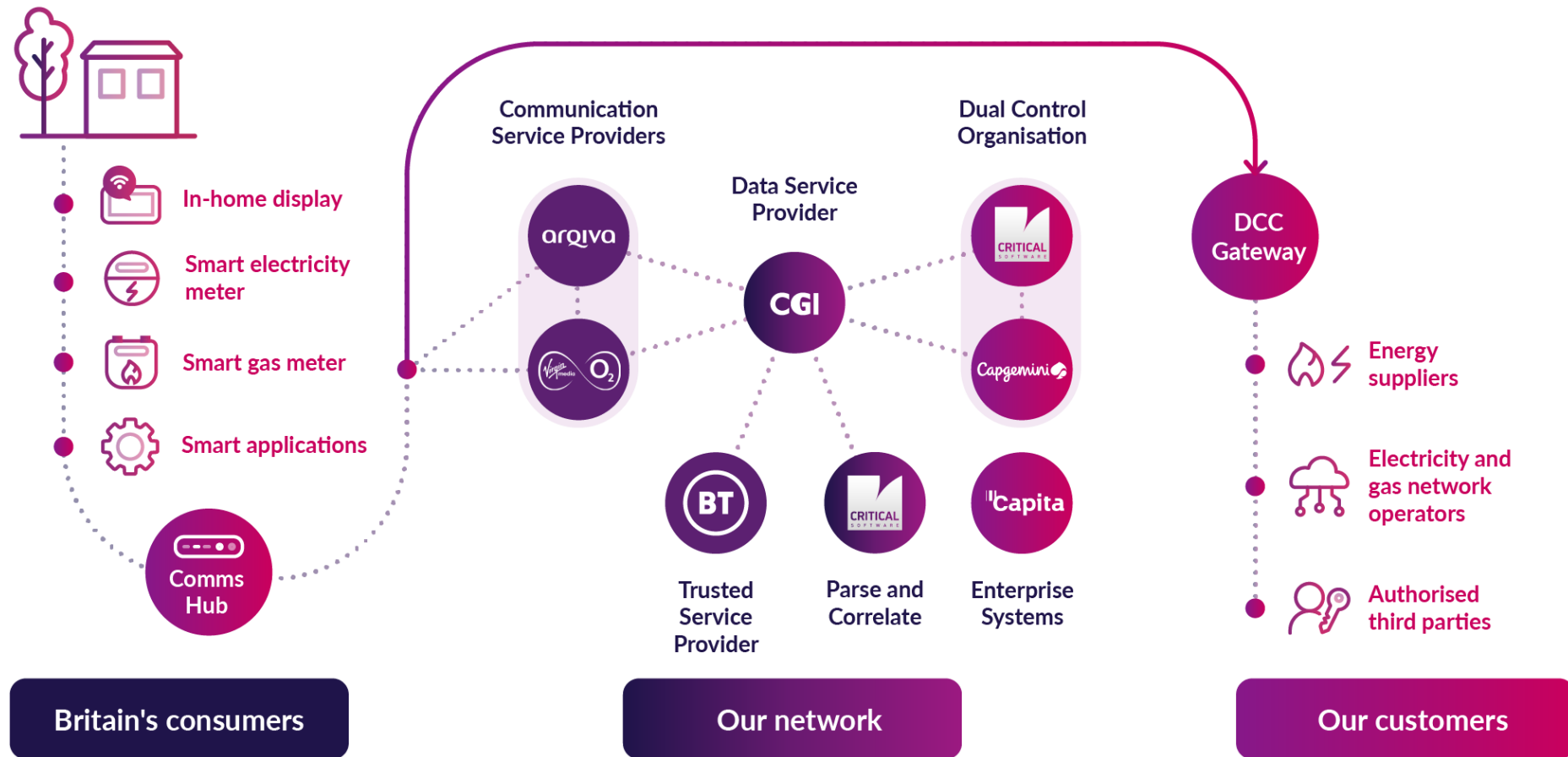
Enduring Connectivity – 4G>LTE, No Wan

Zigbee: ZigBee SE, the world-leading standard widely used for smart metering and home automation

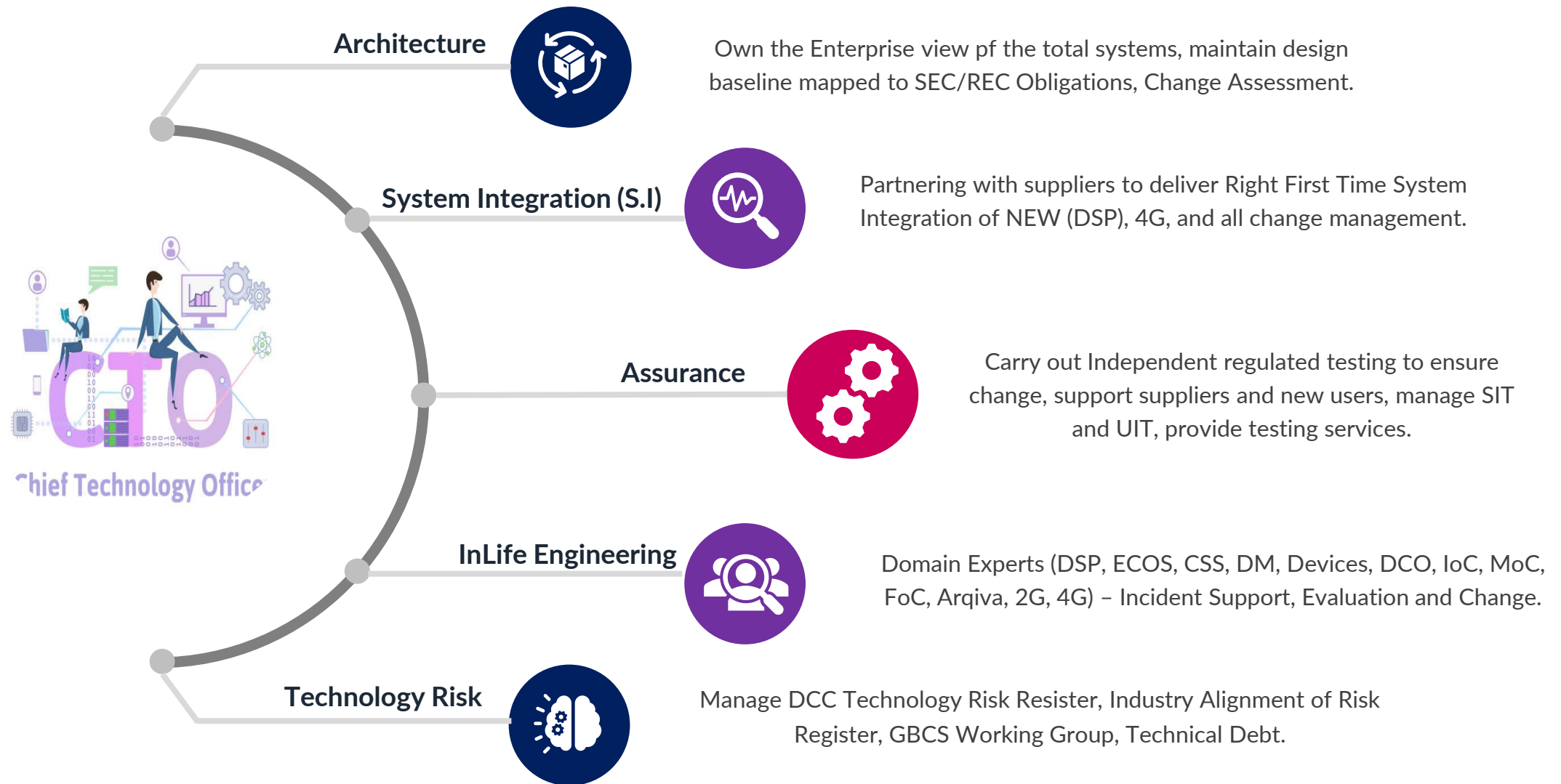
To continue to meet our obligations we need to continue to refresh our technology

Our Smart Metering Network

DCC works with suppliers & partners to deliver a secure and stable smart metering network

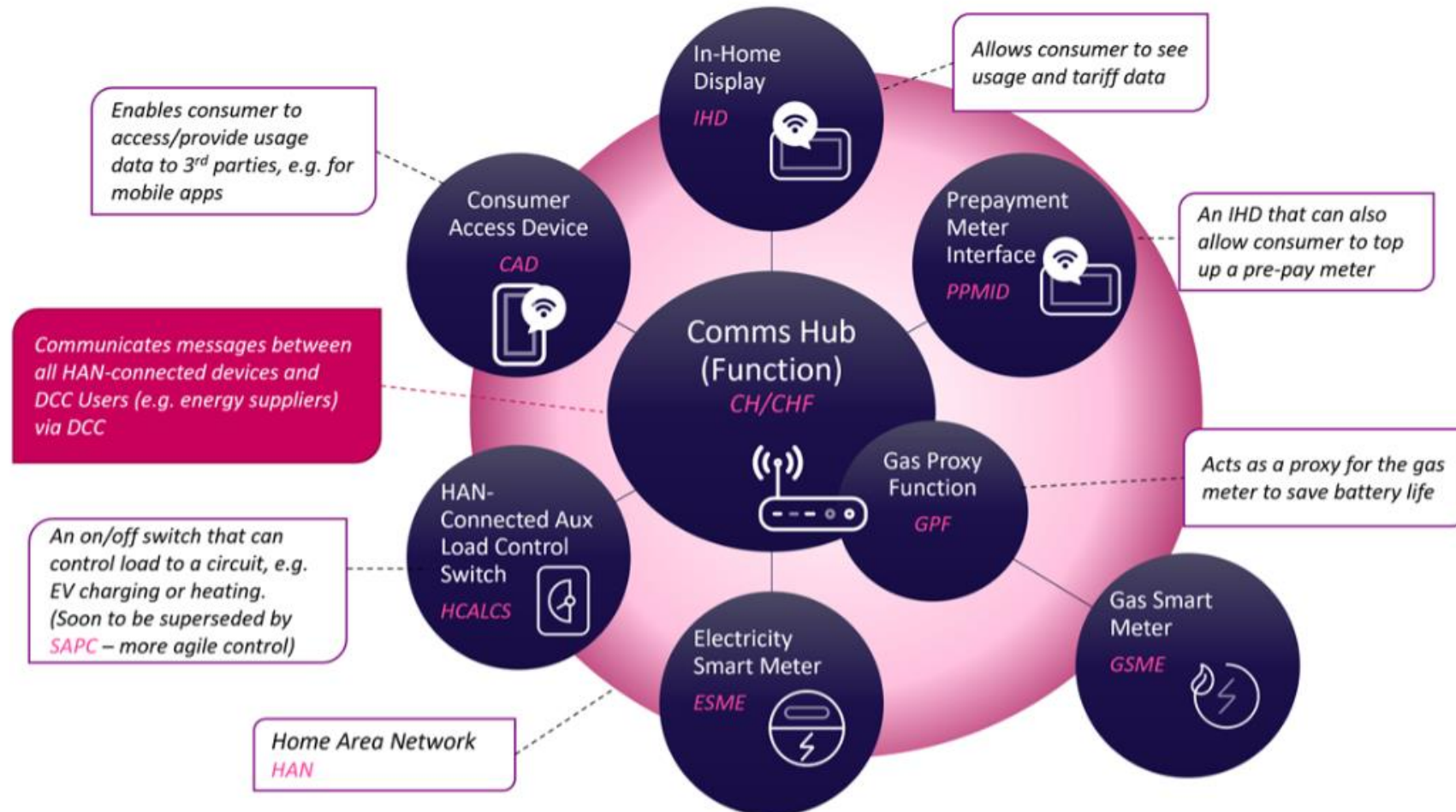


How we are set up to deliver in Technology Function



Deep Dive into the Home Area Network

Beyond the Comms Hubs customers have access to multiple devices



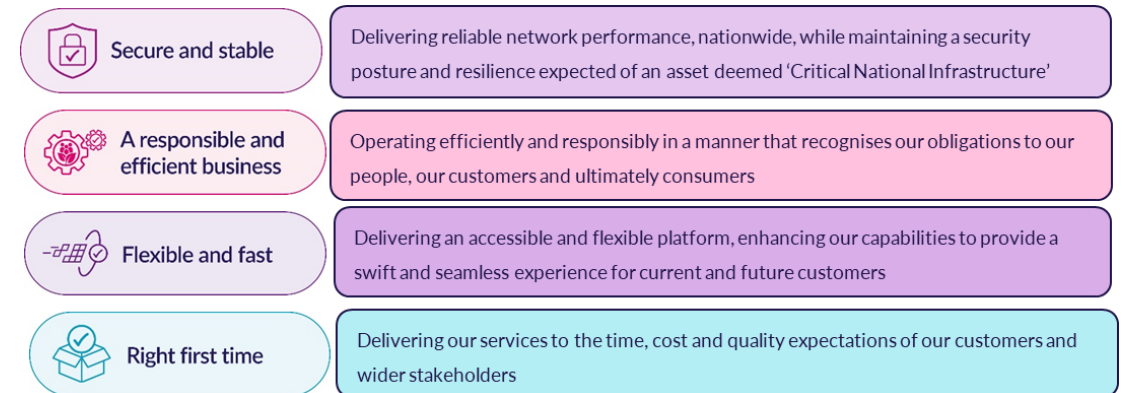
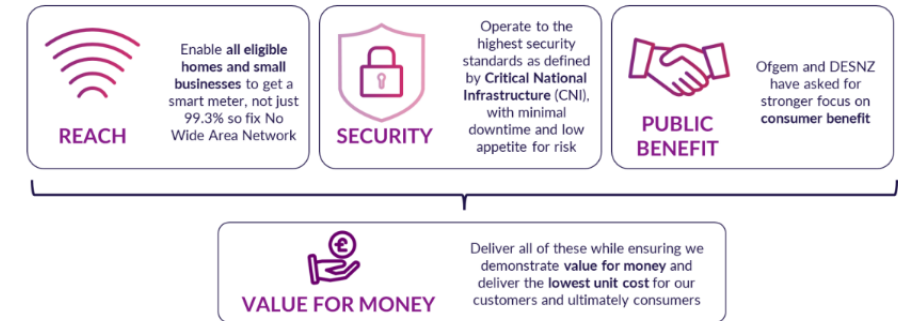
Medium Term Transition Plan (Phase 2):

Ensuring delivering on our obligations & strategic outcomes

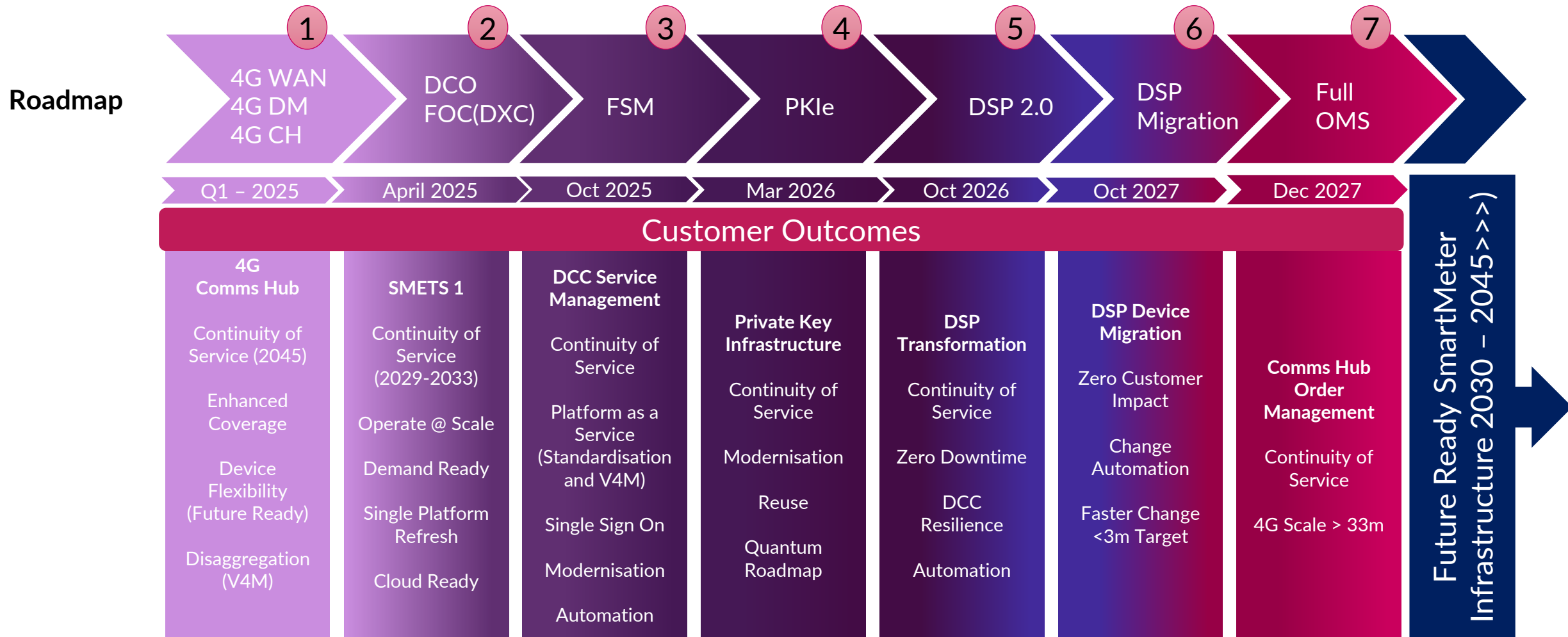
- **Phase 1** – Enduring Cellular Connectivity and CSP Disaggregation (4G – Device, Device Manager, Network)

Phase 2 (Principles)

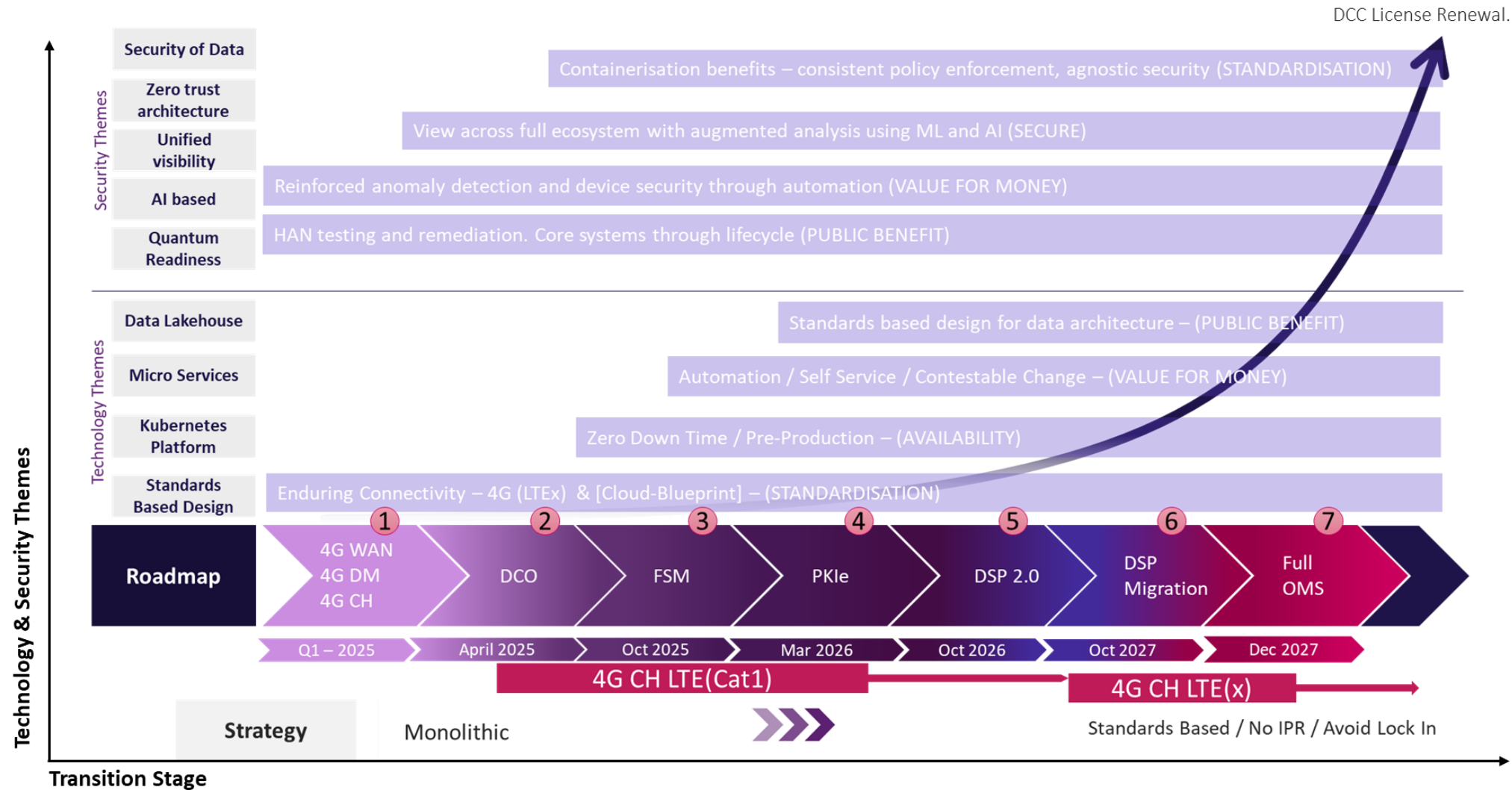
- Delivering near zero downtime, resilient, highly secure, quantum ready platform, at the centre of the digitisation of the UK energy system
- Deliver through core architecture principles common hosting including pre-production test environments, a single service platform and unlock increased automation in develop and testing.
- Transition core architecture to a container based (multi cloud capable), microservice-based DSP, and adaptable Public Key Infrastructure platform



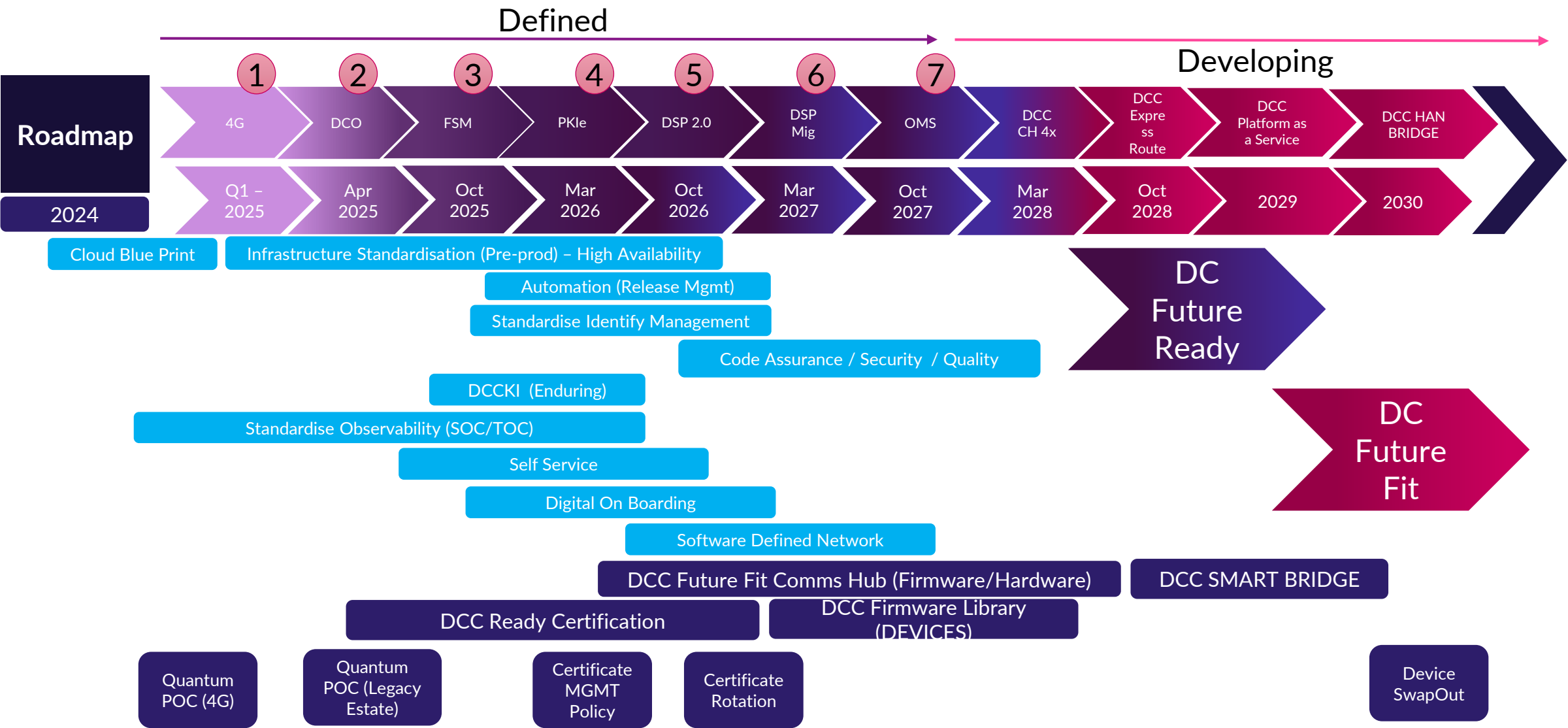
7 Stage Transition Plan / Technology Roadmap



Medium Term Transition Plan (Phase 2): Security & Technology Roadmap



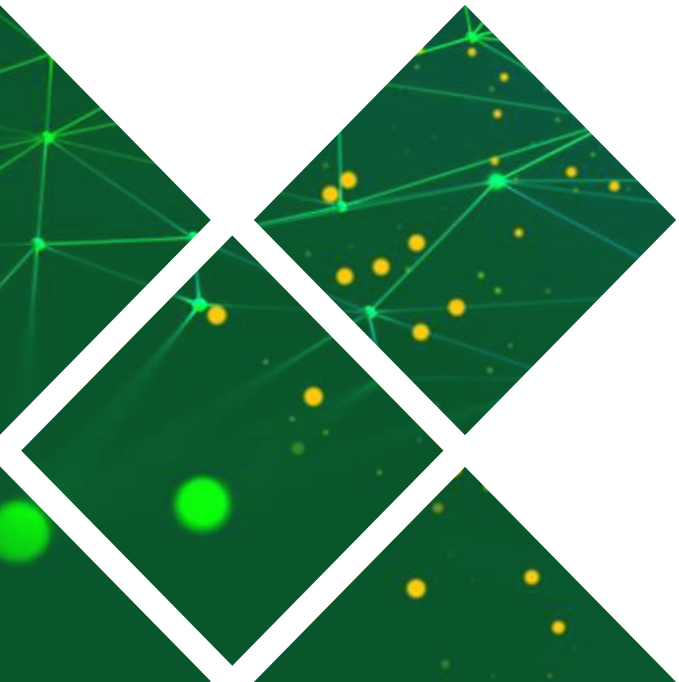
Medium Term Transition Plan (Phase 2): Detailed 5 Year Technology Roadmap



COFFEE & TEA BREAK

WHEN SMART METERS DON'T OPERATE IN SMART MODE

TOM ROTHERY & CHRIS THOMPSON,
SECAS



WHO ARE WE?



**TOM
ROTHERY**

**Technical & Operational
Lead
SECAS**

Worked on Smart Metering
since 2011 – firstly with DECC,
developing and implementing
the SEC

7 Years at Smart DCC heading up
various regulatory work areas

Joined SECAS October 2023

**CHRIS
THOMPSON**

**Regulatory Expert
SECAS**

Worked in Smart Metering
since 2016 – firstly with BEIS on
delivery of SMIP and the Smart
Meters Bill

5 Years at Smart DCC in the
regulatory team

Joined SECAS February 2024





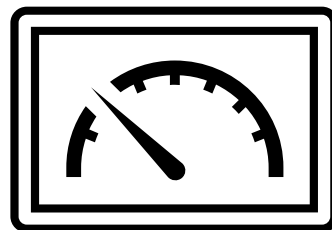
SMART METERS NOT OPERATING IN SMART MODE

Since the start of rollout, energy suppliers have noticed that some devices were not operating in smart mode

Not related to meter accuracy – which is unaffected

Impacts not only meters – but also Consumer Access Devices

A significant issue that needed addressing... c. 3.85m meters as of end May 2024



“a smart meter not operating in smart mode means any meter that requires manual readings to be taken for consumer billing”

■ WHY, WHO, WHAT



Variety of Reasons: No or insufficient WAN;
connection but estimated bills continue



Consumers, Energy Suppliers, MAPs and
other Users



SEC PANEL, DESNZ and the DCC
taking action to make
improvements

WHY, WHO, WHAT



Categories of non-operating devices include:

- Devices installed where there is currently no WAN (Install and Leave)
- Devices installed but are not commissioned
- Devices which are communicating but do not send meter readings
- Commissioned devices which have stopped communicating
- Devices gained during CoS but gaining supplier cannot communicate with them
- Devices which are sending readings, but estimated bills are still being received

■ WHY, WHO, WHAT



Non-communicating devices impact:

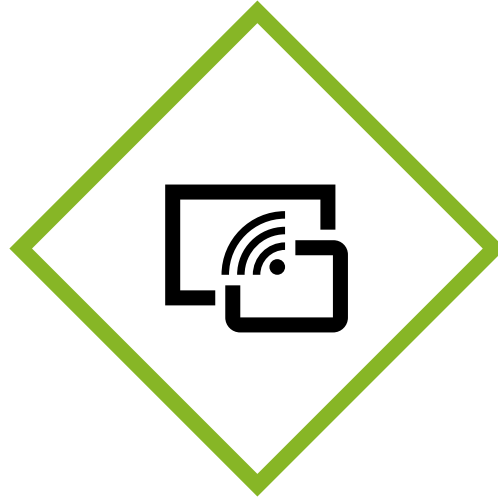
- **Energy Suppliers** – who rely on smart metering connectivity to manage their business and comply with their obligations
- **MAPs & Manufacturers** – whose firmware updates will not reach those devices
- **Other Users** – whose business models rely on access to smart metering data
- And most importantly... Consumers, who receive none of the smart metering benefits and may lose confidence in future smart energy changes

WHAT IMPACTED PARTIES SAY...



SUPPLIERS

“connected smart meters allow proactive monitoring of customers’ supply state. During extreme weather conditions we can put all pre-pay customers into non-disconnect. They also make the delivery of regulatory initiatives much easier. E.g. providing credit for EBSS is much simpler and cheaper process for smart meters”



MAPS

“we’ve found that meter removals are substantially higher than forecasted meter fault rates, suggesting that non-faulty metering assets are being removed and replaced with new metering assets. MAPs are concerned that this issue is unnecessarily wasteful”



OTHER USERS

“it’s extremely frustrating to have had to develop specific processes to manage these scenarios, as we have no ability to resolve these directly. We have done so, to give consumers with connection issues, reliable information and diagnostics, to follow up with their supplier”



CONSUMERS

“poor experiences have large ongoing impacts. Those who are unhappy with their smart meter are a third less likely to be enthusiastic about smart-enabled products and services (upon which the benefits case for smart relies)”

■ WHY, WHO, WHAT



Contributions from DESNZ, DCC and SECAS:

- Meter health monitoring – through regular RFI responses submitted to DESNZ
- The RFI reports indicate that there is a downward trend
- DESNZ developing a consolidated best practice guidance document
- The DCC is developing a report containing the devices they have identified as not communicating
- The Panel will maintain oversight of the reporting and seek to decrease the occurrence of SMNOSM

NEXT STEPS

DESNZ UPDATE
GUIDANCE



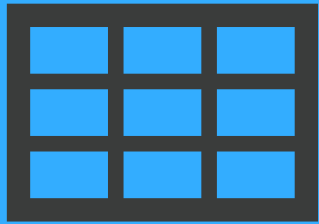
DCC REPORTING TO
SUPPLIERS



PANEL TO DRIVE
CHANGE



CONTINUE REI INPUT

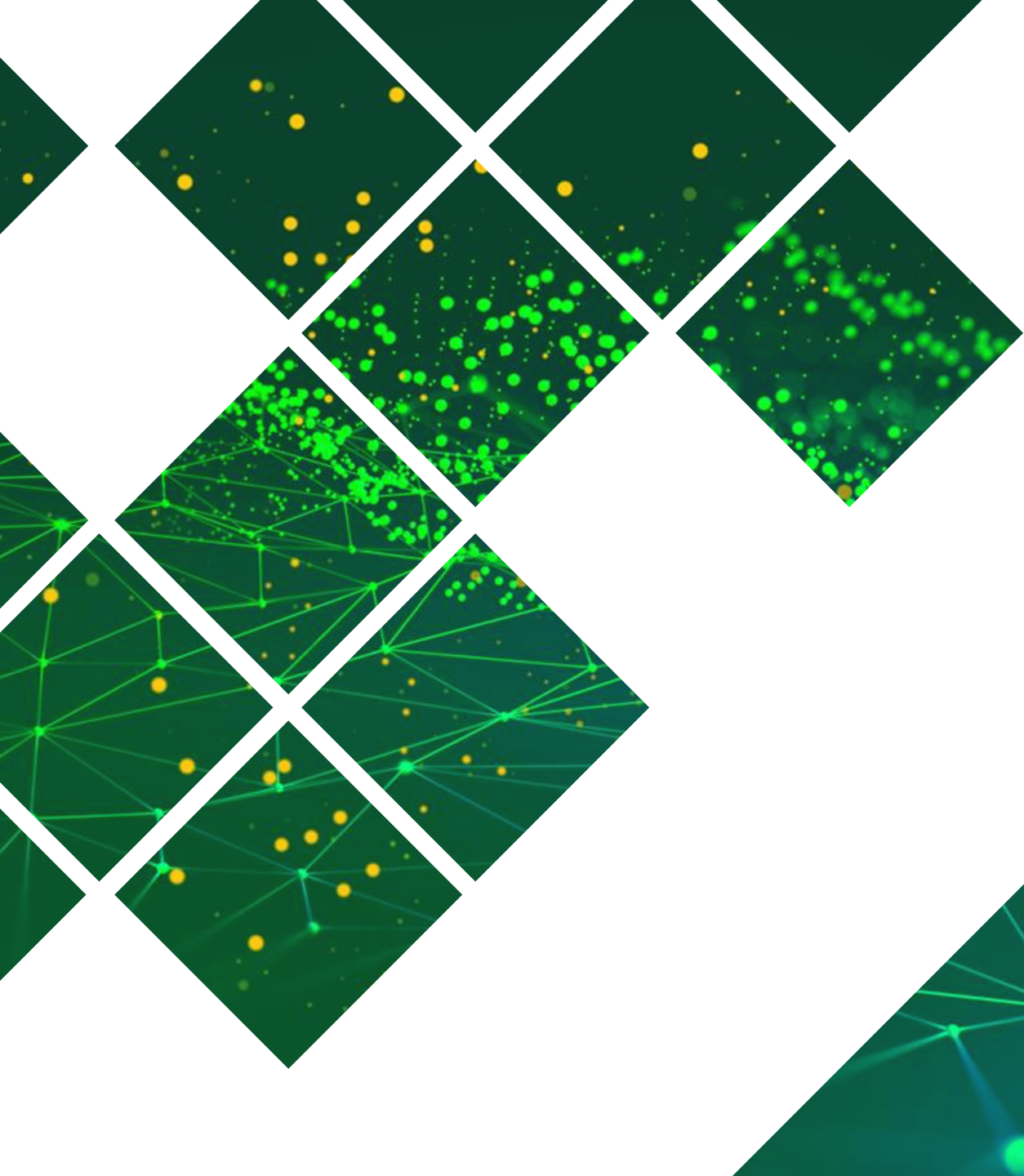


DCC REPORTING TO
OPSG



PANEL OWN & MAINTAIN
GUIDANCE



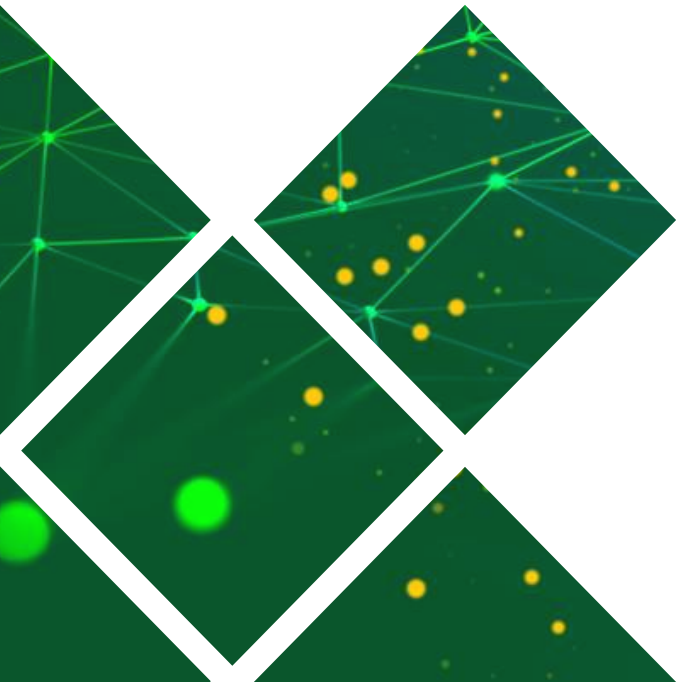


THANKS FOR YOUR TIME

ANY QUESTIONS?

MODIFICATION IMPROVEMENT PROJECT

KEV DUDDY, SECAS



■ Scope of the project

Review the end-to-end change process and identify improvements

Increase technical expertise in forums

Introduce triage process

Publicise the prioritisation of modifications

Improve the gathering and development of business requirements.

More escalation

Hold webinars on high impact modifications

Increase 'Critical Friend' challenge to existing proposals

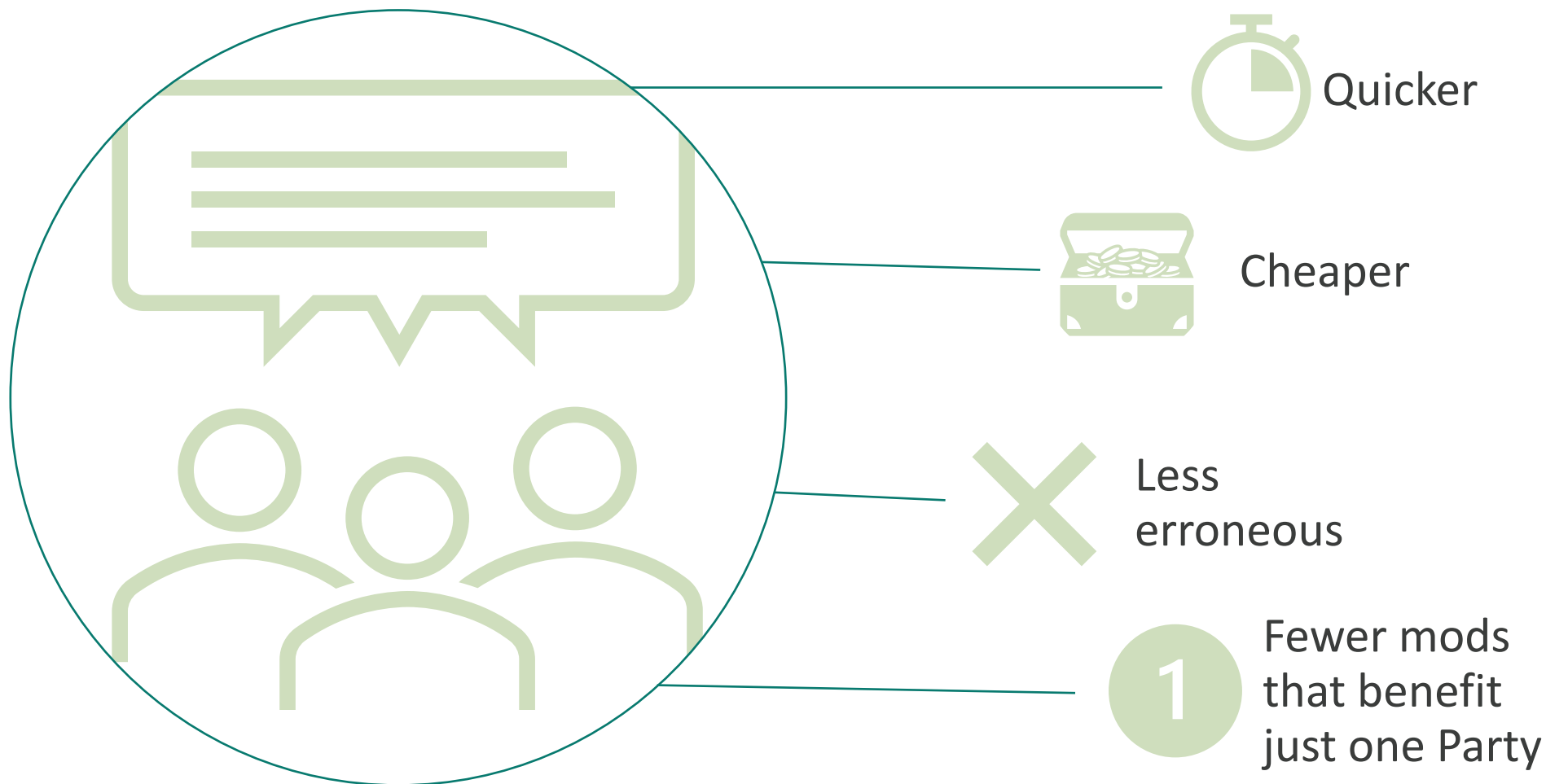
Report the cost savings delivered by challenging the DCC costs

Improve the DCC assessment process

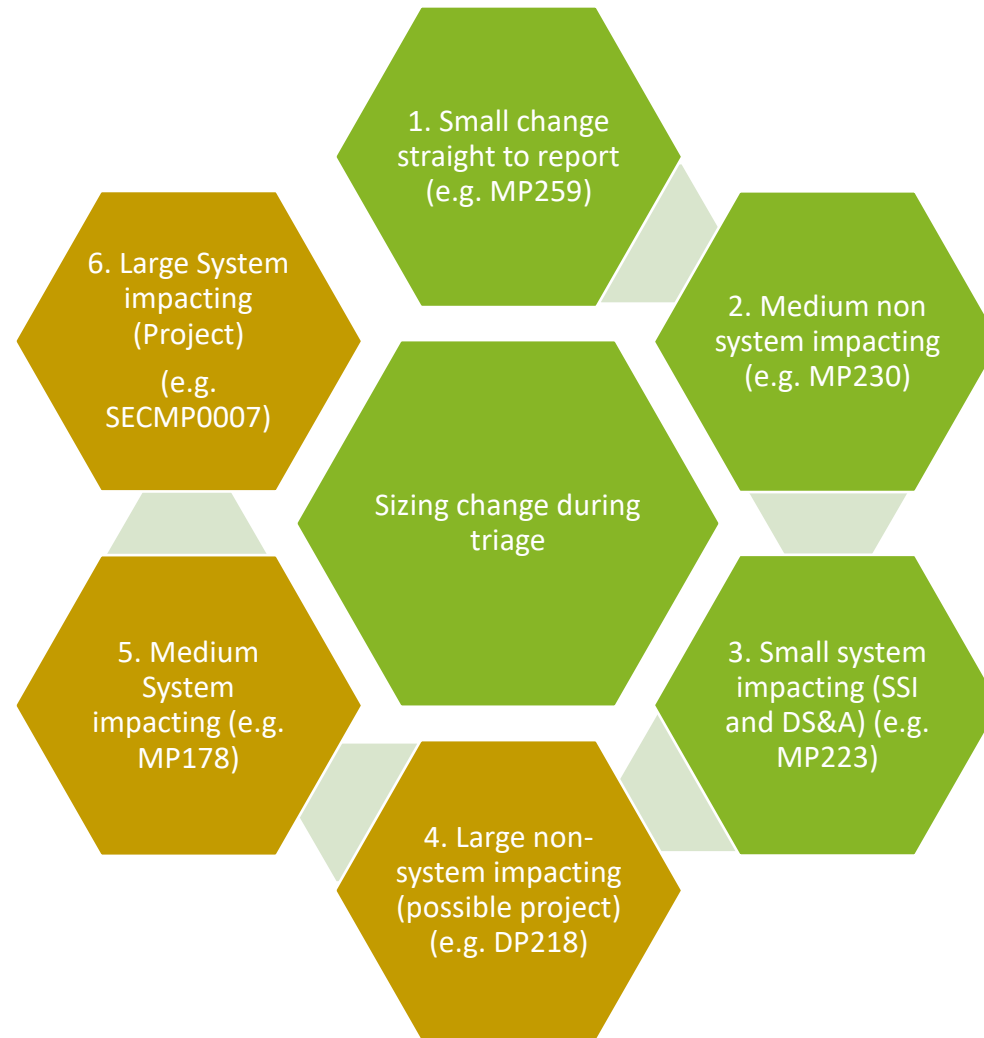
Introduce a 'bar' which Modification Proposals must hit, to move through the process

Review the Governance of Change, including the purpose of the CSC and Change Board

Feedback received



■ Quicker - Mod progression



■ Quicker - DCC Assessments

Working with the
DCC BAs to ensure
'right first time'
Assessment
requests – speeding
up assessments

Liaising with DCC on
their improvements

More clarity on
assessments –
slides in
Panel/CSC/CB

Challenge DCC

Report outcome of DCC challenges to SPs

Identify ways to reduce industry costs

Prevent erroneous changes



More critical friend analysis – push back especially on lack of business case



More triage – agree there is an issue, but does it need a modification?



Issues group introduced



Work more closely with Tech Ops and DCC to categorise and prioritise change across the SEC



Reinforce the stage gate criteria at CSC to ensure stronger challenge



■ Improvements at CSC & Change Board

Highlight Terms of Reference

Induction for new joiners

Minor changes on slides to encourage discussion/empower members

Chair encourages more discussion

Stage gate criteria called out and answered

Sub-Committee views called out

Summary – So far



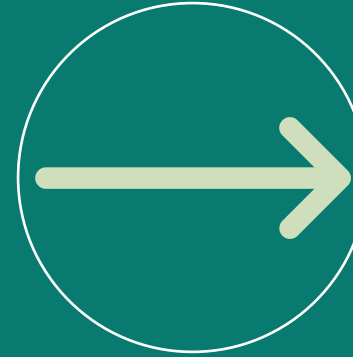
Implement
stronger triage
and bar for
progression



Set up an
Issues group



SECAS select
more non
system change
for 'straight to
report'



Streamline
wherever
possible –
escalate where
necessary



Identify cost
savings and
challenges to
DCC



Summary – Ongoing



Investigate
sponsorship of
change



More provision
of knowledge



One page
summary and
use of Plain
English



Update CSC
and Change
Board ToRs

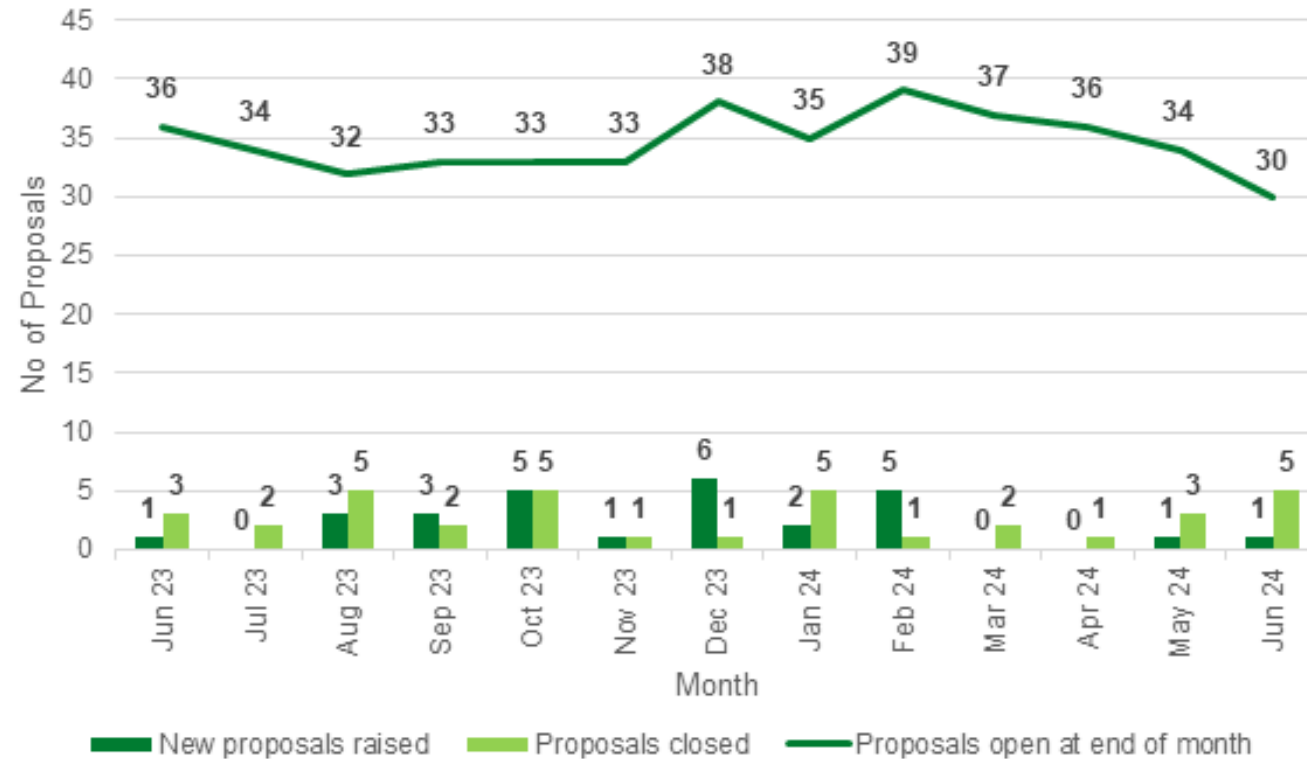


Modifications

- Amend SLA
- Explicit charges
- Withdraw mods
- Raise mods



Effects



Mods avoided since January 2024

Critical Friend challenge	Issues/triage challenge
10	7

slido



Do you have access to the necessary updates on the progress of mods?

① Start presenting to display the poll results on this slide.

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Which resources or channels would you utilise to obtain this information?

① Start presenting to display the poll results on this slide.

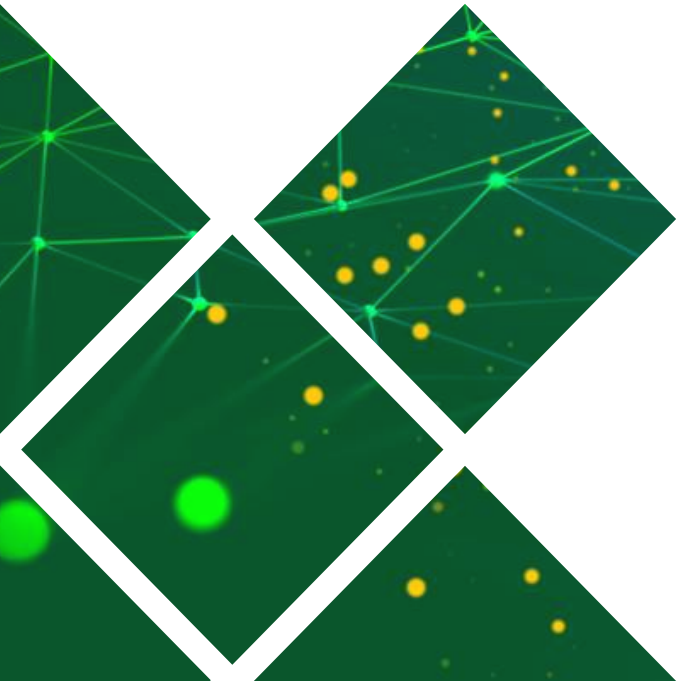
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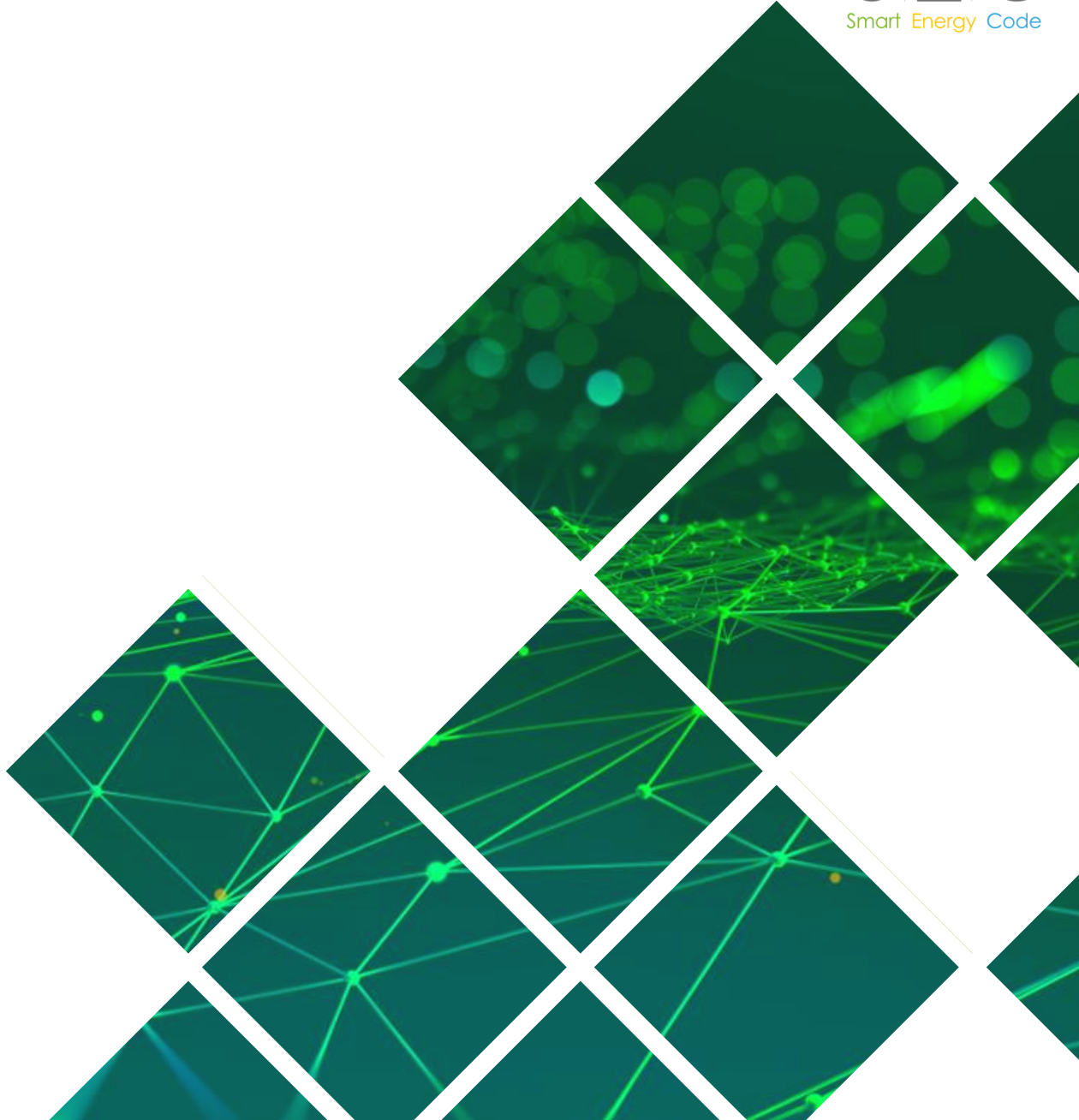
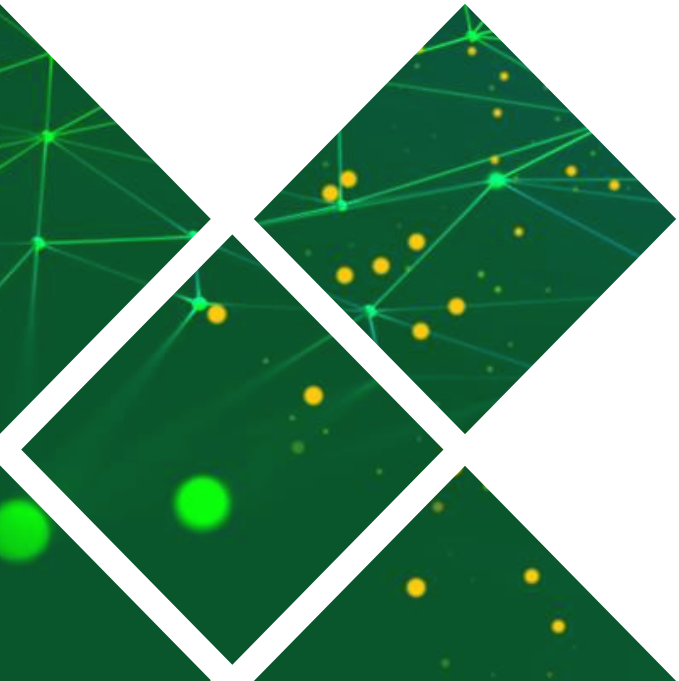
Where should we focus for more improvements?

① Start presenting to display the poll results on this slide.

SEC PANEL QUESTIONS AND ANSWERS



LUNCH



■ BREAKOUT SESSIONS

**Make your way to your
session after lunch.**

AI – Risks and Opportunities

Asset Life

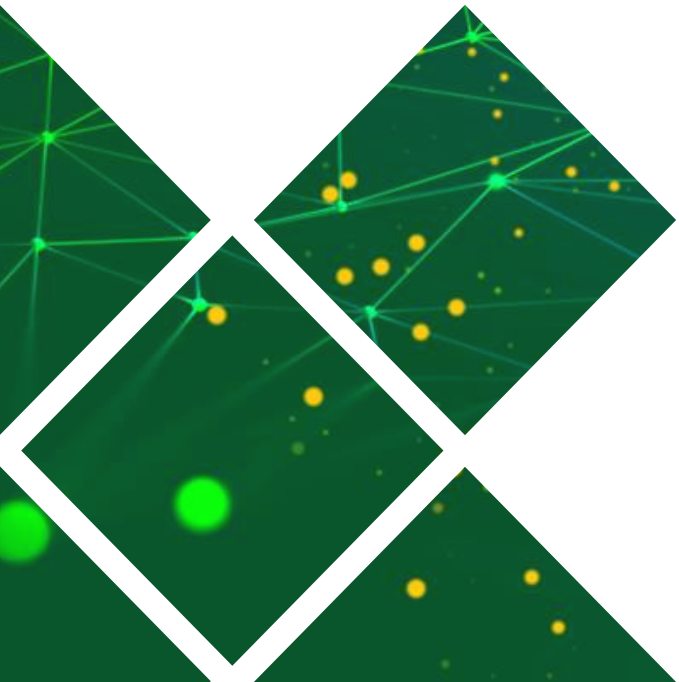
**SEC Party Input on SEC Strategy and
Service Management**

**Session 1: 14:00 – 14:25, Session 2: 14:30 – 14:55, and
Session 3: 15:00 – 15:25**

Coffee break after the breakout sessions

CLOSING

ANGELA LOVE, SEC PANEL CHAIR



■ SUMMARY

- Thank you all for attending and for your valuable contributions
- Responses to any unanswered questions will be collated and communicated to SEC Parties.
- Slides and the filming will be shared after the event.
- Insights and actions from the Breakout session will be presented to the Panel to agree on next steps.
- Keep engaged by subscribing to the [SEC newsletter](#), follow us on [LinkedIn](#) and reach out to the [SECAS helpdesk](#) to join the SECAS Large Supplier call, Other SEC Parties and Small Suppliers monthly engagement calls.

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Did the event meet your needs?

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What topics would you like covered at next year's SEC Party Engagement Day?

ⓘ Start presenting to display the poll results on this slide.

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Where would be your preferred SEC Engagement Day location if not held in London?

① Start presenting to display the poll results on this slide.



THANK YOU FOR ATTENDING

WE ARE HERE TO HELP!
CONTACT US AT SECAS@GEMSERV.COM