

Ofgem via email
digitalisation@ofgem.gov.uk

Ofgem Consultation – Governance of the Data Sharing Infrastructure Consultation

20 September 2024

Dear Sir / Madam,

The Smart Energy Code (SEC) Panel is pleased to respond to the consultation on the Governance of the Data Sharing Infrastructure. The consultation covers proposals for the governance and interim deliverables for the Data Sharing Infrastructure (DSI), and we are supportive of those proposals.

The Smart Energy Code sets out detailed requirements in relation to security and privacy of smart metering data and we have an independent, dedicated assurance function responsible for ensuring that SEC Parties are compliant and meet the security requirements of the SEC in this regard. In addition, from a security perspective we have a role in considering proposals put forward to change any of the SEC arrangements and the Data Communications Systems and Services to ensure that security and privacy is maintained. The SEC establishes strong security governance arrangements with the Secretary of State's Representative entitled to attend security committee meetings and the Secretary of State approves and / or removes the independent Chair. We note that the initial focus of the DSI does not touch on matters which sit under the SEC but consider it beneficial to provide our high-level views and to identify areas where the SEC Panel, supported by its experts within its specialist sub-committees, can provide useful insights and lessons learned as the DSI progresses.

We support proposals to develop a minimal viable product (MVP) as a first iteration of the DSI, building on the pilot project, which is managing outages across the transmission and distribution networks. We consider the Strategic Planning and Connections Reform use-cases as sensible components of the MVP.

We support Ofgem's minded-to position that the DSI will be established by an interim coordinator, in the form of the National Energy System Operator (NESO), which is sensible given Electricity System Operator's role leading the DSI pilot to date.

Moving forward there are several areas where the SEC Panel can support the development of the DSI and we have highlighted these in the bullet points below.

- **Providing insights from SEC related security considerations:** From a security perspective, we see sense in the proposals for standardising datasets and terminology. It is reassuring that security, and a supporting trust framework is mentioned throughout the consultation and smart metering security is built on a robust and tested trust model. We would note that the document does not go into detail of the nature of the required security controls, nor what a security governance group needs to be effective but there are good lessons to be learned from smart metering security.

Whilst we support the proposal for the NESO to oversee the DSI, we would stress that specific security expertise will be necessary at the centre of the arrangements to ensure that the NESO is an effective security governance body. Whilst we appreciate that the ESO/NESO will have such expertise in relation to their existing business we believe that what is needed for this role could require different Data Retention and Data Destruction Policies, given that this is looking at cross market data sharing. We note that the consultation regularly refers to working with Government security bodies (i.e. NCSC) – this is something that the SEC does on a regular basis and would be happy to share our experiences of how we have gone about this and how we have jointly evolved our approach as the threat landscape has changed. Our smart metering experience is that NCSC provides valuable security advice, but it is essential to have internal security expertise on a day-to-day basis and to have the ability to call on independent security assurance.

- **Applying SEC lessons-learned in how the costs of connections to the DSI are managed:** The consultation sets out that for innovative use cases, there would be an expectation that smaller entities who connect to the DSI may be unable to afford usage-based charging. This is a similar challenge that the SEC has with Other Users, who are often small entities or new market entrants. As part of your commitment to undertaking further investigation into the most appropriate cost allocation mechanism for the DSI for both MVP development and business-as-usual operation of the DSI section, we would be keen to play an active role here, applying lessons learned from the SEC, and recent proposals to amend the SEC in this area.¹
- **Supporting the development and implementation of further use-cases:** The consultation proposes use-cases beyond the MVP, which could include Smart Secure Electricity Systems and the potential to support interoperability of tariff information across industry participants and to provide the backbone for some of the administrative tasks of SSES. It also proposes Automatic Asset Registration and broader asset visibility, including the potential to provide and support the transfer of registration data between smart energy devices and SSES market participants.

It will be important that the role of smart-meters and how they are governed under the SEC are not overlooked as further use-cases are progressed. There may be instances where the SEC could play an active role in delivering parts of the DSI (either the infrastructure itself or supporting functions such as working groups and developing security standards and assessments). To avoid duplication of effort and to allow for a more streamlined, connected operation between the codes and central bodies we would ask that you, and the NESO, in its role as interim governance body, engage with the SEC Panel as your work continues. As part of this engagement, we would look to work with the NESO to provide access to our specialist knowledge and expertise and also to consider how SEC might help in the future delivery of the enduring arrangements.

If you would like to discuss any of the issues discussed further, please do not hesitate to contact SECCo's Head of Code and Regulatory Strategy, Alina Bakhareva at alina.bakhareva@seccoltd.com.

Yours Sincerely,



Angela Love,
SEC Panel Chair

¹ SEC Modification 218 (<https://smartenergycodecompany.co.uk/modifications/review-of-the-sec-charging-methodology/>) is reviewing the SEC Charging Methodology