

Ofgem decision to approve MP286: 'Establishment of the Privacy Sub-Committee into the SEC'

Decision:	The Authority ¹ determines that this modification ² should be made ³
Target audience:	Data and Communications Company (DCC), SEC Panel, Parties to the SEC and other interested parties
Date of publication:	5 August 2025
Implementation date:	6 November 2025

Background

The Smart Energy Code (SEC) was established in September 2013 by the Secretary of State⁴. The Smart Meter Communication Licence⁵ provides for the SEC Panel to receive change modifications from SEC parties, the Licensee (DCC), the Authority or any other person designated by the Authority, the Panel, Citizens Advice or Citizens Advice Scotland.

The SEC has multiple Committees and Subcommittees, two of which have the power to raise Draft Proposals. The Security Sub-Committee (SSC) and the Smart Metering Key Infrastructure Policy Management Authority (SMKI PMA) can make Draft Proposals⁶.

The Privacy Sub-Committee (PSC) is a committee established under Section C; 'Governance' of the SEC. PSC was established by the SEC Panel to oversee privacy matters on its behalf.

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This decision is made by or on behalf of GEMA.

² 'Change' and 'modification' are used interchangeably in this document.

³ This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989 and by section 38A of the Gas Act 1986.

⁴ [Designation smart energy code charging methodology.pdf](#)

⁵ [Smart Meter Communication Licence 22 01 2021](#)

⁶ [SEC Section D: Modification Process](#)

The PSC's role is to supervise the appropriateness of Section I, 'Data Privacy', and the Privacy Controls Framework (PCF) and setting the compliance status of Other Users undertaking Privacy Assessments.

Data collected from Smart Meters holds significant value, offering opportunities to enhance the efficiency of electricity system and empower consumers with insights into their energy consumption. However, this same data can reveal patterns in consumer behaviour and lifestyle choices. Without proper safeguards, misuse of this information could negatively impact consumers, undermine the Smart Metering Implementation Programme (SMIP), and hinder progress toward net zero goals. In this context, the PSC will ensure that data is protected and will raise any draft proposals, when required to resolve issues to the SEC Panel.

The responsibilities of the PSC are outlined in its Terms of Reference, which sit outside the remit of the SEC. Unlike other committees with similar responsibilities, such as the Security Sub-Committee (SSC), the PSC does not have the power to raise Draft Modification Proposals. Once it has identified an issue, it must make a request to a SEC party, that is also a PSC member, to raise the modification proposal.

However, given the importance of privacy obligations, the Chair of the PSC is of the view that it should be formally recognised as a named Committee within the SEC, equivalent to the Security Sub-Committee (SSC).

The modification proposal

In March 2025, Centrica Energy Limited⁷ ("The Proposer") raised MP286: 'Establishment of the Privacy Sub-Committee into the SEC'. This modification proposes to establish the PSC into the SEC and enable the PSC to raise Draft Modifications by including the PSC's Terms of Reference in SEC Section I. If, in future, the SEC Panel considers that the PSC should lose its rights to raise Draft Proposals, a modification will be required to remove the PSC's newly acquired powers.

⁷ As registered at Companies House under company number: 02877398

The modification proposal highlights a disparity between some of the committees with related roles and their ability to raise modifications compared to the PSC. The Proposer noted that when the PSC encounters an issue that requires it to raise a change, it must request a SEC party, that is also a member of the PSC, to raise the proposal on its behalf. Consequently, the PSC is unable to resolve the issues identified itself.

The Proposer considered that MP286 would enable PSC to continue providing its expertise and fulfil its data protection obligations, and as such, it would better facilitate SEC Objectives (f)⁸.

SEC Change Board⁹ recommendation

At the SEC Change Board meeting on 22 May 2025, most of the Change Board considered that MP286 would better facilitate the SEC Objectives (f) & (g). The Change Board, therefore, recommended its approval. The Change Board stated that they believe this modification would enable the PSC to raise Draft Proposals to resolve issues it identifies. Further, they stated that it would clarify the role of the PSC as being responsible for providing recommendations and advice in relation to data protection matters, better facilitating SEC Objectives (f) 'Ensure the protection of data and the security of data and systems in the operation of the SEC' and (g) 'Facilitate the efficient and transparent administration and implementation of the SEC'

During the consultation period, a respondent to the Modification Report Consultation (MRC) stated that the proposal would better facilitate SEC Objective (b), noting that it would improve efficiency for the DCC and parties able to raise proposals within the PSC. While the Change Board acknowledged this reference in the Final Modification Report, it ultimately voted to approve the modification under Objectives (f) and (g).

⁸ [General SEC Objectives - Smart Energy Code](#)

⁹ The SEC Panel and Change Board are established and constituted pursuant to and in accordance with DCC Licence 22.26(a).

Our decision

We have considered the issues raised by the proposal, the consultation responses following the consultation of the change proposal and the Final Modification Report (FMR) dated 22 May 2025. We have considered and taken account of the votes of the SEC Change Board on the proposal which is attached to the FMR. We have concluded that:

- Implementation of the modification proposal will better facilitate the achievement of the SEC Objectives¹⁰
- Directing that the change is approved is consistent with the Authority's principal objective and statutory duties¹¹

Reasons for our decision

We consider this modification proposal will better facilitate SEC Objectives (f) and (g) and have a neutral impact on the other applicable Objectives.

f) Ensure the protection of data and the security of data and systems in the operation of the SEC

The proposer considers that this change better supports Objective (f), as it will enable the PSC to carry out its duties more efficiently by giving it the ability to raise Draft Modifications to address identified data issues. As a result, they will be able to respond to issues more quickly, and consumer data will be better protected.

At the March 2025 Issues Group, the members supported the modification, noting that it will allow the PSC to resolve identified issues in a timely manner. They acknowledged that PSC members at present can raise modifications on behalf of the PSC through parties that are both PSC and SEC representatives. They agreed that this modification will ensure the PSC has the power to raise Draft Proposals and resolve issues to ensure consumer data is protected.

¹⁰ The Objectives in accordance with DCC Licence 22.10-22.17

¹¹ The Authority's statutory duties are wider than matters that the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 as amended and the Gas Act 1986 as amended.

The respondents of the MRC considered that this modification proposal would better facilitate SEC objective (f). One of the respondents noted that this proposal would consolidate the PSC expertise addressing data protection related to Smart Metering equipment and systems. Other respondents agreed that this change proposal would facilitate objective (f) but did not make specific comment.

We have taken account of the information provided in the Final Modification Report during discussions and in the consultation responses, and we consider that this modification will contribute to the protection of data and the security of data systems within the SEC and ultimately protect consumer data.

Based on the above, we consider that this modification would have a positive impact on SEC Objective (f).

g) Facilitate the efficient and transparent administration and implementation of the SEC

The Change Board considers that this modification better facilitates objective (g). In its opinion, approving this modification proposal will make administration procedures and execution of the SEC more accessible.

A respondent from the MRC stated that this change proposal would better facilitate objective (g) as it would bring clarity and transparency to which committee is responsible for providing a steer on points relevant to data protection. Other respondents agreed that this modification proposal facilitates objective (g) but did not provide specific comment.

We consider that this modification would have a positive impact on SEC Objective (g) and agree that including the PSC's Terms of Reference in SEC Section I would allow a more transparent administration process. In addition, we believe it would align the PSC with other committees with similar roles that can raise Draft Proposals, correcting the current disparity. We also agree with the respondent that this will enhance transparency regarding which committee is responsible for providing guidance on data protection.

We identified that Section D4.8(c)¹² of the SEC, outlines the provisions for Authority Determination in relation to a Significant Code Review (SCR), where it sets out the Authority may direct the Panel to suspend the progress of any Draft Proposal that it considers falling within the scope of a SCR.

This means that if the PSC raises a Draft Proposal which the Authority determines falls under the scope of an SCR, the Authority will instruct the Panel to cease work on that proposal.

Decision notice

In accordance with standard licence condition 23 of the Smart Meter Communication licence, the Authority hereby determines that modification proposal SEC MP268: 'Establishment of the Privacy Sub-Committee into the SEC' is approved.

Yours sincerely,

Harriet Harmon

Head of Electricity Transmission Charging

Duly authorised on behalf of the Authority

¹² [smartenergycodecompany.co.uk/documents/sec/consolidated-sec/](https://www.smartenergycodecompany.co.uk/documents/sec/consolidated-sec/)