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MP288 ‘Erroneous Section J Default Notices’

June 2025 Working Group – meeting summary

Attendees

SEC Party Category	Working Group Members	Representing
Large Suppliers	Emma Johnson (EJ)	Centrica
	Emslie Law (EL)	OVO
	Mahfuzar Rahman (MR)	Scottish Power
	Shane Scarsbrook	SSE
	Kevin Clark (KC)	Utilita
	Ralph Baxter (RB)	Octopus Energy
	Joey Manners (JM)	Octopus Energy
	Sharon Armitage (SA)	E.ON
Small Suppliers	Daniel Davies (DD)	ESG Global
Other SEC Parties	David Jones (DJ)	Alt Han Company
	Rob Heath (RH)	Calisen Metering
	Martin Bell (MB)	Energy & Utilities Alliance
	Michael Snowdon (MS)	Secure Meters
Network Parties	Kirsty Maddock (KM)	National Grid Electricity Distribution
	James Shippey (JS)	Northern Powergrid
Ofgem	Christina Ullastre (CS)	Ofgem
DESNZ	Danny Hold (DH)	DESNZ

Other Participants		
DCC		
David Walsh (DW)	Rina Singh (RS)	
SECAS		
Ben Giblin (BG) <i>Chair</i>	Holly Graves (HG) <i>Meeting Secretary</i>	Lydia Bentley (LB) <i>Lead Analyst</i>
Talia Lattimore (TL)	Georgie Severin (GSe)	Marc Rhodes
Simon Grimwood (SG)	Ali Beard (AB)	

Overview

The Smart Energy Code Administrator and Secretariat (SECAS) provided a summary of the Modification background, and an overview of the Refinement Consultation responses received.

Modification Overview

There have been historic incidents where the DCC have failed to take payment for services from DCC Users via a Direct Debit mandate by the due date. Failure to take payment in these incidents was liable to the DCC, and not to the DCC User. Where this happened, the SEC required that an Event of Default notice be issued, despite no culpability on the part of the DCC User. This resulted in a waste of resource as the inappropriate notice was referred to the SEC Panel, despite no SEC Party being at issue; this resulted in the risk of reputational damage to both the DCC and DCC Users.

This Modification seeks to introduce an exception into the SEC to prevent Event of Default notices from being issued in situations where failure to take payment is liable to the DCC.

Proposed Solution

SECAS have proposed an amendment to SEC Section J – ‘Payment of Charges’, Clause J2.1 to clarify that an Event of Default Notice shall not be raised in instances where failure to take a payment via Direct Debit is liable only to the DCC, and not to the DCC User.

The full legal drafting (and details of the Refinement Consultation) are available [here](#).

Working Group Discussion

SECAS provided an overview of the responses to the Refinement Consultation, which was issued between 7 May and 29 May. In total, three responses were received, all from Network Parties; Electricity North West Limited (EWNL), BUUK & National Grid Electricity Distribution (NGED). SECAS relayed to the Working Group that all three respondents were supportive of the Modification and the Proposed Solution. SECAS further elaborated that all three respondents confirmed that:

- they would not be impacted (financially or operationally) as a result of the Proposed Solution;
- they believed that the legal drafting delivers the intent of the Proposed Solution;
- they supported the Proposed Solution; and
- they were supportive of the proposed implementation approach.

SECAS then invited comment from the Working Group to understand views on the Refinement Consultation responses. A Working Group member(EJ) confirmed that she was supportive of the Modification, and that the responses to the Refinement Consultation seemed sensible. There were no other comments on the Refinement Consultation.

SECAS also proposed next steps for this Modification (which are summarised in the “Next Steps” section of this document). The Chair asked the Working Group members if they agreed with SECAS’ approach; Working Group agreed unanimously.

Next Steps

- SECAS to present Modification Report at June Change Sub-Committee; and
- SECAS to publish a Modification Report Consultation on 18 June 2025.