Smart Energy Code

SEC Smart Energy Code

Stage 02: Initial Modification Report

What stage is this document in the process?

01 Modification Proposal
02 Initial Modification Report
03 Draft Modification Report
04 Final Modification Report

SECMP0017:

CGR Phase 3 outcomes: Code Administrator to chair Working Groups

The Modification Proposal seeks to bring into effect one of the outcomes from the Ofgem Code Governance Review Phase 3, which is for the Code Administrator (SECAS) to always chair modification Working Groups, unless there is a Panel-identified conflict of interest.

The recommendation is that this Modification should be:

- progressed as a Path 3: Self-Governance Modification

This Modification Proposal should:

- proceed to Consultation

Low Impact:
SEC Panel, SECAS and Modification Proposals Working Groups

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SECMP0017
Initial Modification Report

10th June 2016

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About this document

This document is an Initial Modification Report. It has been issued to the SEC Panel to enable the Panel to carry out its initial consideration of the Modification Proposal on how the Modification Proposal should be progressed through the Modification Process.

Any questions?

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1. Summary of Modification Proposal

This section provides an overview of SECMP0017. For further details on the Modification Proposal, please refer to subsequent sections. Defined terms and acronyms used in this document are listed in the Glossary (Section 9) of this document.

1.1 Proposed Solution

The provisions for making amendments to the Smart Energy Code (SEC) and associated processes and Systems are set out in SEC Section D ‘Modification Process’.

SEC Section D6.4 currently sets out that the Panel or the Modification Proposal Working Group can ask the Code Administrator (SECAS) to chair the Working Groups as a Modification Proposal proceeds through the Refinement Process (as set out in Section D6 ‘Refinement Process’).

British Gas has raised this Modification Proposal and is seeking to amend SEC Sections D6.3 and D6.4 to align it with the outcomes of the Ofgem Code Governance Review (CGR) Phase 3 proposals - namely that SECAS will chair all Modification Proposal Working Groups, unless the Panel identifies that there is a conflict of interest.

1.2 Impacts

The impacts of this Modification Proposal are minimal. It does not impact Parties as the changes alter how modification Working Groups are chaired. The minor impacts are that neither the Panel nor Working Group will need to appoint a Working Group chair (unless there is a Panel-identified conflict of interest).

It also formalises the existing approach that the Panel has taken to have SECAS chair Working Groups currently.

1.3 Targeted Implementation Date

As this Modification Proposal only involves minor changes to SEC Section D, it is proposed to implement this Modification Proposal **5 Working Days** (WD) following the end of the 10 WD referral period following the Change Board Vote (subject to the Modification being progressed as a Path 3 ‘Self Governance’ Modification Proposal).

1.4 Release Management and Testing Requirements

This modification falls under the Panel’s Release Management Policy (RMP). The Panel RMP allows for ad-hoc releases of SEC content to enable the efficient implementation of changes that have a low impact on SEC Parties, or where it is beneficial for the changes to take effect as soon as possible following approval, without waiting until the next scheduled release.

As there are no System impacts associated with this modification, no testing will be required.

1.5 Proposed Progression

This Modification Proposal will bring into effect one of the outcomes of Ofgem’s CGR3. The change to the Working Group chairing requirements are non-material and require minimal changes to the SEC. Therefore this Modification Proposal should be progressed

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as a Path 3 Modification Proposal and proceed to Modification Report Consultation, as no refinement is required.

Section 6 of this document contains a detailed timetable for the progression of the Modification Proposal through the process.

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2. Why Change?

2.1 What is the issue?

Introduced in November 2007, the first phase of Ofgem's Code Governance Review (CGR1) sought to reduce fragmentation and improve the governance arrangements, including code administration and modification processes. The CGR1 concluded in 2010 and implemented changes primarily to the Balancing and Settlement Code (BSC), Connections and Use of System Code (CUSC) and the Uniform Network Code (UNC).

A second phase of the Code Governance Review (CGR2) was initiated in April 2012 with the aim to extend the outcomes from the previous review to further industry codes and agreements. The CGR2 concluded in March 2013.

Although the SEC was not subject to either of the first two CGR phases, the outcomes introduced to other industry codes and agreements were incorporated within the SEC from its first designation. This includes provisions for the Code Administration Code of Practice (CACoP), the Significant Code Review (SCR) mechanism and the self-governance modification path.

On 23rd October 2015, Ofgem published a consultation on their initial proposals for a third phase of the Code Governance Review (CGR3). The proposals covered many areas, ranging from Significant Code Reviews, management of the CACoP and independence matters relating to Panel Chairs, Panel Members and Working Group chairs.

The outcomes of the CGR Phase 3 were published on 31st March 2016[1].

The key CGR3 outcome that has prompted SECMP0017 to be raised is that modification Working Groups should be chaired independently, rather than an appointed Working Group member carrying out the role. The CGR3 outcomes therefore proposed that this could be achieved through the respective Code Administrator carrying out this role. Ofgem did note in the CGR3 outcomes that there may be some instances where the code administrator might have a direct interest in the modification, in which case it may be appropriate for an alternative chair to be in place. Therefore, if there is an identified conflict of interest, the Code Administrator should not chair Working Group meetings.

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What's the issue?

Following the outcomes of the Ofgem Code Governance Review Phase 3, SEC Section D requires amendment to align the provisions around the chairing of modification Working Groups with the CGR3 outcomes.

[1]https://www.ofgem.gov.uk/system/files/docs/2016/03/code_governance_review_phase_3_final_proposals_2.pdf

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3. Proposed Solution

3.1 What's the solution?

To put in place the CGR3 outcomes relating to the chairing of modification Working Groups, SEC Section D requires amendment.

The existing provisions set out that Working Groups will be chaired by a Working Group member, however the Panel or the Working Group can request that the Code Administrator chairs the meetings. To deliver the CGR3 outcomes in this area, the relevant provisions need amending so that the Code Administrator will always chair the Working Group meetings, unless there is a conflict of interest identified by the Panel. If this were to occur, the chair would be selected from amongst the Working Group members.

3.2 Draft Proposed Legal Text

As this change only relates to who chairs Modification Proposal Working Groups, only SEC Sections D6.3 and D6.4 require amendment.

It is proposed that SEC Section D6 is amended to the following:

D6.3 Each Working Group so established must comprise:

(a) at least five individuals who:
- (i) each have relevant experience and expertise in relation to the subject matter of the Modification Proposal (provided that there is no need to duplicate the experience and expertise available to the Working Group via the Technical Sub-Committee); and
- (ii) whose backgrounds are broadly representative of the persons likely to be affected by the Modification Proposal if it is approved, (and the Panel, with the cooperation of the Parties, shall seek to establish a standing list of persons with potentially relevant experience who may be willing to serve on Working Groups);

(b) where the Proposer nominates such a person, one person nominated by the Proposer; and

(c) a Working Group chair ~~to be~~ in accordance with ~~(subject to~~ Section D6.4~~)~~ ~~selected from among the members of the Working Group by such members~~.

D6.4 The Code Administrator shall act as chair of a Working Group unless the Panel direct that there is a conflict of interest which prevents this, in which case a chair shall be selected from among the members of the Working Group by such members. The Code Administrator shall attend meetings of the Working Groups established pursuant to this Section D6, and support the activities of such Working Groups. The Code Administrator shall provide feedback to any Party that requests it regarding the progress of the Refinement Process and the outcome of Working Group meetings. ~~Where the Panel or the relevant Working Group so determines, the Code Administrator shall act as chair of a Working Group~~

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3.3 Applicable SEC Objectives

The below table presents the applicable SEC Objectives identified in the proposal and the Proposer's view on how the proposal would better facilitate the achievement of these objectives.

How the Modification Proposal would better facilitate achievement of the SEC Objectives	
SEC Objective	Proposer views
General SEC Objectives (C1.1) (g) the seventh General SEC Objective is to facilitate the efficient and transparent administration and implementation of this Code.	General SEC Objective (g) is better facilitated by this Modification Proposal as it will align the SEC with the outcomes of the Code Governance Review Phase 3 by having the Code Administrator act as the chair at Working Group meetings (unless there is a Panel-determined conflict of interest). In addition, it will provide procedural efficiency as time will not be spent deciding who should chair the Working Group meetings.

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4. Impacts & Costs

The following section sets out the assessment of the likely impacts and costs arrsing from SECMP0017.

4.1 Impacts

The following is provided as an indication of likely impacts as known at this time. The Refinement Process will further inform the effects of SECMP0017.

Material Impact on Greenhouse Gas Emission
This modification is procedural in nature only and will not impact Greenhouse Gas Emissions

Impact on Parts of Smart Energy Code or SEC Subsidiary Documents	
SEC Sections, Schedules of Appendices (Subsidiary Documents) likely impacted	Potential Impact
SEC Section D	SEC Section D6 will require amendment to change the Working Group chair provisions in line with the drafting set out in section 3.2

Impact on other Codes and documents
None

Impact on Smart Energy Code Party Categories
There are no identified impacts on SEC Parties, as the change relates to how modification Working Groups are chaired.

Impact on Consumers
There are no identified impacts on Consumers as it relates to how odification Working Groups are chaired.

Impact on DCC Systems	
Area of DCC impacted	Potential Impact
Data and Communication Company (DCC)	No impact
Data Service Provider (DSP)	
Communications Service Providers (CSP)	

Are there any Impacts?

As this modification is a Modification Process change to how Working Groups are chaired, the impacts will be minimal

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Impact on DCC Systems	
Area of DCC impacted	Potential Impact
Trusted Provider	

Impact on other Systems	
Area of impact	Potential impact
User Systems	No impact
Smart Metering Systems	
Other (e.g. Security and PKI)	

4.2 Costs

The costs to implement this change will be limited to the Code Administrator time and effort to making the necessary amendments to the SEC and release a new version to SEC Parties and the publication of it on the SEC Website.

If implemented, the ongoing effort and costs will be in line with current activities, as the Working Groups currently underway are being chaired by SECAS already.

The table below sets out the estimated working day effort to implement this change:

Implementation activities, cost and effort		
Implementation activities	Effort	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 update any impacted SEC guidance materials	2 Man Days maximum	£1200[2]

[2] Based on an blended rate of £600 per day

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5. Implementation

As this Modification Proposal only involves a documentation only change to SEC Section D, and should have no impact on SEC Parties or the DCC, the following implementation approach is proposed:

- **5 Working Days** following the end of the 10 Working Day referral period that applies after the Change Board vote.

  This is subject to SECMP0017 being treated as a Path 3 Self-Governance Modification Proposal.

5.1 Modification Testing Requirements

As this Modification relates to the SEC Modification Process and who chairs Working Groups during the Refinement Process, no testing of DCC or SEC Party Systems will be required.

When will the modification be implemented?

Proposed implementation is **5 Working Days** after the 10 Working Day post Change Board vote referral period ends.

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6. Progression

6.1 Modification Path

Based on the initial review of the Modification Proposal and subsequent discussion with the Proposer, SECAS recommends that the appropriate Modification Path is Path 3 Self Governance.

6.2 Progression route

The Modification Proposal brings into effect the CGR3 outcome around modification Working Group chairs. The changes necessary to support this Modification Proposal are minor and therefore refinement by a Working Group should not be required. Thus, the Modification Proposal can be submitted straight for Modification Report Consultation prior to a Change Board vote.

On this basis, a Draft Modification Report provided as Appendix B has been prepared. Also attached to this IMR are the proposed Modification Report Consultation questions that will be issued, provided as Appendix C.

6.3 Timetable

On the basis that this Modification Proposal does not require Refinement and can go straight to Modification Report Consultation, the following progression timetable is proposed. The implementation date in the table below, reflects the proposed implementation approach set out in Section 5.

Modification Timetable	
Activity	Date
Modification Proposal raised	9th June 2016
IMR considered by Panel	17th June 2016
Modification Report phase consultation	23rd June - 14th July 2016
Change Board vote	27th July 2016
Self-Governance referral period	27th July– 10th August 2016
Implementation	5 WDs following the end of referral period (17th August 2016)

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7. Panel Initial Assessment

The Panel is requested to **NOTE** the contents of this paper for SECMP0017 and, pursuant to SEC Section D3.6, **AGREE** the following as set out in this Initial Modification Report:

- Whether to accept the Modification Proposal;
- That it is a Path 3 Modification (taking into account the view expressed by the Proposer);
- That the Modification Proposal does not require refinement as set out in Section 6.2;
- The modification progression timetable set out in Section 6.3; and
- To submit the Modification Proposal Report for Consultation.

8. Further Information

More Information is available in:

- Attachment **A**: Modification Proposal
- Attachment **B**: Draft Modification Report
- Attachment **C**: Report Phase Consultation Response form

For further information, please see the Modification Register page of the SEC Website.

Or contact the SECAS Helpdesk at secas@gemserv.com.

9. Glossary

Glossary	
Term	Acronym
Balancing and Settlement Code	BSC
Code Administration Code of Practice	CACoP
Code Governance Review Phase 3	CGR3
Connections and Use of System Code	CUSC
Uniform Network Code	UNC

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