

Stage 01: Modification Proposal

What stage is this document in the process?

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

SECMCP0017:

CGR Phase 3 outcomes: Code Administrator to chair Modification 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 Proposer recommends that this Modification should be:

- progressed as Path 3: Self-Governance

This Modification Proposal should proceed to the Report Phase



Low Impact:

SEC Panel, SECAS and Modification Proposals Working Groups

MODIFICATION PROPOSAL FORM V1.0

1. Proposer's Contact Details

Details of Proposer

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Representative as Point of Contact

Details of Representative's Alternate

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2. Modification Proposal Details

Mod Submission Date:	9 th June 2016
Title of Mod Proposal:	Code Governance Review 3 outcomes: Modification Working Group Chairs
Description in Detail of the Proposed Modification:	The provisions for making amendments to the Smart Energy Code (SEC) and associated process and systems are set out in SEC Section D 'Modification Process' SEC Section D6.4 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'). This Modification Proposal is seeking to amend Section D6.3 and D6.4 to align with the outcomes of the Ofgem Code Governance Review (CGR) Phase 3 proposals, in that the Code Administrator (SECAS) will chair all Modification Proposal Working Groups, unless the Panel identifies that there is a conflict of interest preventing this from occurring.

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3. Path Type and Urgency Recommendation

Proposer's recommendations on Path Type (delete as appropriate)	Path 3
Statement for recommended Path Type:	
It is proposed that this Modification is a Path 3: Self Governance Modification. The justification for this is that: 1) the proposed changes are not material as SECAS already chair Working Groups (albeit this is currently optional within D6.4) ; and 2) the proposed changes give effect to the outcomes of Ofgem's Code Governance Review Phase 3 and therefore no refinement is necessary.	
Statement of whether Proposal is intended to be Fast-Track Modification (only Panel may raise this type of modification):	
Not applicable, as it this modification does not meet the requirements to be a Fast-Track Modification Proposal	
Is the Proposal Urgent? (delete as appropriate)	No
Statement of whether Proposal should be treated as an Urgent Proposal:	
Not Applicable	

4. Modification Impact Assessment

4.1 SEC Objectives

Facilitation of SEC Objectives	Tick
General SEC Objectives (C1.1)	
(a) the first General SEC Objective is to facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain;	☐
(b) the second General SEC Objective is to enable the DCC to comply at all times with the General Objectives of the DCC (as defined in the DCC Licence), and to efficiently discharge the other obligations imposed upon it by the DCC Licence;	☐
(c) the third General SEC Objective is to facilitate Energy Consumers' management of their use of electricity and gas through the provision to them of appropriate information by means of Smart Metering Systems;	☐
(d) the fourth General SEC Objective is to facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy;	☐

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(e) the fifth General SEC Objective is to facilitate such innovation in the design and operation of Energy Networks (as defined in the DCC Licence) as will best contribute to the delivery of a secure and sustainable Supply of Energy;	☐
(f) the sixth General SEC Objective is to ensure the protection of Data and the security of Data and Systems in the operation of this Code;	☐
(g) the seventh General SEC Objective is to facilitate the efficient and transparent administration and implementation of this Code.	☒
Transition Objective (X1.2)	
X1.2 The objective to be achieved pursuant to Section X: Transition is the efficient, economical, co-ordinated, timely, and secure process of transition to the Completion of Implementation.	☐
Charging Objectives (C1.3) (in respect of the Charging Methodology)	
C1.4 The First Relevant Policy Objective: (a) applies in relation to Smart Metering Systems installed (or to be installed) at Domestic Premises; and (b) requires the Charging Methodology to ensure that Charges (other than Charges for Elective Communication Services) in respect of such Smart Metering Systems do not distinguish (whether directly or indirectly) between Energy Consumers at Domestic Premises in different parts of Great Britain.	☐
C1.5 The Second Relevant Policy Objective is that, subject to compliance with the First Relevant Policy Objective, the Charging Methodology must result in Charges that: (c) facilitate effective competition in the Supply of Energy (or its use) under the Electricity Act and the Gas Act; (d) do not restrict, distort, or prevent competition in Commercial Activities that are connected with the Supply of Energy under the Electricity Act and the Gas Act; (e) do not deter the full and timely installation by Energy Suppliers of Smart Metering Systems at Energy Consumers' premises in accordance with their obligations under the Energy Supply Licence; and (f) do not unduly discriminate in their application and are reflective of the costs incurred by the DCC, as far as is reasonably practicable in all of the circumstances of the case, having regard to the costs of implementing the Charging Methodology.	☐

C1.6 The Third Relevant Policy Objective is that, subject to the Compliance with the First and Second Relevant Policy Objectives, the Charging Methodology must result in Charges that:

- a) facilitate effective competition in the Supply of Energy (or its use) under the Electricity Act and the Gas Act;
- b) do not restrict, distort, or prevent competition in Commercial Activities that are connected with the Supply of Energy under the Electricity Act and the Gas Act;
- c) do not deter the full and timely installation by Energy Suppliers of Smart Metering Systems at Energy Consumers' premises in accordance with their obligations under the Energy Supply Licence; and
- d) do not unduly discriminate in their application and are reflective of the costs incurred by the DCC, as far as is reasonably practicable in all of the circumstances of the case, having regard to the costs of implementing the Charging Methodology.



Statement of how the proposed variation would better facilitate the achievement of the SEC Objectives:

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 provides procedural efficiency as time will not be spent deciding on who should chair the Working Group meetings.

4.2 Impacts

Statement of impact on Greenhouse Gas Emission:

Greenhouse Gas emissions will not be impacted by this Modification as it is a non-material governance change to the Modification Process.

Statement of impact on which parts of the SEC would need amending (e.g. proposed legal drafting):

Only section D6.3 and D6.4 require amendment in the following way:

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~~

Statement of impact on likely changes to other Energy Codes:

This modification proposal will not impact any other industry codes.

Statement of impact on likely Party Categories:

Large Supplier Parties	☐	Small Supplier Parties	☐
Electricity Network Parties	☐	Gas Network Parties	☐
Other SEC Parties	☐		

It is expected that there should be no direct impact on SEC Parties, as the change only relates to how Working Groups are chaired and does not alter the Modification Process in any other way.

Statement of impact on Consumers:

Consumers will not be impacted by this Modification as it a minor change to the Modification Process only

Statement of impact on Central Systems:

DCC Systems	☐	User Systems	☐
Smart Metering Systems and/or Communications Hubs	☐	Other (i.e. on Smart Metering Key Infrastructure, or security)	☐

No systems will be impacted by this Modification Proposal as it is a change to the Modification Process only.

5. Proposed Timetable

Proposed Timetable for Modification Proposal:

As this is a SEC Section D documentation only change, it is proposed that the modification is implemented **5 Working Days** following the end of the 10 Working Days referral period as set out in SEC Section D9.4(a), following the Change Board Vote. This is subject to Panel agreement that this Modification Proposal is progressed as a Path 3: Self Governance modification proposal.

If the Modification was treated as a Path 2: Authority Determined Modification Proposal, it should be implemented 5 Working Day following the Authority Determination.

As this is a non-material change, to Section D, that is bringing into effect an outcome of Ofgem's CGR3 work, this Modification should not require Refinement by a Working Group. With this in mind the following progression timetable is proposed:

Stage	Start	Finish
Modification Proposal Raised	Thu 09/06/16	n/a
Panel reviews Initial Modification Report	Mon 10/06/16	Fri 17/06/16
Modification Report stage	Mon 20/06/16	Wed 20/07/16
Change Board vote	Thu 21/07/16	Wed 27/07/16
Implementation	5 Working Days after end of referral period (estimated date = 17 th August 2016)	

Note the timetable assumes progression as a Path 3 Modification Proposal and therefore does not include Authority Determination.

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6. Additional Information

Additional information:

The driver for this modification is the outcomes of the Ofgem Code Governance review Phase 3. Details of which is available here: <https://www.ofgem.gov.uk/publications-and-updates/code-governance-review-phase-3-final-proposals>

In addition it was noted at the May 2016 Panel meeting that action was required to implement this change via Panel Paper. SECP_32_1305_05 – Implementation of CGR Phase 3 Final Proposals.

APPENDIX 1: Glossary of Terms

The table below illustrates useful definitions of the terms used in this form. If you require any further information please contact the [SECAS Helpdesk](#).

Term	Definition
DCC Systems	Means the Systems used by the DCC and/or the DCC Service Providers in relation to the Services and/or this Code (Section A1, SEC Stage 3.0). The Proposer may wish to consider anticipated impacts on the DCC Licensee's enterprise systems (e.g. billing) or the Data Service Provider or Communications Service Providers.
Fast-Track Modifications	Means Modification Proposals (Path 4 Modifications) to correct typographical or other minor errors or inconsistencies to the Code (Section D2.8, SEC Stage 3.0).
General SEC Objectives	Has the meaning given to that expression in Section C1 (SEC Objectives) (Section C1, SEC Stage 3.0). The SEC Objectives are those objectives that the SEC has been designed to achieve.
Greenhouse Gas Emission	Means emissions of Greenhouse Gases, as defined in section 92 of the Climate Change Act 2008 (Section A1, SEC Stage 3.0).
Other Systems	Other systems identified in the section Statement of Impact on Central Systems. The Proposer may wish to consider Prepayment vendors, Electricity Central Online Enquire Service (ECOES), Single Centralised Online Gas Enquiry Service (SCOGES), BSC Settlement Systems, etc.

Path Type	Means the Modification Path to be followed in respect of a Modification Proposal. The type of Path will depend upon the nature of the variation proposed in the Modification Proposal (D2.1, SEC Stage 3.0). The four Modification Paths under the SEC are: • Path 1 Modifications: Authority-led (Section D2.4/D2.5, SEC Stage 3.0) • Path 2 Modifications: Authority Determination (Section D2.6, SEC Stage 3.0) • Path 3 Modifications: Self-Governance (Section D2.7, SEC Stage 3.0) • Path 4 Modifications: Fast-Track Modifications (Section D2.8, SEC Stage 3.0)
Party Category	Means one of the following categories: (a) the Large Supplier Parties collectively; (b) the Small Supplier Parties collectively; (c) the Electricity Network Parties collectively; (d) the Gas Network Parties collectively; or (e) the Other Sec Parties collectively. (Section A1, SEC Stage 3.0).
Smart Metering Systems	Means a system installed at premises for the purposes of the Supply of Energy to the premises that, on the date it is installed, as a minimum; (a) consists of the apparatus identified in; (b) has the functional capability specified by; and (c) compiles with the other requirements of, the Smart Metering Equipment Technical Specification that is applicable at the date (Section A1, SEC Stage 3.0). In summary, this includes: • Gas Smart Metering Equipment; • Electricity Smart Metering Equipment; • In Home Display; • Prepayment Interface Device; and • HAN Connected Auxiliary Load Control Switch.
Urgent Proposal	Means a Modification Proposal deemed an Urgent Proposal where the Authority directs the Panel to treat the Modification Proposal as an urgent Proposal (whether following a referral by the Panel pursuant to Section D4.5, or at the Authority's own initiation) (Section D4.5/D4.6, SEC Stage 3.0).
User Systems	Means, in respect of each User (DCC User), the Systems of that User (including, where relevant, those of its Supplier Nominated Agent) used in relation to the Services and/or Smart Metering Systems (Section A1, SEC Stage 3.0). The Proposer may wish to consider Suppliers; Network Operators; Registration Data Providers; Other DCC Users (e.g. Authorised Third Parties / Switching Sites); Supplier Nominated Agents.