Smart Energy Code

SEC Smart Energy Code

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Stage 01: Initial Modification Report

SECMP0034:

Changes to the SEC Section D for DCC analysis provisions

Currently, the Smart Energy Code (SEC) does not recognise the Data Communications Company's (DCCs) Preliminary Assessment (PA) and Impact Assessment (IA) processes. This modification seeks to update SEC Section D 'Modification Process' to ensure:

- the DCC PA and IA processes are recognised;
- there are clear delivery timescales and/or methods for setting such timescales; and
- associated progress reporting to the SEC Panel.

P3

Refine

The recommendation is that this Modification Proposal should be progressed:

- as a Path 3: Self-Governance Modification; and
- through the Refinement Process

!

Potential Impact on:

- the DCC
- the SEC Panel
- SECAS

What stage is this document in the process?

01	Initial Modification Report
02	Refinement Process
03	Report Phase
04	Final Modification Report

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About this document

This document is an Initial Modification Report (IMR). It enables the SEC Panel to carry out its initial consideration on how this Modification Proposal should be progressed through the Modification Process.

The Panel considered this IMR at its meeting on 21st April 2017.

This IMR has two attachments:

- Attachment A: SECMP0034 Modification Proposal Form; and
- Attachment B: Workgroup Terms of Reference.

1. Summary

This section provides an overview of SECMP0034. 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 (Appendix A) of this document.

1.1 What is the problem?

Currently, the SEC does not recognise the two-stage process for DCC assessment of Modification Proposals. These assessments take the form of PAs and IAs. In addition, the SEC does not set out details of expected timescales for the delivery of these PAs and IAs, nor does it set out a process for setting such timescales.

Due to a mixture of constraints, the delivery of DCC PAs and IAs have not been achieved in line with the previously agreed Working Day (WD) timescales. This delay in delivering PAs and IAs has led to delays in the overall progression of several SEC Modification Proposals raised since February 2016.

1.2 Solution

There are a variety of approaches that can be introduced to address the delivery timescales of DCC PAs and IAs. These approaches range from including additional SEC defined reporting to introducing provisions for the setting of DCC analysis timescales. The four potential solution approaches identified for this Modification Proposal are set out below:

1. Setting timescales for DCC PAs and IAs
2. Introduce requirements for reporting progress of DCC PAs and IAs
3. Allowing for prioritisation of modification PAs and IAs
4. Introduce requirement to capture and recognise the DCC PA and IA processes in the SEC, including the details of what is to be contained as a minimum.

It is worth noting that a combination of these approaches could be implemented should no single approach fully address the issues identified.

1.3 Potential Impacts

SECMP0034 will impact the DCC, the SEC Panel and SEC Section D ‘Modification Process’.

1.4 Proposed progression

The Proposer and SECAS recommend that this Modification Proposal be progressed as a Path 3: Self-Governance Modification Proposal. We have considered the requirements set out in Section D2.6. We note that, although there will be updates required to SEC Section D, we do not believe that such expected changes will be sufficiently material to require an Authority determination. This is because SECMP0034 seeks to only:

- expand current provisions in Section D;
- ensure that the SEC recognises the DCC’s PA and IA processes;

- add clear reporting mechanisms to the Panel, which expand on reporting currently provided; and
- allow for accountability of both SECAS and the DCC in the timely delivery of PAs and IAs.

2. What is the problem?

2.1 Background

Currently, any SEC Modification Proposal that may/will impact the DCC and/or its systems will need to undergo up to two stages of analysis by the DCC.

The first stage of analysis is a PA. This PA will indicate/confirm whether a Modification Proposal will impact the DCC and/or its systems and will provide a Rough Order of Magnitude (ROM) assessment. This assessment sets out the expected impacts and the high-level costs of potential changes.

Where an impact on the DCC and/or its systems is confirmed, a full IA is then required. This IA provides:

- detailed information on impacts;
- constraints and timescales for making the required changes, testing of central systems and delivery;
- implementation costs;
- capital costs; and
- any ongoing operational costs.

per the requirements set out in Section D6.9 'Analysis by the DCC'.

Currently there is no recognition of these DCC PA and IA processes under the SEC. However, it is worth noting that these two phases of analysis are reflected in the DCC Service Provider contracts.

2.2 What is the problem?

Following the activation of the Modification Proposal Process for Path 2 'Authority Determination' and Path 3 'Self-Governance Modification' in February 2016, the DCC provided an indication to the Panel (March 2016) of the likely timescales for the delivery of the PAs and IAs. The timescales indicated were:

- 23 WDs for a PA; and
- 44 WDs for an IAs.

Due to a mixture of constraints, the delivery of DCC PAs and IAs have not been achieved in line with these expected WD timescales. This delay in delivering PAs and IAs has led to delays in the overall progression of several SEC Modification Proposals raised since February 2016.

To ensure the timely progression of modifications with a DCC systems impact, the Proposer believes that the SEC should be amended to include provisions that:

- drive an improved service from the DCC for Modification Proposals analysis;

- set clear expectations of what is needed and by when from the DCC, Working Groups and SECAS; and
- requirements for reporting the status of PAs and IAs to the SEC Panel and Ofgem.

3. Solution

3.1 Potental Solution Approaches

There are a variety of approaches that can be introduced to address the delivery timescales of DCC PAs and IAs. These approaches range from including additional SEC defined reporting to introducing provisions for the setting of DCC analysis timescales.

The potential solution approaches identified for this Modification Proposal are set out below. However, it is worth noting that a combination of these approaches could be implemented should no single approach fully address the issues identified.

1. Options for setting timescales for DCC PAs and IAs
    a. Enable the Panel and/or Working Group (WG) to set a WD timescale in which the DCC is expected to submit its PA and/or IA response.
        i. Allow WGs to escalate delivery timescale concerns to the Panel and enable the Panel to act (for example, prioritising the delivery of PAs and IAs of Modification Proposals).
        ii. Require the DCC to inform the SEC Panel and SECAS as soon as possible if a WG set timescale cannot be met.
    b. Set a specific timescale for PAs and IAs in Section D6.9 - 6.10 (for example, 10 WDs for a PA and 30 WDs for an IA), while including provisions for the DCC to notify the SEC Panel and SECAs when these timescales cannot be met and provide clear details on when they can.
    c. Potentially allow for the PA to be skipped and submit a Modification Proposal directly to IA and specify the circumstances, if system changes are required.
2. Options for general reporting
    a. Introduce a specific report produced by the DCC (and validated by SECAS) which sets out which Modifications are with them, whether they are undergoing a PA or IA and the requested/set timescales.
        i. Where the DCC cannot meet requested/set timescales, there should also be clear explanation as why there is a delay
        ii. What mitigations are being taken to ensure that they will be delivered by the revised date; and

    iii. any actions they have taken to improve internal DCC analysis processes as a result of the delays.

3. Prioritisation of Modification PAs and IAs
    a. Consideration should be given to putting in place provisions that will enable the SEC Panel to prioritise the delivery of DCC PAs and IAs for Modification Proposals. Any such SEC Panel prioritisation mechanism:
        i. should not unduly delay the progression of other Modification PAs and IAs;
        ii. should require the documentation of the full details of the SEC Panel's rationale as to why some Modifications should take priority over others (e.g. through Panel minutes);
        iii. could allow for shorter timescales to be adopted where a Modification is urgent or needs to be progressed quickly.
4. Capture and recognise the DCC PA and IA processes in the SEC, including the details of what is to be contained as a minimum
    a. Introduce additional details of the DCC PA and IA processes under the SEC.

3.2 Requested Implementation

The Proposer has requested an implementation date of:

- 5 WDs following the end of the Self-Governance referral window if it proceeds as a Path 3 Modification Proposal

3.3 Views against SEC Objectives

The table below highlights the Proposer's view on how this modification would better facilitate the achievement of the SEC objectives.

Proposers views against the SEC Objectives	
General SEC Objective	Proposer views
g) To facilitate the efficient and transparent administration and implementation of this Code.	This modification seeks to better the DCC PA and IA arrangements, allow for more efficient management of DCC submission timescales and ensure the efficient progression of Modification Proposals. Therefore, the Proposer believes that this modification will better facilitate SEC Objective (g) the efficient and transparent administration and implementation of the SEC.

For the avoidance of doubt, the Proposer believes this modification is neutral against General SEC Objectives (a), (b), (c), (d), (e) and (f).

4. Potential Impacts

The following section sets out the intial assessment of the likely impacts arrising from SECMP0019. Additional impacts may be identified by the Working Group during the Refinement Process.

Potential Impacts of SECMP0034	
Smart Energy Code Parties	
Suppliers	None anticipated.
Networks	
DCC	The DCC will need to comply with the provisions proposed under this Modification Proposal.
Other	This modification will impact the DCC.
Systems	
DCC Systems	None anticipated.
User Systems	
Smart Metering Systems	
Other	
SEC and Subsidiary Documents	
SEC Sections	SEC Section D 'Modification Process'
Subsidiary Documents	To be confirmed as part of the refinement.
Other Industry Codes and Documents	
There are no anticipated impacts on other industry codes or documents.	
Greenhouse gas emissions	
N/A	

5. Proposed Progression

5.1 Modification Path

The Proposer and SECAS recommend that this modification be progressed as a Path 3: Self-Governance Modification Proposal.

We have considered the requirements set out in Section D2.6 and note that there will be updates required to SEC Section D 'Modification Process'. However, we do not believe that such changes will be material, as this modification seeks to only:

- expand current provisions in Section D;
- ensure that the SEC recognises the DCC's PA and IA processes;
- add clear reporting mechanisms to the Panel, which expand on reporting currently provided; and
- allow for accountability of both SECAS and the DCC in the timely delivery of PAs and IAs.

5.2 Progression Timetable

The following is a high level indicative progression timetable. The details in this plan is subject to change. However, changes to the overall timetable are subject to Panel review.

Modification Timetable	
Stage	Date
Modification Proposal Raised	5th March 2017
Panel initial consideration of the Modification Proposal	12th – 21st April 2017
Refinement Process	April – July 2017
Change Board vote	August 2017
Implementation	5 WDs following the end of the Self-Governance referral window (if it proceeds as a Path 3 Modification Proposal).

5.3 Working Group

SECAS recommends that the SECMP0034 Workgroup membership should be made up of SEC Parties who have experience in SEC governance and the Modification Process, as well as any other interested SEC Parties.

5.4 Working Group Terms of Reference

Beyond the requirements of Section D, regarding the refinement of the Modification Proposal, no supplementary questions have been identified that should form part of the Working Groups Terms of Reference (ToR). A complete ToR for this Working Group can be found in Attachment B.

6. SEC Panel Decisions

The SEC Panel:

- **AGREED** for SECMP0034 to progress to the Refinement Process;
- **AGREED** the progression path (Path 3 – Self-Governance) and the progression timetable as outlined in this IMR; and
- **AGREED** the Working Group Terms of Reference provided in Attachment B.

7. Further Information

For further information, please see the Modification Register page of the SEC Website or contact SECAS at secas@gemserv.com.

8. Appendix A – Glossary and References

Glossary		
Acronym	Term	Plain English Summary
DCC IA	DCC Impact Assessment	The first stage of analysis is a PA. This PA will indicate/confirm whether a Modification Proposal will impact the DCC and/or its systems and will provide a Rough Order Magnitude (RoM) assessment.
DCC PA	DCC Preliminary Assessment	Where an impact on the DCC and/or its systems is confirmed, a full IA is then required. This IA provides: • detailed information on impacts; • constraints and timescales for making the required changes, testing of central systems and delivery; • implementation costs; • capital costs; and • any ongoing operational costs. per the requirements set out in Section D6.9.
	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.
	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).
	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)
ROM	Rough Order of Magnitude	A Rough Order Magnitude (RoM) assessment sets out the expected impacts and the high-level costs of potential changes.