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Paper Reference:	SECP_145_2810_04
Action:	For Decision
<u>Acronyms and Defined Terms SEC Glossary</u>	

MP298 Referral Decision ‘Enhancements to SEC Appendix AW – Performance Assurance’

1. Purpose

The Change Board unanimously voted to approve MP298 ‘Enhancements to SEC Appendix AW – Performance Assurance’ under Self-Governance on 24 September 2025. A SEC Party (Electricity North West Limited (ENWL)) has elected to refer this decision to the Panel. The Panel is requested to review the modification, and the Change Board’s decision, and determine whether MP298 should be approved or rejected.

2. Governance

The Change Board is a delegated Sub-Committee of SEC Panel established to represent the Panel on modifications. Where a modification is a Self-Governance Modification, the Change Board has the power to vote on a final decision as to whether to implement the modification (approve) or not (reject). When the Change Board votes, members are asked to provide views on whether the proposed changes will better facilitate the SEC Objectives. In order to approve a modification for implementation there must be a majority vote to approve.

SEC Section D9.4 allows a SEC Party to refer the matter to SEC Panel, where it disagrees with the decision made by the Change Board. The SEC also then allows any Party to appeal that decision to the Authority, if they disagree with the Panel’s decision.

3. Summary of MP298

This modification was raised following a review of SEC Appendix AW ‘Performance Assurance Framework’ by the Performance Assurance Board (PAB) Chair and members. As a result of this review, inconsistencies were identified, including:

- misalignment of definitions between SEC Section A ‘Definitions and Interpretations’ and Appendix AW;

- structural and wording inconsistencies in Appendix AW;
- limited flexibility in applying risk-based assurance techniques; and
- restrictions on the types of techniques the PAB can currently use.

The proposed solution looks to introduce necessary enhancements to ensure clarity, flexibility and effectiveness in managing performance risks under the SEC. The legal text changes proposed include:

- clarifying and aligning definitions;
- rewording technique descriptions to balance compliance and risk-based approaches;
- introducing obligations for SEC Parties to respond to assurance techniques to strengthen the effectiveness of the assurance framework;
- an escalation process including routes from PAB to the Panel; and
- an ability to publish performance related Data (SEC Risk Data) on the Website (with confidentiality and proportionality considered, and following PAB and SEC Panel approval).

The rationale for these changes were discussed extensively during the PAB meetings and agreed upon before the modification was presented to the Change Sub-Committee (CSC). Appendix C details the full extent of the changes, and the agreed rationale.

4. The Change Board vote and rationale

Appendix A contains the Modification Report Consultation responses and Appendix E contains the detailed discussion at the Change Board and the voting outcome. The outcome was a unanimous vote to approve.

Change Board vote				
Party Category	Approve	Reject	Abstain	Outcome
Large Suppliers	7	0	0	Approve
Small Suppliers	3	0	0	Approve
Network Parties	3	0	0	Approve
Other SEC Parties	2	0	0	Approve
Consumer Representative	1	0	0	Approve
Overall outcome:				APPROVE

5. The referral

Below is the text of the email submitted by ENWL (Network Party) with regards to the referral:

"We are appealing the SEC Change Board decision regarding the [SEC MP298 'Enhancements to SEC Appendix AW – Performance Assurance'](#) under section SEC Section D9.4 (a) on the grounds we disagree with the decision of the Change Board and wish to refer the matter to the SEC Panel.

Whilst we support and agree with the principle of enhancing the SEC Performance Assurance Framework (Appendix AW) we consider:

- *the new section 7 'publication of SEC Risk Data' to be introducing material changes to the SEC, and as such should be categorised as Authority Determined. We do not agree that the modification is self-governance and with the SECAS views [set out in their MP298 – Modification Report Consultation Responses v1.0 that P298 is '... expands on and improves what was introduced with MP224. It does not provide a material change to the original text or the intention. The red lining in the legal text document that was provided with the modification shows mostly the reordering of paragraphs to make the overall text read more coherently'. Section 7 introduces new powers for the SEC PAB and SEC Panel at their discretion to recommend/approve and publish SEC Risk Data. This new section is not cosmetic changes.*
- *any material changes to the SEC should have due consideration and sufficient time for all SEC parties to work with SECAS on refinement of legal text. We note in the case of MP298 the modification has undergone only one round of consultation in August to which 2 of the 3 respondents voted to reject due to concerns with the legal text and has an implementation of November 2025 with no changes to the consulted upon legal text.*

We would request that the SEC Panel recommend the modification is:

- *sent back for further refinement*
- *categorised as for Authority determination*

We would also like the SEC Panel to note our concerns with the approach taken as:

- *SECAS has not published the papers (as discussed at the SEC Change Board on the 24 September) on the SECAS website under the SECMP298 [area](#) until after the 24 September the start date for a window to appeal and we believe these were uploaded on the 7 October following a query from the ENA. This is the area where a SEC party would look as a first point of contact following SECAS confirming the SEC modification had been approved by the SEC Change Board on the 24 September (email attached) – the SECAS notification includes a weblink to the SEC Modification webpage not the SEC Change Board papers.*
- *it was unknown which legal text had been approved. On the 7 October we asked SECAS for clarity on the final legal text approved by the SEC Change Board (due to SECAS comments in MP298 – Modification Report Consultation Responses v1.0 which inferred they were open to making some amendments). On the 7 October SECAS confirmed the legal text had not been amended and was as per the original legal text which accompanied the consultation*
- *is unclear what the business rationale for the urgency implementation of this change with only one round of consultation; despite SEC parties have raised concerns in their consultation responses (2 of the 3 respondents rejected the change on the grounds of the legal text and approach) not the principle.*

5.1 PAB Chair response

In response to the referring Party's concerns about materiality and the modification being Self-Governance, we do not believe that the changes proposed are material in nature. The addition of the text that states the SEC PAB and SEC Panel at their discretion may recommend/approve and publish SEC Risk Data will only be after many stage gates. This Data will not be published to the public but only to SEC Parties (GREEN, AMBER or AMBER-STRICT). The SEC classification will be assessed on a case-by-case basis.

In response to the referring Party's concerns about the modification only undergoing one consultation, it should be noted that there was a great deal of industry engagement through the Performance

Assurance Board (PAB). The changes were thoroughly debated and agreed by industry Parties, and the Proposer, PAB Chair and SECAS believe that a consultation on the development was duplication of effort. As modifications are Proposer driven the Proposer believed that the Solution (and its associated legal text) was the solution that they wanted, they did not believe that there was any reason to consult further than the extensive consultation with the PAB industry members.

5.2 SECAS response

Regarding the referring Party's concerns around the process:

- Authority Determined

The Change Sub-Committee (CSC), as the delegated Sub-Committee of the Panel, determine the path of a modification. The CSC agreed at its meeting on 19 August that this modification should move 'straight to Report' and agreed that it did not contain any sufficiently material changes to be Authority-Determined (see Section 5.1 of this document). Ofgem were also in attendance at that meeting and did not raise any concerns. The criteria for Authority Determined Modifications is set out in SEC Clause D2.6 shown below:

D2.6 Unless it is an Authority-initiated Modification a Modification Proposal that proposes variations to this Code that satisfy one or more of the following criteria shall have the status of an Authority-Determined Modification:

- (a) the variations are likely to have a material effect on existing or future Energy Consumers;*
- (b) the variations are likely to have a material effect on competition in the Supply of Energy or Commercial Activities connected with the Supply of Energy;*
- (c) the variations are likely to have a material effect on the environment, on access to or privacy of Data, on security of the Supply of Energy, and/or on the security of Systems and/or Smart Metering Systems;*
- (d) the variations are likely to have a material effect on the arrangements set out in Section C (Governance or this Section D; and/or*
- (e) the variations are likely to unduly discriminate in their effects between one Party (or class of Parties) and another Party (or class of Parties).*

- Timeline

The referring Party suggests that there was no clear rationale for 'urgency' as a concern. It is common practice to move straightforward modifications, or those that have been extensively developed, straight to the Report Phase and not to Refinement. This has always been the case, however, following the recent Modification Improvement Project (concluded in April 2024) one of the recommendations approved by Panel was to move more modifications 'straight to Report' where appropriate, rather than using the 'Refinement Process' which requires additional industry response and requires an additional consultation. Refinement Consultation response rates are low, and this indicates the additional burden on industry. As mentioned above, given the extensive industry engagement with the industry Parties who are members of the PAB, SECAS agreed with the Proposer and SECCo that this did not warrant the Refinement Process or an additional consultation.

- Legal text

There was only one version of legal text published by SECAS. The additional legal text that the referring Party mentions was an alternative legal text which their organisation submitted in their consultation response. This was discussed at the Change Board, but the Change Board did not agree

to it being used, and therefore the original legal text consulted upon was the only version of the legal text presented for the vote.

- Publication of the decision

SECAS are required to publish the Change Board decision within two Working Days of the decision. Change Board decisions are published on the same day as Change Board in our weekly email (which the referring Party has acknowledged as an attachment to the referral email). The SEC Change Board Conclusions Report was published on 26 September (two days after Change Board decision).

6. Next Steps

The Panel is requested to review the modification, and the Change Board's decision, and determine whether [MP298 'Enhancements to SEC Appendix AW – Performance Assurance'](#) should be approved or rejected.

The Panel can vote to:

- **UPHOLD** the Change Board's decision to approve MP298; or
- **OVERTURN** the decision and determine that MP298 should be rejected.

The Panel's decision (to approve or reject) would be subject to a further 10 Working Day referral period where any SEC Party could refer this to the Authority. If a referral is received in this time, the Panel's decision becomes a recommendation, and the Modification Report is submitted to the Authority for final determination as an Authority Determined Modification. If no referral is received from a SEC Party, the Panel's decision would be final.

The Panel vote will be a simple majority vote. Panel Members will be asked to provide their rationale for their vote relating to the General SEC Objectives.

The Objectives noted in the Modification Report are set out in the following table:

Objective	Objective description
a ¹	the operation of the PAB and the Performance Assurance Framework (PAF) would lead to increased operational performance. Additionally, the issues addressed as part of the PAF would facilitate the installation of Smart Metering Systems (SMS) at consumers' premises.
g ²	the inclusion of the changes proposed would provide better clarity for the PAF and its governing operations.

Ali Beard
SECAS Team
21 October 2025

Attachments

¹ facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain

² facilitate the efficient and transparent administration and implementation of this Code

- Appendix A: MP298 Modification Report
- Appendix B: MP298 Legal text
- Appendix C:MP298 'list of the changes to the SEC Performance Assurance Framework (PAF) and the rationale behind the Proposed Solution changes'
- Appendix D: MRC responses
- Appendix E: Conclusions Report