SEC
Smart Energy Code

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Change Process Improvements update

1. Purpose

This paper provides an update to the Panel on the work being undertaken to improve the SEC Modifications Process. It outlines the function of the Change Sub Committee (CSC), and how the Development Stage will work. It also sets out the plan for further improvements to the SEC change processes.

2. Background

One of the issues encountered within the modifications process is attempting to progress changes that aren't sufficiently developed or thought through. The consequence is that a lot of time and effort is spent pushing changes through the mechanism that may not have been suitable in the first place. This can result in unnecessary Working Group meetings, confusion and delay over the next steps to take, and report drafting could all be avoided by spending a little more time in understanding the underlying defect and properly shaping a proposal.

As part of our continuous improvement programme, we have listened to industry feedback, and recognise that the process needs to allow for greater collaboration between Parties in a more efficient manner.

However, the current framework can limit collaborative ways of working. As an example, some of the elements currently required by the SEC to be covered in a new Modification Proposal includes the impacts on the SEC, the DCC and Parties, whether testing may be required, and a potential implementation approach. This can encourage Proposers to work in isolation, spending time and effort in developing technical solutions within their business before launching their change into the wider community. Having to put a lot of detail and effort into a proposal upfront not only potentially deters changes being raised by those who do not have the time or resource to dedicate to such endeavours, but that once raised the attention of a proposal is drawn immediately to the solution and not to the problem.

We have been seeking to ask Proposers the fundamental question "what is the problem we are trying to solve?", as well as to understand the costs and benefits that change will bring, but it can be difficult if Proposers are already set on a particular solution and want that to be progressed and implemented.

The current framework can also essentially force a change into the process without giving the opportunity to understand the issue at hand. Once a modification is raised, it immediately goes to the

Panel, who will usually hand it over to a Working Group to refine and assess the solution presented. While we can, and do, provide 'critical friend' input to the Proposer prior to the modification being officially raised, this step lies outside of the Code process, and is invisible to the wider industry. This can leave little time for appropriate challenge and for the principles of a 'critical friend' to be properly applied, particularly if the Proposer does not want to listen or insists their proposal is raised, as the Code allows them to. As long as the basic requirements of the form are met, neither SECAS nor the Panel have any real power to stop a modification from proceeding.

Even on those occasions when the principle of a change is questioned, the mechanism still requires us to progress to the end of the process, as long as the Proposer wants to keep going; this can often result in a great deal of time being spent in Working Groups developing solutions that are 'the best worst-case scenario'. Equally, Proposers who have spent a lot of time in developing solutions in isolation can naturally perceive significant input on their solution as unfair criticism. This does not help collaborative working and can exacerbate the effort Working Groups spend in developing sub-par solutions.

At the beginning of 2018, we set out to look at how we could improve this first part of the change process. The idea was to create a framework that made collaborative working and filtering of change easier for all involved, and a process where Proposers didn't feel that they had to create a perfect solution before sharing their idea. We wanted the right input from the right people at the right time.

To help provide a framework for this development phase, SECMP0049 'Section D Review: Amendments to the Modification Process' was raised, seeking to introduce a 'Development Stage' to discuss new proposals, by allowing for the input of a Change Sub Committee (CSC). The introduction of the committee in itself is not a silver bullet; there is a lot of work to be done on improving communication, adapting industry culture and educating Parties on the change framework. However, it is a big step towards a new way of working.

3. The Change Sub-Committee

3.1 Purpose

The Development Stage is focused on understanding the problem or issue identified, and not in developing solutions. All new modifications should have a clear 'problem statement' before they progress to solution development. The purpose of the Development Stage and the role of the CSC is to ensure all change has this clear problem statement.

At the January 2019 Panel meeting, the Panel agreed they would fulfil the functions of the CSC while we establish the new Sub-Committee, should SECMP0049 be approved (approval expected this month).

3.2 Process

Once a change is raised, SECAS will notify CSC members of the new proposal. Whilst we investigate the proposal and seek to draw the necessary information together, we would ask that CSC members share any immediate views of the proposal they may have. It would also be beneficial if CSC members could reach out to others in their represented Party Category to seek any initial views. We wouldn't be looking for formal views, just opinions and suggestions. SECAS will keep the CSC up to date with the progression it is making in defining the proposals. Depending on the size and scope of the change, we will be seeking to engage with all areas of the industry to find views as to whether or not there is an issue and what the scale of the issue is.

The intent is for the CSC to meet every two weeks. These meetings would alternate between a 'formal' face-to-face meeting and a Skype or teleconference meeting, and we are also exploring the use of online platforms to further facilitate debate and discussion between meetings. This second meeting would serve as a quick checkpoint to touch base on the progression of Draft Proposals and to discuss any new changes that have been raised or which are ready to proceed beyond the Development Stage. This would allow the CSC greater insight and overview of the work going on to develop the proposals and would allow Draft Proposals to progress in a timely manner.

Once we believe a Draft Proposal has a clear problem statement we will present a report to the CSC and ask that they agree its progression into the modification process. The report to the CSC will include, as a minimum, the following three sections:

1. **Problem**: A statement of the problem, highlighting symptoms and root cause.
2. **Impact:** The impact of the problem on the Proposer and the wider industry, so we can understand the extent of the issue. We will also highlight the impact of the 'do nothing' option so we can more clearly understand the justification for change. This will also help build a business case in the later stages of the process, should the proposal progress.
3. **Context:** The areas of the SEC related to the problem statement. This will help ensure the problem is a SEC issue and not something that sits outside of SEC governance.

Once it is agreed by the CSC that a Draft Proposal has a clear problem statement, SECAS will develop a timetable to be presented to the Panel. These timetables will be shorter, more detailed and focus on specific actions. For example, rather than have a high-level timetable that merely states, "a nine-month Refinement Process", SECAS would develop a more detailed two- or three-month timetable stating what tasks would be undertaken during that period. At the end of that period, SECAS would inform the Panel of the status of those tasks. Assuming the tasks were complete, a timetable for the next stage of work would be agreed. The intent is to stop proposals disappearing into a 'black hole' Refinement Process and allow better monitoring of progress. This will allow us to identify any issues that are causing delays in the process, as well as evaluate the urgency with which each proposal needs to be progressed as the situation evolves.

3.3 Learning lessons

The CSC is a new body and the Development Stage a new concept. Therefore, it is likely teething issues will arise and that improvements can be made. We are passionate about making this work and therefore ask the Panel to give us as much feedback on how this new process is working as possible whilst filling in the role of CSC. Constantly challenging assumptions and pushing the framework is the only way to ensure it remains fit for purpose.

4. Next steps on wider process improvements

As noted above, the creation of a more agile Development Stage will not resolve all the issues Users encounter with the Modification Process. There are a number of other areas that need to be reviewed and addressed, some of which have previously been highlighted to the Panel. We have already mentioned we are looking at new and better ways to communicate with Parties. We have also been seeking feedback on Working Groups from attendees of these and have developed some thoughts on how we can better use these in the Refinement Process.

However, before we embark on introducing wider improvements to the underlying framework, we want to better engage with Parties. We want to understand what Small Suppliers are interested in and what the best way to communicate with them is. We want to know what issues the Large Suppliers have in getting changes through the process. We want to understand when Network Parties and Other SEC Parties want to be more involved and what they are interested in. In order to achieve this, we are going to meet with as many Parties as possible over the next month. We plan to hold a combination of one-on-one sessions and group workshops, so we can really understand the issues faced by Parties. We also want to engage with Ofgem to see where concerns lie from their perspective and what information they need in order to make a decision at the end of the process. We will present a summary of our engagement, the areas that were raised, and how we plan to take further changes forward at the Panel meeting in April 2019.

Mirroring the new Development Stage, we want to truly understand what the problems are that we are trying to fix before we attempt to fix them. We need to encourage a more collaborative approach to change by seeking as much engagement as possible throughout the change lifecycle, and not just rely on assembling four or five industry members in a room.

To help monitor the development and implementation of any improvements, we have split the Modification Process into three broad sections; the idea being to allow us to better focus on where issues lie. Each section represents one of the current phases in the process:

- **Define:** The new Development Stage, covering from when a Draft Proposal is first raised to when the CSC and the Panel agree the problem statement is fit for purpose and can be progressed as a Modification Proposal.

- **Refine:** The Refinement Process, covering the period from when the Panel approve the modification timetable to when the Modification Report is signed off by the Panel.

- **Opine:** The decision-making part of the process covering the Report Phase and any Authority determination. This section begins with the issuing of the Modification Report Consultation and includes all activities relating to decisions made by the Change Board and the Authority. We have also included work on the SEC Release framework in this section, since it mostly relates to the end of a modification's lifecycle following final decisions being made.

Following our engagement with the wider industry we will update the Panel plan presented in December 2018 to reflect these new workstreams. We also plan to introduce some meaningful and beneficial changes to the process over the coming weeks and will keep the Panel abreast of any developments.

5. Recommendations

The Panel are requested to:

- **NOTE** the contents of this paper.

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SECAS Team

8 February 2019