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Modification proposal:	**Smart Energy Code (SEC) SECMP0049 – Section D Review: Amendments to the Modification Process**		
Decision:	The Authority[1] determines that this modification[2] should be made[3]		
Target audience:	Data and Communications Company (DCC), SEC Panel, Parties to the SEC and other interested parties		
Date of publication:	18 February 2019	Implementation date:	Ten days after our decision

Background to the modification proposal

In January 2018, the SEC Panel requested SECAS[4] to carry out a full review of SEC Section D (Modification Process) to consider improvements to how changes are progressed and delivered. This review recommended a number of changes to the SEC including that a 'pre-modification' stage is introduced and to enhance the role of the Change Board.

Under the current modification procedure, the SEC Panel oversees the progression of modifications and determines when changes are ready to proceed to the final Report Phase. However, the power to make decisions or recommendations on modifications rests with the Change Board, and the Change Board usually only sees a modification for the first time at the very end of the process when the Modification Report is presented to it for a vote.

Once raised, the scope of a modification is fixed and the solutions proposed must address this defect. As work progresses, if the scope of the modification is not clear or it is identified that the scope is not correct, it may be difficult to develop suitable solutions. It is also possible that when Working Groups analyse proposed modifications, they may identify solutions that do not require changes to the SEC or its Subsidiary Documents, meaning a modification is not required.

The modification proposal

The SECMP0049 was raised by Centrica (the Proposer) on 5 April 2018. The Proposer considers that this modification would amend the end-to-end SEC Modifications Process to introduce a formal 'pre-modification process' and potentially enhance the role of the Change Board in developing and assessing modifications. Specifically it seeks to amend the modification process by the following:

- When first raised, a modification will be a Draft Proposal and will be presented to the Change Sub-Committee (CSC). The CSC will discuss the draft proposal and provide views to the proposer on the scope and solutions put forward, including on any legal text. It may also seek the views of the DCC and other parties on the draft proposal. Lastly, it can make a recommendation to the Panel on whether the draft proposal should be progressed in parallel with other draft proposals or modification.

[1] References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.
[2] 'Change' and 'modification' are used interchangeably in this document.
[3] This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989 and by section 38A of the Gas Act 1986.
[4] SECAS is the Smart Energy Code Administrator and Secretariat.

- At each meeting, the CSC will determine if a draft proposal should remain with them for further work (including a timetable for this taking place) or if it should be referred to the Panel for consideration to progress as a modification proposal.

- As above, once the CSC considers a Draft Modification is ready to proceed, it will be presented to the Panel who will decide if it enters the formal process.

- Proposers would be able to request their Draft Modification go directly to the Panel for consideration and the Panel could either send it to the CSC as a draft for further work or look to progress it. Urgent modifications will also not be subject to this initial consideration by the CSC.

- The Change Board would also vote on whether a modification should be issued for DCC Impact Assessment or whether it would benefit from further work before requesting the DCC Impact Assessment.

The SECMP0049 Working Group anticipates that the Panel will allocate the responsibilities of the CSC to the Change Board rather than a new group, though SECMP0049 includes flexibility for the Panel to do so if it chooses to.

The Proposer identified SECMP0049 as better facilitating the seventh[5] General SEC Objective and having a neutral effect on the other objectives.

The Working Group developed an alternative solution to SECMP0049 (SECMP0049 alternative solution). SECMP0049 alternative solution is identical to SECMP0049 other than giving the Change Board additional power to vote to return a Modification Report directly to the Working Group without reference to the Panel prior to its final vote following the Modification Report Consultation. The Working Group believes this would reduce the time to progress work, as there can be as much as a four week delay between the Change Board meeting and the Panel.

SEC Change Board[6] recommendation

On 24 August 2018, the SEC Panel submitted the Final Modification Report (FMR) for Authority[7] approval. The FMR was sent back to the SEC Panel because there was a contradiction in the draft legal text.

On 21 November 2018, the Change Board voted by majority to recommend that the SECMP0049 alternative solution better facilitates the seventh SEC General objective and should be approved. The Change Board agreed that SECMP0049 alternative proposal is neutral against all other SEC Objectives.

On 23 November 2018, the revised FMR incorporating the corrected draft legal text and Change Board recommendation was re-submitted to us.

[5] Facilitate the efficient and transparent administration and implementation of this Code
[6] The SEC Panel and Change Board are established and constituted pursuant to and in accordance with DCC Licence 22.25(a).
[7] Section X2.3 of the SEC provides that the Secretary of State will act as the Authority for modification decisions for a transitional period which ended on 31 October 2018.

The Office of Gas and Electricity Markets
10 South Colonnade, Canary Wharf, London, E14 4PU **Tel** 020 7901 7000
www.ofgem.gov.uk

DCC Impact

There are no anticipated impacts on the DCC Central Systems or Party interfacing systems.

Our decision

We have considered the issues raised by SECMP0049 alternative solution, the Final Modification Report and the Change Board's recommendation received by us on 23 November 2018. We have concluded that:

- implementation of SECMP0049 alternative solution will better facilitate the achievement of the relevant SEC objective;[8] and
- directing that the change is approved is consistent with the Authority's principal objective and statutory duties.[9]

Reasons for our decision

We consider that SECMP0049 alternative solution will better facilitate the seventh SEC General Objective and has a neutral impact on the other SEC objectives.

The seventh General SEC Objecive is to facilitate the efficient and transparent administration and implementation of the SEC[10]

We agree that SECMP0049 alternative solution will better facilitate this objective by introducing a pre-modification process in SEC. A pre-modification process should mean that proposals entering the Modification Process will be reviewed prior to their submission to the Panel, allowing proposers to discuss their proposed changes with CSC members and, where appropriate, have the views of other interested parties and the DCC on their draft proposal, which should help to ensure robust proposals enter the modification process. We also note that proposers have the ability to request their initial proposals are submitted to the Panel, by-passing the CSC review and that urgent modifications will also go directly to the Panel. We also agree with the majority view of the Working Group and Change Board that SECMP0049 alternative solution better facilitates this objective because allowing the Change Board to return the report to the Workgroup or SECAS rather than waiting for a Panel meeting, should save time and allow work to be completed earlier. We do however, expect the Panel to oversee the process of assessing all modifications in accordance with their duties.[11]

[8] The Objectives in accordance with DCC Licence 22.10-22.17
[9] The Authority's statutory duties are wider than matters that the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 as amended and the Gas Act 1986 as amended.
[10] Smart Meter Communication Licence Part D 22.17
[11] The duties of the SEC Panel are set out at C2.3 of SEC and include that they should 'oversee and co-ordinate the process for assessing Modification Proposals, and implement successful Modification Proposals, each as set out in Section D (Modification Process).

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Decision notice

In accordance with standard licence condition 23 of the Smart Meter Communication licence, the Authority hereby determines that modification proposal SECMP0049 alternative solution – Section D Review: Amendments to the Modification Process shall be made.

Lesley Nugent
Deputy Director, Licensing Frameworks
Signed on behalf of the Authority and authorised for that purpose

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