Meeting SECP_02_1511, 15th November 2013 at 10am

Gemserv, 10 Fenchurch Street, London, EC3M 3BE

Minutes

Attendees:

Category	Panel Members
Large Suppliers	Simon Trivella (Chair)
	David Ross Scott
Electricity Networks	David Lane
Gas Networks	Erika Melen
Small Suppliers	Andrew Beasley
	Leyton Jones
Other SEC Parties	Eric Graham
	Howard Porter (Alternate for Richard St Clair) (part)
DCC	Paul French
Consumer Member	Chris Alexander (Alternate for Richard Hall)

Representing	Other Participants
Ofgem (the Authority)	Roberta Fernie
	Dora Ianora
DECC (for Secretary of State)	Peter Dell'Osa
	Alan Over (part)
Panel Secretary	Alys Garrett
SECAS (Gemserv)	Jill Ashby
	Sarah Gratte
	Jane Butterfield
	Ken McRae
DCC	Jonathon Simcock (part)

Apologies	Other SEC Parties	Richard St Clair
	Consumer Member	Richard Hall

1. Minutes of SEC Panel Meeting 01_1110

There were no suggested amendments to the minutes and the Panel agreed the minutes as written.

2. Actions Update

SECAS highlighted that all of the actions arising from the previous meeting had been completed apart from action SECP01/11, as the progression of the drafting for the Modifications documentation is aligned with the establishment of the Change Board.

Regarding action SECP01/03, SECAS noted that following the first round of communication, one Supplier organisation had entered the accession process and a number of responses had been received requesting clarification around the obligation to accede for non-domestic licensees and dormant licences. SECAS highlighted that the Panel may wish to consider sending a letter to suppliers with Non-Domestic only licences, as listed on the Ofgem website, with information on the SEC accession process. It was also agreed that a paper setting out the relevant licence condition would be presented at the December Panel meeting.

The Panel noted that if Ofgem became aware that a Supplier obliged by their licence to accede to the SEC has not done so, and may therefore be in breach of their licence, Ofgem would consider whether or not to take compliance or enforcement action. In deciding whether to proceed with an investigation, in line with their Enforcement Guidelines, Ofgem would consider the specific facts of the matter, the legal context and available resources. Ofgem will consider the facts and circumstances of the particular case but some factors would make an investigation more likely, for example, where there is evidence of serious harm to consumers or where enforcement action might be important to deter similar breaches. Conversely, where the evidence of a potential breach is weak, any breach is likely to be trivial and there is no or minimal harm to consumers, an investigation would be less likely.

The Panel also noted that all complaints to Ofgem should be specific, well reasoned, clear and supported by all relevant evidence.

The Panel considered that a letter should be sent out to Non-Domestic Licence holders targeting those who have eligible supply points. SECAS highlighted that the Panel can request any Registration Data reasonably required by the Panel from the DCC and that this could be requested in order to help establish the Licence holders that have current registrations. However, it was a matter for each licensee to determine compliance with their licence conditions.

ACTION 02/01: **Non-domestic only Supplier licensees**

SECAS to send a letter to non-domestic supply licensees regarding the licence condition to accede to the SEC with information on the accession process.

ACTION 02/02: SECAS to bring a clarification paper to next Panel confirming the licence condition for becoming a party to the SEC

SECAS provided a further update on the following actions:

- SECP01/10: SECAS had received two nominations for the Change Board. Panel Members were reminded that nominations close on 29th November 2013.
- SECP01/12: The website development is on track per the project plan and for go-live on 23rd December 2013.

3. Operations Report for October

SECAS introduced the Operations Report, the purpose of which is to provide the Panel and SEC Parties with the details of the SECAS activities undertaken in the previous month in support of the

SEC. SECAS provided an overview of the items to be included in the report, highlighting that October's report included both actual and indicative statistics to allow the Panel to approve the format of the report. The Panel also noted that as activities ramp up as per the Programme plan they would be added to the monthly Operations Report.

The Panel requested the following to be added to the report:

- Actual activity compared with forecasted activity in order to highlight any deviations
- The numbers of helpdesk enquiries categorised by the type of enquiry
- Commentary provided with the number of days effort

The Panel questioned the role of the SECAS Community of Experts and the work they were undertaking. SECAS confirmed that these resources were currently providing consultancy support to the enduring team which is currently mobilising as per the bid response. This also allows the composition of the enduring team to be appropriately tailored whilst still having the Community of Experts that sits within Gemserv to call upon as and when required. It was noted that in the future, the Community of Experts may include subject matters experts for the relevant Panel Sub-Committees.

The format of the report was agreed initially with the request that the report is developed as more activity takes place through the mobilisation phase into the enduring model. SECAS suggested that they also provide a consolidated report every 6 months/annually to provide the Panel and SEC Parties with an overview of the activities that had taken place in that period which the Panel agreed.

The Panel:

- **NOTED** the provisional contents of the report;
- **AGREED** the format of the Operations Report, subject to ongoing review; and
- **AGREED** the number of days of SECAS effort for October 2013.

4. Customer Satisfaction Survey (CSS)

SECAS advised that this paper had sought to clarify the requirements within the SECAS Contract for Customer Satisfaction Surveys. It was explained that the intent of the contract drafting was that the underlying questions for the CSS should be produced and approved by the Panel within the first four months of contract commencement and the CSS would then be distributed for SEC Parties feedback during the second six months of the contract. SECAS proposed to produce a draft CSS for discussion at the December Panel meeting covering the requirements within the contract, as set out in the Appendix to the paper, noting that, whilst some of the activities would not be active, the questions could be tailored to the context, rather than performance, of the function/activity.

It was previously suggested at SECP_01 that feedback should be sought on the mobilisation phase and SECAS requested any suggestions from the Panel Members regarding specific items they would like to be included in the survey. The Panel also discussed the Capability Areas to be included in the CSS, noting that from the original understanding of the contract drafting, that the survey should be executed in the first four months of the contract, questions on the majority of the Capability Areas would be non-applicable. As the CSS will now be executed between April-September, the Panel requested that all of the Capability Areas are applied where possible.

The Panel discussed when between April and September 2014 the CSS should be distributed to SEC Parties, noting that during July and August responses may be low. The Panel indicated their preference would be for the survey to be distributed in April as the timing would be appropriate for including feedback on the mobilisation phase. However, it was also suggested that due to the requirement for a CSS to be undertaken every 6 months, 6 months after April may be too soon for a

second survey. The Panel agreed that a suggested distribution timetable should be produced by SECAS for presentation at the December Panel meeting.

The Panel questioned the requirement for the CSS to be undertaken every 6 months, highlighting that its effectiveness may diminish if a survey is undertaken too often, particularly during enduring delivery. It was noted that a contract variation could be considered if the Panel felt that the frequency of the surveys should be altered.

The Panel:

- **NOTED** the contents of the paper with regards to the clarification of the interpretation of Clause 3.4 of the SECAS Contract by DECC; and
- **AGREED** that SECAS will provide a draft CSS incorporating the Capability Areas required in Schedule 6 of the SECAS Contract, a proposed distribution timetable and any additional questions for approval at the December 2013 Panel meeting.

ACTION 02/03: **CSS**

SECAS to draft questions and timetable for CSS

ACTION 02/04: Panel Members to provide SECAS with suggestions for questions to incorporate into the CSS in relation to the Mobilisation Phase

5. New SEC Parties

SECAS provided the Panel with an update on the organisations currently undergoing accession:

- Co-operative Energy had submitted an application form to accede to the SEC in the capacity of a Small Supplier; and
- BEAMA Ltd would be admitted as a Party in the capacity of an Other SEC Party, subject to the execution of an Accession Agreement at the SECCo Board meeting.

The Panel discussed the context of a SEC Party being an entity that would look to be a user of DCC services. SECAS confirmed that the definition of 'Other SEC Party' is only an organisation that is not a Supplier or Network party. The Panel acknowledged that there is a default event outlined within the SEC where a Party has not, during any period of six consecutive months, taken a Core Communication Service and/or made a request for a formal offer for a proposed Elective Communication Service. It was confirmed that this provision (SEC M8.1(a)) is currently switched off as stated in Section X, however this clause is likely to be switched on from DCC Go Live and the Panel will need to consider the status of Parties taking into account the potential for a Defaulting Party to be identified..

The Panel suggested that further information regarding Other SEC Parties rationale to be a SEC Party (and SECCo Shareholder) could be requested on the accession form to understand their intention of becoming a user of DCC's services and participating constructively in the SEC arrangements. DECC confirmed that the intention of the drafting was to ensure there were no barriers to entry for Other SEC Parties and that the Panel should be cautious of any perception of vetting Other SEC Parties, notwithstanding that an inactive participant may consequently become a Defaulting Party.

The Panel agreed that the Application Form should be amended to include a section for Other SEC Party applicants to provide a reason for accession to aid the Panel's understanding when considering a default event relating to a failure to take up any DCC services.

ACTION 02/05: **Accession reason**

SECAS to amend the Accession Application to include a section for Other SEC Parties to describe their reason for accession.

6. Application Fee and Accession Process

SECAS advised that the paper had been provided as a follow-up to the outcome of action SECP01/09 that requested SECAS provide an estimate of the resource effort required to cover the administration of an accession to the SEC. SECAS recapped the previous decision by the Panel to make an Application Fee payable as a signal of intent by the new Party that they would participate in the smart metering arrangements. The sum presented in the paper gave a fair representation of the cost of administering an application and allowed the Panel to consider an appropriate fee.

The Panel agreed that the figure (£450) presented seemed a reasonable amount to charge and agreed that this should be payable by all Applicants from 1st January 2014.

The Panel:

- **NOTED** the contents of the paper; and
- **AGREED** the Application Fee to be payable to SECCo to accede to the SEC.

ACTION 02/06: **SEC Application Fee**

SECAS to integrate an Application Fee into the Accession process

7. SEC Panel Expenses Policy

SECAS presented the Panel with an updated Panel Expenses Policy as a result of the action from SECP_01 which asked SEC Panel Members to provide indicative costs relating to their expenses incurred for Panel business. A number of indicative costs were received which included accommodation costs for an overnight stay which highlighted that it may be prudent to include such an allowance. Panel had previously agreed Annabel Swaleh as the named SECAS person to approve expenses, and in order for approval of accommodation cost as a reasonable expense it needs to be explicitly set out in the policy.

The Panel discussed whether accommodation should be treated as a reasonable expense, taking into consideration that the policy would apply to all Sub-Committee Members as well as Panel Members. However, in order not to prejudice against Members travelling from further away, the Panel agreed that accommodation and subsistence costs that are reasonable and necessary should be included in the policy.

As both Panel Members and Sub-Committee Members are entitled to claim expenses, the cost could make a significant impact on the SEC Panel budget. The Panel therefore agreed to review the costs and the policy after 6 months.

SECAS also clarified to the Panel that the inclusion of a lower rate per mile if the cumulative mileage total exceeds 10,000 miles was due to this being required under HM Revenue and Customs regulations.

The Panel:

- **NOTED** the clarification of the inclusion of the 10,000 mile limit; and
- **AGREED** that the expenses policy should be amended to include reasonable accommodation and subsistence allowance, where necessary, which should be reviewed after six months.

ACTION 02/07: **Panel Expenses Policy**

SECAS to finalise the Panel Expenses Policy as written and update the Panel Pack and Directors Pack.

ACTION 02/08: **Policy Review point**

Panel to review accommodation/subsistence expenses in six months (April 2014)

8. Revised SEC Panel Budget to 31.03.14

SECAS presented the revised draft budget, which included the amendments resulting from discussions held at SECP_01.

The Panel discussed the overall budget requirements for the independent Panel Chair and whether the increase of £20k to the provision for Panel costs would cover the expenditure within the period. SECAS noted that the SEC Panel had a contingency of £150k so if there was insufficient provision in the budget line for the Panel costs, the SECCo General Provision could be used for one-off costs e.g. the recruitment agency fees.

The Panel:

- **CONFIRMED** no other adjustments should be made to the draft budget;
- **AGREED** the draft budget as the Approved Budget for the period up to 31st March 2014;
- **NOTIFIED** the DCC by this record of the Panel's resolution that this forms the SEC Panel Approved Budget to be utilised for the purposes of the DCC's first Charging Statement (due to be published within three months of the DCC Licence Commencement Date); and
- **NOTED** that a draft plan for the next three Regulatory Years is in preparation (paper SECP_02_1511_12 refers) for consultation with Parties in January, in accordance with SEC C8.11.

9. Independent Chair Appointment Update

SECAS introduced the agenda item which provided the Panel with an update of the activities undertaken since the previous SEC Panel meeting with regard to the appointment of a Panel Chair. As requested at SECP_01 a Sub-Committee had been set up to aid the Panel with the process in the timescales required and the draft Terms of Reference for the Selection Panel Sub-Committee were appended to the paper for Panel approval. The Panel had no comments on the draft Terms of Reference and approved them as final.

Eric Graham, the Chair of the Selection Panel Sub-Committee, provided the Panel with an update from the Sub-Committee, highlighting that Utility People had been selected as the preferred recruitment agency due to their understanding of the role and evident experience in the market. The Chair also noted that standard questions had been asked to each recruitment agency for ease of comparison in order to select the preferred agency.

Each of the recruitment agencies was also asked to advise on a recommended salary for the Panel Chair role and following these discussions, the Sub-Committee agreed on the most economical remuneration apposite to the role.

The Panel discussed the time that should be allocated and the supporting information that should be provided to the Authority for them to approve the recommended candidate. Ofgem noted that they could not commit to providing approval in a given time period, and the Chair of the Sub-Committee requested that they were mindful of the SEC Panel's obligation to have the Panel Chair in place within 5 months of contract commencement. SECAS advised that following discussions with the Authority,

the Panel should provide the Authority with supporting information with the recommendation of their preferred candidate showing that the Panel are satisfied that they achieved their resolution through a robust and transparent process.

SECAS advised that the job role had been generating expressions of interest that will provide the Sub-Committee with a range of candidates coming from a variety of backgrounds. The Panel discussed whether the candidate should have a specific background in smart metering and the Sub-Committee members confirmed that they opted for keeping the advert relatively open so as not to narrow the field too significantly. It was also noted that if the candidate was significantly embedded in smart metering they may not meet the criteria of being sufficiently independent of a Party or class of Parties.

The Panel:

- **NOTED** the contents of this paper and the update from the Sub-Committee Chair; and
- **AGREED** the Terms of Reference for the selection of the independent Chair Sub-Committee.

10. Transition Governance Update

SECAS advised the Panel that updates from each of Transition Working Groups attended throughout the month by SECAS were provided in this paper as a standing agenda item to inform the Panel and the SEC Parties of headline activities occurring in the Smart Metering Implementation Programme (SMIP). It was also highlighted that the Smart Metering Delivery Group (SMDG) had been attended by a Panel Member on 14th November 2013 and an update would be provided at the next Panel meeting.

SECAS highlighted to the Panel that DECC had indicated that the attendance of the SECCo Company Secretary at the Smart Metering Steering Group (SMSG) would not be required until the Panel Chair had been appointed. The Panel expressed their concern over lack of representation at the first SMSG meeting in December and felt that the presence of the SECCo Company Secretary to represent the Panel at a corporate level would be appropriate. Peter Dell'Osa agreed to feedback the concerns of the Panel to DECC.

The Panel discussed the handover of the transition work groups into the enduring groups under the SEC. SECAS noted that there had been indications that SECAS may be required to provide some secretariat support to the transition work groups to aid with the handover, however further communication would be required to understand the timescales and intended implementation arrangements.

The Panel **NOTED** the contents of the paper.

ACTION 02/09: SECAS to open communication with DECC regarding the intended arrangements for transition work group handover and secretariat support.

11. SEC Stage 2 Consultation

SECAS advised that the SEC 2 consultation update in the paper had been provided to allow the Panel to consider whether a response from the SEC Panel was required and the items of interest that the Panel may wish to comment on if a response is required. SECAS advised that as this was the first consultation since the SEC Panel had been established it may be a good opportunity for the SEC Panel to respond and raise the profile of the Panel.

The Panel agreed that it would be appropriate for the SEC Panel to respond to the consultation albeit that the majority of the consultation matters were directed at SEC Parties/DCC Users. It was therefore agreed that the response should include the relevant areas highlighted in the paper, focusing on the

elements that would bring extra responsibilities to the Panel. SECAS advised that an appropriate position to take in the response may be to indicate that the Panel are happy to take on board the requirements outlined in the SEC but also requesting an indication of the intended timescales with visibility of content to be included in forthcoming consultations so the Panel can plan and budget accordingly.

SECAS highlighted that another area the Panel may wish to highlight in the response, would be concerning the involvement in disputes regarding registration data compliance as this could lead to an overlap with governance processes under other industry Codes.

Peter Dell'Osa indicated that he could provide the Panel with some clarifications regarding the cost of the Technical Sub-Committee and the reasoning behind the £0.5 million indicated in the consultation. The indicative cost of the Technical Sub-Committee relates to the cost incurred by the whole industry rather than just the SEC Panel, although some of these costs would be expected to be subsumed by industry attendees' organisations.

The Panel also considered that in the case of the technical documents e.g. the Intimate Communications Hub Interface Specification (ICHIS) it may be appropriate to acknowledge in the Panel's response that there may be a variety of views amongst SEC Parties rather than indicate a SEC Panel position, especially if this document was not to be a SEC Subsidiary Document. DECC noted that the ICHIS may not remain outside the SEC governance on an enduring basis, however it was placed under DCC control in order that it was established as soon as possible under a controlled timescale. SECAS advised that further information on the subsidiary documents would be provided in the Cross Sector Product Inventory (CSPI) that has been requested through the Implementation Managers Forum to be made available as soon as possible.

The Panel:

- **AGREED** that a response to the SEC 2 Consultation from the Panel would be required; and
- **AGREED** for SECAS to draft a Panel response for ex-Committee agreement in advance of the consultation response deadline.

ACTION 02/10: SECAS to draft a Panel response to the SEC 2 Consultation for agreement by Panel ex-Committee prior to the consultation deadline.

12. Panel 3 Year Budget (2014-2017)

a. Process

SECAS advised that the purpose of paper SECP_02_1511_12a was to provide the Panel with an overview of the requirements outlined in the SEC for the Panel to prepare a draft budget for the next three Regulatory Years.

The paper also outlined the process for the SEC Panel to consult on the draft 3 Year Budget with SEC Parties in January; following which the final budget can be approved, taking into account responses to the consultation, where appropriate. For completeness, the paper also highlighted that, once the Budget is approved, Parties can appeal to Ofgem, although the Approved Budget remains until the Authority determination is known.

SECAS advised that there are two challenges with formulating the Draft Budget in the timescales given:

1) In order for the SEC Panel to ensure there are sufficient budget provisions for the activities in the coming Regulatory Years, this requires an outlook on the activities that are likely to take

place. Taking into account that the Programme is still undertaking the developmental stages of the SEC drafting, which in turn are subject to consultation, a firm baseline and timetable is not available at this point.

2) The SEC requires that the Draft Budget is accompanied by detailed workplans, which would again require an insight into the activity that is likely to occur.

The considerations for the initial 3 Year Budget (see SECP_02/1511/12b) are consequently articulated at a milestone level from those signalled via the Smart Metering Implementation Programme (SMIP).

SECAS also advised that there was the capability for a within year adjustment if necessary, however it is advised that this would only be considered if absolutely necessary due to the consequential impact this would have on the DCC Charging Statement.

The Panel:

- **AGREED** to consider budget-setting for the Regulatory Years 2014-15, 2015-16 and 2016-17 to the best of its ability, based on information available at this time in accordance with the timetable proposed in the paper; and
- **ACKNOWLEGED** that the DCC may have to rely on such information pending the completion of the Panel's due process in reaching an Approved Budget.

b. Outline 3 Year Budget 2014-2017

SECAS provided the Panel with an outline of the first draft of the SEC Budget for the next regulatory Year (2014/15), highlighting that at present, it is not possible to be more prescriptive due to the information available. It is likely that more detail will be available in the coming months through future consultations, however, this is not expected to be available within the timetable for the Approved Budget.

The Panel were advised that the budget lines outlined in the paper were what was currently known as applicable in the coming months/year and that once the framework for the Panel activities had been established, costs could be developed for the associated SECAS services and support, Panel/Sub-Committee expenses, meeting facilities etc.

SECAS advised that the 3 Year Plan and associated budget could include four areas split between discretionary and non-discretionary:

1) Corporate Costs – SECCo, Panel Chair remuneration etc.
2) SECAS Costs – SEC Panel and Change Board support etc.
3) Projects – likely activities that would have a cost associated with them including additional funding and SECAS effort that would be released at the discretion of the Panel
4) Contingency – a budget provision to mitigate against the unknowns

It was also advised the Budget is accompanied with a set of key assumptions providing insight into the numbers behind the budget lines.

The Panel agreed that SECAS should produce a draft Budget within the outline suggested and that a sub-group of the Panel could be used as the first part of the review cycle. The following Panel Members agreed to part of the sub-group:

- Simon Trivella
- Paul French
- David Lane
- Leyton Jones

The Panel were invited to discuss any considerations that should be taken into account when producing the draft Budget and whether there should be any other headline budget lines. The Panel agreed that the budget lines provided seemed appropriate.

The Panel discussed the requirement for the SEC Panel to be the gateway approver in the testing process and the budget that should be outlined for this activity. A Panel Member suggested that the Panel involvement should be significant to allow transparency and the ability to see the progress of testing throughout the process. It was also discussed that assumptions around the membership and chairing of the Sub-Committees (e.g. Technical Sub-Committee, Security Sub-Committee and SMKI Policy Management Authority) would have to be made and that the PMA and SSC may require subject matter expert support, potentially from outside the industry.

The Panel considered the following may be other considerations that may have to be taken into account when drafting the budget:

- Whether the membership of new Sub-Committees could be transferred from the existing Programme Transition Work Groups
- Whether some of the enduring SEC governance entities would run in parallel to the Transition Work Groups
- Whether any other SEC governance groups apart from the SEC Panel would require an independent chair.

SECAS also asked the Panel whether the Sub-Committees should be responsible for their own budget and reporting back to the Panel with their own set of management accounts. The Panel confirmed that this was an option for consideration, however felt that this was not a decision that needed to be made at this time.

The Panel:

- **CONFIRMED** that the budget should include the budget lines as laid out in the paper;
- **AGREED** an updated draft budget with more detail behind the agreed budget lines would be brought to the December Panel;
- **CONSIDERED** whether a budget for each Sub-Committee should be managed as part of the Chair's duties for each Sub-Committee (enabling a threshold to be used for each Sub-Committee); and
- **AGREED** to form a sub-group of the Panel to assist in the review cycle of the draft 3 Year Budget.

ACTION 02/11: SECAS to produce a second draft of the budget laid out in SECP_02_1511_12b to be reviewed by the Panel sub-group in advance of presentation at the December Panel meeting.

13. DCC Invoicing Update

As part of the update to the Panel on the progress of DCC invoicing, Jonathan Simcock, Managing Director of SmartDCC, and Alan Over, programme lead at DECC, joined the SEC Panel to discuss the DCC Charges. The context of the additional attendance was that a number of comments had been made on the indicative figures released by the DCC and Jonathan Simcock offered to attend the Panel meeting to provide some clarification.

A number of misunderstandings around the charges had arisen following SmartDCC's discussions with stakeholders and Jonathon Simcock wished to provide clarification to SEC Panel on these matters. The slides presented to the Panel have been included as Appendix A. In summary, the key clarifications provided concerned:

- The DCC Charges for the period from Licence award to March 2014 do not include the recovery of bid costs. These costs are smeared across the full term (12 years) of the contract
- It is not in SmartDCC or Capita's interests to charge more: if there is an over-recovery, this would result in lower payments for DCC Users and the interest would be given back to the Users
- The CSPs and DSP are not being paid before they deliver: No sums will be paid to the Service Providers in this Regulatory Year and they will only be paid on achievement of milestones laid out in the contracts
- The costs comprise establishing SmartDCC Ltd, including an adjustment for changes that have occurred since the contract award. This includes establishing resource to deliver the key design documents and forums required by SEC Parties and the Programme
- Some costs have been moved into this Regulatory Year rather than in the next year as originally laid out in the bid. An example is the build of an extensive billing system
- The SECCo pass-through costs have been included (although the Authority have not indicated any fee due for the period)
- A prudent contingency has been incorporated to allow for activity not budgeted for

The first Charging Statement is due to be released on the 20th November 2013[1]. After the first Charging Statement has been confirmed and released to Parties, work would begin on the Charging Statement for the next Regulatory Year which has to be published by the 5th Working Day in January.

Jonathan agreed to provide a letter to the Panel Members to disseminate to the SEC Parties as required with the reasons behind the charges included in the Charging Statement, noting that a full narrative would be provided as part of the Charging Statement to be released on the 20th November 2013.

The Panel discussed the role of Ofgem and DECC in regulating the DCC's charges. Alan Over confirmed that DECC had no formal role in price regulation, however it was important to note that Capita, as the contract winner, had provided the most economical price whilst providing the highest quality solution. It was highlighted that the Service Provider costs were also lower than those set out in the business case. Ofgem clarified that their role in regulating the DCC's charges would be applied ex-post and charges could be disallowed following as assessment of their efficiency and whether they were reasonably economic.

The Panel thanked Jonathan Simcock and Alan Over for their time and clarifications for the Panel.

14. SEC User Group

The Chair advised the Panel that establishing a SEC User Group had been suggested in order for SEC Parties to have a direct communication route to SECAS through a contained forum to discuss wider issues.

SECAS advised that this sort of open group would require a Terms of Reference to ensure the group's purpose was evident and contained. The Panel discussed the relevance of the scope of such a group and whether it would be hard to ensure that it did not duplicate the work of other Sub-Committees/Transition Work groups. It was also highlighted that as this group would be outside of formal governance it would be essential that any issues that were discussed should be taken forward into the governance entities.

SECAS advised that this group could be a forum where introductory seminars could be held e.g. an introduction to SEC 2 drafting.

[1] This has since been notified and published on the DCC Website

The Panel suggested that as there is such a broad User community, social media could be used to reach out to all the Users via a Twitter account and other social media sites in the short-term to provide a virtual User group for Parties.

The Panel AGREED to use the social media route and revisit the suggestion of SEC User Group in Feb/March 2014.

ACTION 02/12: SECAS to explore social media as a way of disseminating information and encouraging participation to all SEC Parties

15. AOB

There was no further business and the Chair closed the meeting.

Signed: _____ **Date:** _____