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Paper Reference:	CSC_03_2805_07
Action:	For Decision

DP076 Draft Proposal Decision

1. Purpose

This paper provides a summary of our assessment of [DP076 'Pursuing Non-Payment in Events of Default'](#), taking into account industry views and views of the Panel Sub-Committees on the problem this Draft Proposal has identified. We are asking the Change Sub-Committee (CSC) to agree that the issue identified under this Draft Proposal is clearly understood, and that it is ready to progress to a Modification Proposal.

2. What is the issue?

[DP076 'Pursuing Non-Payment in Events of Default'](#) was raised by Simon Trivella of British Gas.

SEC Section J2.6 addresses payment default. It currently states that the Data Communications Company (DCC) must notify the SEC Panel of a payment default, and that the DCC shall 'take all reasonable steps and proceedings to pursue payment'. There is a general concern that the way that payment defaults are currently handled could affect the outcome of future defaults, and the SEC Panel propose to eliminate the possibility for SEC Parties to pay socialised costs as far as possible.

The DCC currently seek to pursue payment and consult with the SEC Panel, and the Proposer would like to address the ambiguity surrounding who has authority on the matter.

The problem statement containing the information provided by the Proposer and updated by SECAS during our initial investigations can be found in Appendix A.

3. Comments on the issue

So far, we have not received any comments on this issue.

4. Next steps

We and the Proposer have agreed that there is a solution which we both feel resolves the issue, and we have attached the proposed legal text for this. We welcome any comments from the CSC before it is presented to the Panel. We recommend that the Modification Proposal should go straight to the Report Phase.

5. Recommendations

The Change Sub-Committee are requested to:

- **AGREE** that the issue identified under DP076 is clearly defined and understood;
- **RECOMMEND** to the Panel that this Draft Proposal should be converted to a Modification Proposal; and
- **RECOMMEND** to the Panel that the Modification Proposal should proceed to the Report Phase.

Joe Hehir

SECAS Team

20 May 2019

Attachments

- **Appendix A:** DP076 problem statement
- **Appendix B:** DP076 draft legal text