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Action:	For Discussion

Provisions for withdrawing modifications

1. Purpose

As part of our ongoing review of the SEC modifications framework, we have been exploring the expansion of powers relating to who can withdraw Modification Proposals prior to final decision, a power which currently rests solely with the Proposer. This paper sets out our thoughts on this matter and our proposed way forward for the Panel's consideration.

2. What are the current provisions?

The provisions in SEC Section D 'Modifications Process' are built around the key principle that any SEC Party can raise a proposal to change the SEC, and that each proposal should undergo due process for a solution to be developed and for this to be determined upon. As such, SECAS and the Panel must allow any proposal into the process and ensure it receives a fair assessment.

A key frustration, raised by many Parties during our recent feedback sessions, is that the SEC does not provide any power for SECAS, the Panel or the Change Board to withdraw a modification. The primary concern raised is that a lot of time, resource and cost is being put into Modification Proposals that are not going to progress or are unlikely to be implemented. Equally, there are cases where Proposers are not engaged with the process and allow their proposals to effectively sit in stasis.

The improvements we have recently introduced to the framework attempt to nullify this risk. The new Development Stage helps to ensure proposals are fully thought through and supported before they progress. Equally, requiring Change Board approval prior to incurring the cost of a DCC Impact Assessment seeks to prevent nugatory costs and effort during the Refinement Process.

However, these are preventative measures and can only go so far, especially since these rely on the Proposer acting on the views of the Change Sub-Committee or the Change Board. A Proposer is within their right to ignore the views of the wider industry and continue to progress their proposal to decision, even if it is clear it is not required, feasible or supported.

The Panel does have the power to set the timetable for a proposal's progression and could theoretically choose to progress a Modification Proposal to decision early. However, we anticipate any Modification Proposal whose solution is not fully developed and assessed would be viewed as incomplete, and so would be sent back by the Change Board or the Authority.

3. What could we do about this?

We believe it is important that any Party can continue to raise any issues, and to have these fully considered as part of the process.

However, the ability for the Panel to be able to withdraw a proposal under certain circumstances would benefit the framework. This power should provide a suitable check and balance to mitigating industry cost and effort in having to assess and develop proposals that have been clearly shown to be unsupported, unfeasible or have stagnated.

We believe any mechanism to allow the withdrawal of a proposal should adhere to the following principles:

- The Panel should set out clear rationale for why they believe a proposal should be withdrawn and provide the Proposer with an opportunity to respond.
- The Panel should consider views from SEC Parties when making the decision.
- The Proposer should have the right to appeal the Panel's decision to withdraw a proposal, and should an appeal be upheld, the decision to withdraw would be overturned.

We believe these principles will ensure the Proposer has sufficient opportunity to respond to concerns over the continued progression of their proposal before action is taken, while still allowing the Panel a route to prevent nugatory work being performed by Parties.

4. What is our proposed way forward?

We believe a Draft Proposal should be raised to debate this issue more widely with the industry. If there is support for implementing a solution, the Draft Proposal can be converted to a Modification Proposal to develop the required changes to SEC Section D.

Neither SECAS nor the Panel would be able to raise such a Draft Proposal. We will therefore seek a Party to raise a Draft Proposal on our behalf.

5. Recommendations

The Panel are requested to:

- **NOTE** the considerations raised in this paper; and
- **ENDORSE** the progression of a Draft Proposal to debate this issue further.

David Kemp

SECAS Team

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