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Paper Reference:	**SECP_72_1309_12**
Action:	**For Decision**

DP079 Problem Statement

1. Purpose

DP079 'Provisions for withdrawing modifications' was raised by Simon Trivella of British Gas and has undergone the Development Stage. The Change Sub-Committee (CSC) believe this Draft Proposal is ready to be converted to a Modification Proposal. This paper provides a high-level summary of the key points and sets out our proposed approach for progressing this modification for the Panel's approval. We are recommending that this modification be progressed to the Refinement Process, and that the Panel agree the full package of work to be undertaken. A copy of the problem statement submitted by the Proposer can be found in Appendix A.

2. Summary of the issue

SEC Section D 'Modifications Process' states that any SEC Party can raise a proposal to change the SEC. The SEC contains provisions for the Proposer to withdraw their proposal prior to final decision, if they no longer wish to progress it (for example it is identified that the issue can be resolved without a change to the SEC, or if it is clear the proposal is not likely to succeed).

However, this power is limited to the Proposer. Neither SECAS, the Panel nor their Sub-Committees can close a modification prior to decision. Consequently, time, resource and cost are 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.

3. Proposed progression

The CSC have agreed that this Draft Proposal is ready to be converted to a Modification Proposal. We believe that this modification should be progressed to the Refinement Process to allow for the development and assessment of a solution to the agreed issue.

Work package and timetable

We propose the following first package of work to be undertaken during the Refinement Process:

Activity	Date
Prepare business requirements with the Proposer	16 Sep 19
Publish business requirements on the SEC Website and open these for industry comment	23 Sep 19
Discuss at the next Working Group meeting	02 Oct 19
Refinement Consultation	07 Oct 19 – 28 Oct 19
Modification Report to Panel	15 Nov 19

We do not believe that any further Sub-Committee input is required at this stage. We will develop a solution with the Proposer before discussing with the industry via open comments and the Working Group.

Areas of assessment

As part of the assessment of the modification's solution, we believe the following question needs to be answered in addition to the standard assessment areas.

Who should have the power to withdraw proposals and how will these powers be defined?

Members of the CSC reiterated comments made by other Sub-Committees that there must be a clear definition of how the powers of withdrawal are used, and who these would be extended to. This is to be explored and set out during the Refinement Process.

Will the Proposer have the right to appeal the Panel's decision?

We believe that the Proposer should have the right to appeal the Panel's decision to withdraw a proposal. This will allow the Proposer to respond to concerns over the progression of their proposal. Should an appeal be upheld, the decision to withdraw would be overturned.

4. Recommendations

The Panel are requested to:

- **AGREE** that DP079 is ready to be converted to a Modification Proposal;
- **AGREE** that MP079 should be progressed to the Refinement Process; and
- **AGREE** the package of work and the timetable for MP079.

Bradley Baker

SECAS Team

6 September 2019

Attachments:

- **Appendix A:** DP079 problem statement

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DP079 'Provisions for withdrawing modifications'

Problem statement – version 1.0

About this document

This document provides a summary of this Draft Proposal, including the issue or problem identified, the impacts this is having, and the context of this issue within the Smart Energy Code (SEC).

Proposer

This Draft Proposal has been raised by Simon Trivella from British Gas.

What is the issue or problem identified?

Who is able to withdraw a modification?

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.

The SEC does contain provisions for the Proposer to withdraw their proposal prior to final decision, if they no longer wish to progress it (for example it is identified that the issue can be resolved without a change to the SEC, or if it is clear the proposal is not likely to succeed). However, this power is limited to the Proposer; SECAS, the Panel nor their Sub-Committees can close a modification prior to decision.

During their recent feedback sessions, SECAS identified frustration among many Parties 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.

How can this issue be mitigated now?

The improvements recently introduced to the SEC modifications 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 (CSC) 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, it is anticipated that 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.

The Panel have noted Parties' frustrations and believe the issue should be explored further to see if further change around these provisions is merited.

How does this issue relate to the SEC?

The provisions for withdrawing Modification Proposals, including that this ability is limited only to the Proposer of the change, is set out in Section D.

What is the impact this is having?

Industry time and effort

A lot of time and effort is required by SECAS, the DCC and SEC Parties in assessing and developing solutions to Modification Proposals, including:

- Developing business requirements and solutions options
- Developing the business case for change
- Performing and reviewing DCC Assessments (with a cost associated with performing Impact Assessments)
- Attending Working Group sessions
- Responding to consultations
- Preparing and reviewing documentation such as Modification Reports, business requirements and legal text

As long as a Proposer wishes to proceed with their proposal, this work has to be completed in order to present a fully developed solution and accompanying assessment to the Change Board and the Authority for decision. This must happen even for proposals that are unlikely to be implemented. Consequently, SECAS and industry time and effort continue to be spent, along with any costs associated with a DCC Impact Assessment, resulting in costs being incurred to Users.

There is currently insufficient check-and-balance in the process to ensure that industry time and effort is being spent wisely. As long as a Proposer wishes to progress their proposal, the Panel is required to ensure that a suitable and robust assessment is carried out to develop the proposal for decision. This may result in SECAS and industry time and effort needing to be spent on a proposal unlikely to succeed that could otherwise be spent on other proposals that would provide benefit to Parties, incurring additional costs for Users for nugatory work.

What are the views of the industry?

Views of the DCC

The DCC commented that this modification is unlikely to impact DCC total systems.

Views of SEC Parties

No further comments from SEC Parties were received during the Development Stage.

Views of Panel Sub-Committees

The Security Sub-Committee (SSC) commented that they had an interest in this subject and will be happy for this to be explored.

The Operations Group (OPSG) had concerns that the modification could result in Parties 'shutting down' modifications through numbers. SECAS clarified that the purpose of this proposal is to help close modifications that are not progressing or are unlikely to progress. Rationale will also have to be given for modifications set to be closed.

The Technical Architecture and Business Architecture Sub-Committee (TABASC) showed an interest in the issue and wanted to clarify who would have the power to withdraw modifications. In particular they wanted to know if the power would be extended to Sub-Committees.

Views of the Change Sub-Committee (CSC)

The CSC commented that this Draft Proposal would create a shift away from full Proposer ownership; however, this could be mitigated through the development of the appeal process.

One CSC Member queried if it was only the Proposer who can withdraw a modification or members of other Sub-Committees. It was noted that some guidelines would be needed on what can be withdrawn and who is authorised to do so.

It was queried whether this process was being developed with vexatious modifications in mind. The Proposer confirmed it was more around having a backstop for proposals that lack support or are no longer needed, that subsequently stall within the process.

Members also considered that there could be a positive impact in terms of modification timescales and making sure change progresses on a timely basis. It was also mentioned that there could theoretically be a timeout on modifications that have been in stasis for a certain period of time. Ofgem commented that this could potentially be implemented into an existing process, such as the Panel's abilities to set progression timetables, as opposed to introducing an entirely new one.

The CSC unanimously agreed that this proposal is clearly defined and ready to be progressed as a Modification Proposal. The CSC reiterated that the way in which the powers are used must be clearly defined in the Refinement Process.

Initial views of the SEC Panel

Panel Members felt that while the idea would be against the general principles of code modifications, some sort of backstop would be good, and the principles SECAS laid out would provide sufficient safeguards against the Panel withdrawing modifications unilaterally. Overall, the Panel were supportive of exploring this issue further.