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DP088 ‘Power to raise modifications’

Problem statement – version 0.2

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 currently able to raise Draft Proposals?

SEC Section D1.3 allows the following to raise Draft Proposals (which initiate the SEC Modifications Process):

- Parties (including the Data Communications Company (DCC));
- Citizens Advice and Citizens Advice Scotland;
- Anyone specifically designated by the Authority;
- The Authority, but only to ensure compliance with European regulations or following a Significant Code Review (SCR); and
- The Panel in specific circumstances (see below).

The SEC also allows the Security Sub-Committee (SSC) (Section G7.20) and the Smart Metering Key Infrastructure (SMKI) Policy Management Authority (PMA) (Section L1.19) to raise Draft Proposals where they relate to their remits or documents.

The specific circumstances under which the Panel can raise a Draft Proposal are:

- following a review carried out by the Panel at the request of the Authority (Section C2.3(i)), to progress any consequential changes required;
- following a recommendation from the Smart Energy Code Administrator and Secretariat (SECAS) that the SEC is inconsistent with the Code Administration Code of Practice (CACoP) (Section C7.2(c)), to resolve this inconsistency;
- to progress a Fast-Track Modification to resolve any non-material typographical errors or other minor factual inaccuracies or inconsistencies within the SEC; and
- to progress any consequential changes required to the SEC as a result of changes under other Codes.

There are no provisions for SECAS to raise a Draft Proposal. This is consistent with several other Codes and is based on Code Administrators not being able to raise changes to the provisions that govern their functions. However, there is precedence for Code Administrator organisations to be able to raise changes, for example, National Grid can raise Connection and Use of System Code (CUSC) modifications as the licensee of the Transmission Licence, even though it is also the Code Administrator. In addition, the DCC, whose functions are also subject to SEC governance, are able to raise Draft Proposals.

Allowing one or both bodies wider powers to submit Draft Proposals would allow beneficial changes identified by the Panel or by SECAS to be raised and progressed quicker. This would improve efficiency by allowing these changes to be developed and decided upon sooner.

How does this issue relate to the SEC?

The list of who can raise Draft Proposals is documented within the SEC (primarily Section D). Any changes to this list will require a Modification Proposal.

What is the impact this is having?

Impacts on efficiency

The constraints placed on the Panel act as a blocker to the efficient progression of changes. The Panel has proposed several proposals in the past, which recently included [DP076 'Pursuing Non-Payment in Events of Default'](#). However, due to the constraints in Section D1.3(e), the Panel was not able to raise these proposals itself. Instead, SECAS had to seek a SEC Party to do so on the Panel's behalf.

SECAS has also put forward several Draft Proposals to the Panel for endorsement. Recent examples include this proposal, the outcomes of the Section D Review, and [DP079 'Provisions for withdrawing modifications'](#). With no power to raise proposals itself, SECAS also needs to then find a sponsor for any changes it wishes to put forward for consideration.

This activity adds additional time and effort into the process in finding a suitable sponsor and updating them on the proposal in order for them to agree to sponsor it. The sponsor must also agree to devote the time and effort that being a Proposer requires to a proposal where they are not the originator and may only be acting on behalf of others.

This also means SECAS or the Panel will need the sponsor's agreement for the solution subsequently developed, further adding in steps to get this agreement. It would be more effective to allow the originators of a proposal to be able to own their change, in line with the principle of Proposer ownership.

Reform of the Energy Codes

The [joint BEIS/Ofgem consultation on Reforming the Energy Industry Codes](#) proposes that Code Managers should have greater responsibility for "identifying, proposing and developing changes". The ability for Code Managers to have these powers would make it more efficient to implement changes required to deliver strategic goals. Given this direction of travel, the Proposer believes this is a further reason for reviewing the powers that SECAS has for raising modifications.

What are the views of the industry?

Views of SECAS

SECAS originally raised this proposal with the Panel and believes that this issue merits further discussion with the industry. It agrees with the rationale that extending the power to raise Draft Proposals will improve efficiency with raising proposals.

Views of the DCC

While this modification does not impact the DCC Systems, the DCC has commented on some point it believes should be considered in the development of any solution. This includes consulting with the Authority to take consideration of the planned reform of the Energy Codes, and noting the SEC Panel or SECAS not having any licence conditions and the implications this may have. Full details on these comments can be found [here](#), on the [DP088 webpage](#).

Views of SEC Parties

One Large Supplier (the Proposer's organisation) has commented in support of this Proposal. They believe that this is the right approach in the migration toward Code Manager and would add simplicity and efficiency to SEC Panel/SECAS initiated modifications. Full details on these comments can be found [here](#), on the [DP088 webpage](#).

Views of Panel Sub-Committees

The Draft Proposal has been presented to the TABASC and the SMKI PMA so far, and they are happy for this issue that has been identified to be investigated further.

Views of the Change Sub-Committee

The views of the Change Sub-Committee will be gathered during the Development Stage.

Views of the Panel

Members did see a potential issue with the Panel raising and then presiding over a proposal. They felt that if a proposal would have merit then SECAS should be able to find a sponsor for it. However, members did see benefits in being able to raise efficiency changes directly and felt it inappropriate to rely on one or two individuals to have to constantly sponsor proposals on the Panel's behalf.

The Panel noted a possible issue with allowing the Code Administrator to be able to raise changes; once that power is given it may be hard to then stop it. However, members saw merit in allowing SECAS to be able to raise proposals with the Panel's agreement, which would also allow SECAS to progress Panel-raised changes on the Panel's behalf.