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Paper Reference:	SECP_74_1511_13
Action:	For Decision

DP084 Problem Statement

1. Purpose

Draft Proposal [DP084 'Other User Panel Seating Amendment'](#) was raised by the Energy Savings Trust and has undergone the Development Stage. The Change Sub-Committee believes this Draft Proposal is ready to be converted to a Modification Proposal. This paper 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 first package of work to be undertaken.

This paper provides a high-level summary of the key points. A copy of the problem statement submitted by the Proposer can be found in Appendix A.

2. Summary of the issue

Currently, the SEC Panel has two seats to be occupied by Other SEC Parties, but because Other SEC Parties are not always Other Users, this may lead to Other Users being under-represented. A SEC Panel questionnaire was issued to all SEC Parties in April 2019 and the outcomes discussed at SEC Panel in June 2019 to gauge opinion. At the Panel meeting, it was suggested that an Other User seat should be added to the Panel to ensure the Other Users are proportionately and fairly represented.

3. Proposed progression

The Change Sub-Committee has 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. This is due to there being two straightforward solutions that were identified as part of the Development Stage.

The first solution is to split the existing two Other SEC Party seats into one Other SEC Party seat and one Other User seat. The alternative solution is to add an Other User seat to the Panel seating, retaining the two Other SEC Party seats. By going to Refinement, industry will be able to see the proposed solutions and select the preferred option before proceeding back to Panel. Given the simplicity of the issue and solution, we expect the Refinement Process to be short.

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	18 Nov 19
Publish business requirements on the SEC Website and open these for industry comment	w/c 25 Nov 19
Discuss at the December 2019 Working Group meeting	4 Dec 19
Update Panel on progress	10 Jan 20

None of the Panel Sub-Committees expressed an interest in the modification during the Development Stage. The proposed solutions at this stage appear straightforward and DCC has confirmed that the issue does not affect it.

Areas of assessment

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

Should a new Other User Seat be added to the existing Panel instead of splitting the Other SEC Party seats?

This question is being asked due to the issue having two clear solutions. The two existing Other SEC Party Seats could be split, or a new seat could be added. It therefore makes sense to assess which of these two solutions is preferable to industry before committing to one solution at this early stage.

4. Recommendations

The Panel are requested to:

- **AGREE** that DP084 is ready to be converted to a Modification Proposal;
- **AGREE** that MP084 should be progressed to the Refinement Process; and
- **AGREE** the first package of work and the timetable for MP084.

Harry Jones

SECAS Team

8 November 2019

Attachments:

- **Appendix A:** DP084 problem statement

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DP084 ‘Other User Panel Seating Amendment’

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 Maria McLean from Energy Saving Trust (EST).

What is the issue or problem identified?

There is a need to distinguish between Other Users and Other SEC Parties as the two have differences in the SEC. Other Users are described as Users not currently acting in any of the other User Roles, even if they are a Supplier or Network Operator. By contrast, an Other SEC Party is defined as a Party that isn't a Supplier, Network Operator or DCC. Currently, the SEC Panel have two seats to be occupied by Other SEC Parties, but because Other SEC Parties aren't always Other Users this may lead to Other Users being underrepresented. A SEC Panel questionnaire was issued in April 2019 and the outcomes discussed at SEC Panel in June 2019 to gauge opinion. It was suggested that an Other User seat should be added to the Panel to ensure the Other Users are proportionately and fairly represented. Therefore, under this proposal the two Other SEC Party seats will be split so there will be one Other SEC Party seat and one Other User seat on Panel.

The Panel is currently comprised of a mix of elected and appointed representatives. Of the eight elected seats on Panel, they are allocated as such in SEC Section C3.1 (a) – (e):

- Two persons elected by Large Suppliers;
- Two persons elected by Small Suppliers;
- One person elected by Electricity Network Parties;
- One person elected by Gas Network Parties; and
- Two persons elected by Other SEC Parties.

In order to ensure Other Users are fairly represented Other Users require one of the Other SEC Party seats.

How does this issue relate to the SEC?

At the moment, SEC Section C 'Governance' currently specifies in C3.1 (e) that "two persons elected by Other SEC Parties" is the seat structure. Therefore, any Modification Proposal that splits these seats to one Other User and one Other SEC Party needs to amend this section.

Additionally, the terms of "Other User" will have to be added throughout other governance areas in the SEC. This is so that a discrepancy can be given between Other Users and Other SEC Parties when considering they will be different seats.

What is the impact this is having?

If nothing is done, then it will result in potentially allowing Other Users to be underrepresented in Panel meetings. With Other SEC Parties able to occupy both seats currently without being Other Users, this presents a flaw in the current Panel seating arrangements.

Alternatively, if the Panel were to change the seating arrangement but the SEC left unchanged, the SEC would not be accurately reporting the structure of the Panel's seating. SEC Section C 'Governance' needs to be aligned with the current Panel structure, so any change to this structure requires a Modification Proposal to help facilitate this change.

What are the views of the industry?

Views of the DCC

The DCC stated that they would not be impacted by the issue raised and they expect no changes to affect their Systems.

Views of SEC Parties

No SEC Parties have commented on the issue raised outside of the Change Sub-Committee.

Views of Panel Sub-Committees

The Panel Sub-Committees stated that they will not be affected by the issue raised.

Views of the Change Sub-Committee

The views of the Change Sub-Committee (CSC) were supportive of the issue. One member stated that they wanted to understand what potential solutions were available. There were two suggested solutions. One was to split the two existing Other SEC Parties seats into one Other SEC Party seat and one Other User Seat. The other was to introduce a new Other User seat and to keep the two existing Other SEC Parties seats. One other CSC member enquired into who could use the Other User seats, suggesting a Party who sits in another category could try using the seat to increase the weight of their votes in a Panel vote. SECAS took note of this and suggested this question should be asked in the Refinement Process to ensure that the solution doesn't allow for that unfair advantage to be taken.