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Paper Reference:	SECCB_37_2012_01
Action:	For Decision

MP086 Change Board vote

1. Purpose

[MP086 'Alt HAN Rollout Financing'](#) has undergone Modification Report Consultation and is now being presented to the Change Board for vote. The Change Board is invited to determine whether MP086 should be approved or rejected under Self-Governance.

This paper provides a high-level summary of the key points. Full details can be found in the Modification Report in Appendix A and the responses received to the Modification Report Consultation in Appendix B.

2. Summary of the proposal

What is the issue?

When the Alternative Home Area Network (Alt HAN) roll-out commences, high costs of technology solutions contracted via Alt HAN Co will be incurred over a short period. The pass-through of these costs in-year to Energy Suppliers will not be the most appropriate funding mechanism as Suppliers will be burdened with high upfront costs for Alt HAN. To address this, Alt HAN Co is exploring financing to spread these costs over a longer period.

What is the Proposed Solution?

The proposed solution is to allow Alt HAN Co to investigate alternative methods for financing the Alt HAN rollout. Making these changes will allow Alt HAN Co to look at new models of funding the roll-out which could return lower costs to Supplier Parties in the short term. Alt HAN Co has stated that this re-modelling of the financing is critical to ensuring the roll-out is successful and that the short-term financial impact to industry participants is reduced.

3. Modification Report Consultation responses

Four responses to the consultation were received, consisting of three Large Suppliers and the DCC. All three of the Large Suppliers want to approve the Modification Proposal, stating the benefits to them with the new Alt HAN arrangements. They all unanimously believed it would better facilitate SEC

Objective (h)¹. The DCC responded positively to the consultation as well, recommending approval and that it better facilitates SEC Objective (h).

4. Next steps

Determination approach

The Panel has determined that MP086 is a Self-Governance Modification. The Change Board's vote will therefore form a decision on the modification.

This decision will be subject to a 10 Working Day objection period where Parties can refer the decision to the Panel. If no objection is received, the Change Board's decision will be final.

Implementation approach

The Panel has agreed this modification be implemented on 27 February 2020 (February 2020 SEC Release) if a decision to approve is received on or before 20 December 2019.

5. Recommendations

The Change Board is requested to:

- **AGREE** that MP086 should proceed to vote;
- **DETERMINE** whether MP086 should be **APPROVED** or **REJECTED** under Self-Governance; and
- **PROVIDE** rationale for this decision against the General SEC Objectives.

Harry Jones

SECAS Team

13 December 2020

Attachments

- **Appendix A:** MP086 Modification Report
 - **Annex A:** MP086 legal text
- **Appendix B:** MP086 Modification Report Consultation responses

¹ To facilitate the establishment and operation of the Alt-HAN Arrangements.