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SEC Change Board Meeting 46x

7 October 2020, 15:00 – 15:20

Teleconference

SECCB_46x_0710- Draft Minutes

Attendees:

Category	Change Board Members
Change Board Chair	David Kemp
Large Suppliers	Emslie Law
	Simon Trivella
	Alex Hurcombe (part) (<i>alternate for Paul Saker</i>)
	Sharon Armitage (<i>alternate for Tim Larcher</i>)
	David Rodger
	Rachel Norberg (<i>alternate for Jenny Smith</i>)
Small Suppliers	Carolyn Burns
	Gareth Evans
Networks	David Mitchell
	Paul Fitzgerald
	Gemma Slaney
Other SEC Parties	Gerdjan Busker
	Alastair Cobb
Consumer	Ed Rees

Representing	Other Participants
DCC	Charlotte Semp
Ofgem	Michael Walls
SECAS	Holly Burton (Meeting Secretary)

	Abigail Hermon
	Joe Hehir

Apologies:

Representing	Other Participants
Large Suppliers	Jenny Smith
Large Suppliers	Tim Larcher
Large Suppliers	Paul Saker

1. MP122A 'Operational Metrics' Change Board vote

The Change Board was invited to perform the final vote on [MP122A 'Operational Metrics'](#).

Change Board members noted the DCC implementation costs of £210,000. In addition, there will be up to £845,500 a year for ongoing application support to produce the subsequent reporting from this modification within 10 Working Days from the end of the reporting period and to provide detailed commentary to support the metrics. SECAS noted this may be reduced in subsequent years.

The Chair clarified that only the upfront implementation costs of £210,000 are being voted upon. The ongoing application support costs will be subject to Ofgem's price control review and therefore, will be further scrutinised each year to make sure the associated costs are appropriate.

Further work is being undertaken by the Working Group on the format and content of the Performance Measurement Report (PMR) which will help form the ongoing costs. The DCC has clarified to SECAS that if it were to simply provide the metrics each month with no additional investigation or commentary, the Application Support costs would be around £120,000 per year. It also expected to see a further 10% reduction year on year as the processes became embedded into business-as-usual.

Change Board members were also informed that Ofgem do not have a back-up plan for the implementation of its Operational Performance Regime (OPR) review improvements if MP122A is not implemented by 31 March 2021. If MP122A is not implemented by this date Ofgem will need to revert to the original metrics included in this year's OPR which the Industry had previously fed back needed to be enhanced.

The Proposer (GS) acknowledged previous comments against the annual costs of this modification. In addition, Ofgem has confirmed that ongoing costs will form part of the price control review and therefore believes the DCC will be scrutinised into providing details around any staff count increase.

The Chair also noted the DCC had provided three alternative methods for implementing the modification with the aim to decrease the Application Support costs. However, these all amounted to a change to the Proposed Solution and would therefore require MP122A to undergo further refinement in order to explore these. The Proposer did not believe these alternative methods were worth exploring and potentially missing Ofgem's targeted OPR implementation date of 1 April 2021. This was due to margin between the costs for the alternative methods not being significantly different to those of the Proposed Solution. Other Change Board members agreed with this view and considered it appropriate to proceed to vote, considering the Industry's desire for MP122A to be implemented in order to supplement the OPR improvements.

SECAS (AH) understood that the requirements need to be fully clarified before realistic annual costs can be put forward by the DCC. AH questioned whether there was an indication of rough timelines for when these requirements need to be fully clarified. The Proposer (GS) advised ideally the requirements should be clarified as soon as possible. However, the industry can continue to tweak and refine the PMR after April 2021. In order to develop the PMR further, SECAS will be holding subsequent Working Group meetings throughout October and November, where, the DCC will be asked to provide a detailed draft of what the PMR will look like.

The Proposer (GS) highlighted that if MP122A is approved, the Performance Measurement Methodology (PMM) must also be updated to reflect the new metrics. SECAS agreed and confirmed it will be updated in parallel with the PMR and be subject to an Industry consultation as required by SEC Section H 'DCC Services'.

No further comments were raised, and the Change Board proceeded to vote.

Change Board Vote – MP122A decision:

The voting outcome is shown below:

Party Category	Approve	Reject	Abstain	Conclusion
Large Suppliers	4	2	0	Approve
Small Suppliers	2	0	0	Approve
Network Parties	3	0	0	Approve
Other SEC Parties	2	0	0	Approve
Consumers	1	0	0	Approve
Overall conclusion:				Approve

The view of the Change Board is that MP122A will better facilitate SEC Objectives (b)¹ and (g)² for the reasons given in the Modification Report.

Two Change Board members voted to recommend rejection of MP122A. While they supported the principle of the Proposed Solution, they considered the breakdown and explanation of the ongoing costs and how these would be monitored via the price control review were still unclear.

The Change Board:

- **AGREED** that MP122A should proceed to vote;
- **RECOMMENDED** to the Authority that MP122A should be **APPROVED**; and
- **PROVIDED** rationale for this decision against the General SEC Objectives.

MP122A has been progressed as an Authority Determined Modification and so will now be submitted to the Authority for determination.

If MP122A is approved by the Authority before 30 October 2020, the modification will be implemented as part of the February 2021 SEC Release. If a decision to approve is received after 30 October 2020 but on or before 30 November 2020, the modification will be implemented as an ad-hoc SEC Release on 31 March 2021.

¹ Enable the DCC to comply at all times with the objectives of the DCC and to discharge the other obligations imposed upon it by the DCC License

² Facilitate the efficient and transparent administration and implementation of the SEC

2. Any Other Business

There was no further business and the Chair closed the meeting.

Next scheduled meeting date: 21 October 2020

DRAFT