**SEC Section D ‘Modification Process’ Review**

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**Request for information**

Responding to this consultation

This is a request for information (RFI) to support the review of SEC Section D ‘Modification Process’.

We invite you to respond to this consultation and welcome your responses to the questions set out in this form. To help us better understand your views, please provide rationale to support your responses.

To help us process your response efficiently, please email your completed response form to [sec.change@gemserv.com](mailto:sec.change@gemserv.com) with the subject line ‘SEC Section D review RFI response’.

If you have any questions or you wish to respond verbally, please contact Joe Hehir on 020 7770 6874 or email [sec.change@gemserv.com](mailto:sec.change@gemserv.com).

Deadline for responses

This consultation will close at **17:00** on **Friday 13 November 2020**.

We may not be able to consider late responses.

Background

## What improvements were made by the previous Section D review?

SECAS carried out a review of the SEC modifications process in early 2018. This review resulted in three modifications being raised:

* [SECMP0049 ‘Section D Review: Amendments to the Modification Process’](https://smartenergycodecompany.co.uk/modifications/section-d-review-amendments-to-the-modification-process/) introduced the Development Stage and created the Change Sub-Committee (CSC) to oversee this. It also required the Change Board to approve the costs of DCC Impact Assessments.
* [SECMP0050 ‘Section D Review: Moving the Working Group’s Terms of Reference to a separate document’](https://smartenergycodecompany.co.uk/modifications/section-d-review-moving-the-working-group-terms-of-reference-to-a-separate-document/) moved the details of how Working Groups operate from the SEC to a Panel-owned document.
* [SECMP0051 ‘Section D Review: Amendments to the Fast Track Modification process’](https://smartenergycodecompany.co.uk/modifications/section-d-review-amendments-to-the-fast-track-modification-process/) streamlined the process for Fast Track Modifications, aligning this to the process under other Codes.

## Why are we carrying out another review of Section D?

The Working Group assessing these modifications recommended a review be carried out a year following SECMP0049’s implementation. This review would assess if the new arrangements were having the desired effect and whether further changes are needed.

Since SECMP0049 was implemented in March 2019, we have continued to explore ways of performing parts of the process in a more streamlined manner. We have been trialling some new ways of working during this time, and the Panel agreed it would be prudent to trial any approaches first, before updating Section D to align with these. We have also been working with the Data Communications Company (DCC) to improve how it inputs to and engages with modifications.

The Panel agreed for SECAS to initiate a further review of Section D on 16 October 2020. As part of the first stage of this review, we are seeking feedback from SEC Parties on the current modifications framework. We invite you to respond to this RFI to help us understand your views. Your responses will then help us to develop enhancements to the framework in the next stage of the review. Later in this review, we will be holding an industry workshop to discuss and refine our proposed enhancements, before issuing an industry consultation to seek your views.

Respondent details

| Respondent details | |
| --- | --- |
| **Name** | Click and insert your name |
| **Organisation** | Click and insert the name of the organisation you are responding for |
| **Phone number** | Click and insert a phone number we can call you on with any queries |

| Parties represented | |
| --- | --- |
| **Party Category** | Click and select your Party Category |
| **Parties represented** | Click and insert the name(s) of any SEC Parties you are responding for |

| Confidential information | |
| --- | --- |
| Does your response contain any confidential information? | |
| **Response** | Click and select your response |
| If ‘yes’, please clearly mark all confidential information (e.g. in red font).  Any confidential responses will be shared with the Change Board and the Authority under a **Red** classification in accordance with the SEC Panel Information Policy. | |

Consultation questions

## What is the scope of the review?

We will be performing a review of the end-to-end process, from initiation to implementation, to understand where and how we can continue to streamline the process. We have identified several specific areas and questions we intend to answer as part of this, which are summarised at a high-level in the table below. More detail on each area is then included below, along with the questions we seek your views on.

| SEC Section D Review areas | | |
| --- | --- | --- |
| Review area | Issue(s) | Proposal(s) |
| **Review previous changes** | - | Review the changes from the previous review and assess if they are achieving the expected benefits |
| **Framework oversight** | Current process offers little continuity or end-to-end oversight  Multiple layers of validation/ assurance increasing the governance timescales | Consolidation of the approvals process across the three main committees (CSC, Panel and Change Board) |
| **Business requirements** | Input needed on business requirements is not clear and consistent  Assessment of ‘optional’ requirements is discouraged by the DCC | Clarity required for input to business requirement development, including if this can be done digitally |
| **Sub-Committee input** | Not engaging the right expertise at the right time can cause delays in decision | Examine where and how expertise should be used to develop the most effective solution and input to modifications *(links to the Terms of Reference Review)* |
| **Working Group** | Role of the Working Group has evolved and there is not a consistent view of what this is  Changes to the Working Group means that it may no longer be able to raise Alternative Solutions as currently envisioned | Assess success of recent changes and build upon best practice, including how Alternative Solutions can be raised. Update Working Group Terms of Reference document to reflect this |
| **DCC Assessments** | Two-stage process can be inefficient and there are discrepancies in the costs provided in each  Industry is charged a financial cost to complete an Impact Assessment | DCC review of its proposed revised assessment approach to be presented and assessed under this review |
| **Party input** | SEC Parties tend to provide their input through ‘formal’ channels (Working Group, Sub-Committees, consultations)  The number of, and timescales for, consultations increases the governance timescales | Explore opportunities to establish more ‘informal’ interaction through a digitised platform  Examine whether and how the number of and/or timescales for consultation can be reduced |
| **Business case** | Business case for change is not always effectively made or clearly laid out in Modification Reports, leading to inefficient decision-making | Review how the business case for change can be developed and documented and what input is needed to do this |
| **DCC costs** | DCC costs to implement change are significant, leading to modifications being rejected | DCC review of its proposals to reducing costs to be presented and assessed under this review |
| **Final decision** | Change Board determines whether modifications should be accepted or rejected but isn’t involved prior to this point | Re-explore whether this should be opened up to include wider SEC Party voting on change |
| **Legal text changes** | Legal text expected to be finalised when the modification is approved. Any subsequent changes then require a new modification. DCC Assessment timescales also extended to complete detailed design to inform legal text changes | Review whether detailed design changes and any corrections to original text can be agreed following the modification’s approval |
| **Release governance** | A specific implementation date is needed for a modification when the Modification Report is approved | Review if greater flexibility can be included in setting implementation approaches and how changes can be effectively prioritised for inclusion in releases |
| **Section D rewrite** | - | Section D to be redrafted to effectively lay out the updated modification framework following this review |

### Are the previous review’s enhancements working as expected?

The main output from the previous review was the introduction of the Development Stage, overseen by the CSC. It also introduced the requirement for the Change Board to approve the costs of an Impact Assessment before it is requested from the DCC.

We want to understand how well these changes are working and whether any further amendments are needed. We are seeking your views on whether the Development Stage is achieving the goal of making sure an issue is clearly defined, relates to the SEC and is of sufficient materiality to warrant resolving before work on any solution begins. We also seek your views on if the Change Board’s approval of Impact Assessment costs is providing the expected benefits.

| Question 1 | |
| --- | --- |
| Do you believe the previous Section D review’s enhancements are working as expected?  *Please provide your rationale.* | |
| **Response** | Click and select your response |
| **Rationale** | Click and insert the rationale for your response |

### Can the management of the framework be consolidated?

The framework is currently managed across three separate committees:

* The CSC oversees the Development Stage, providing input and recommendations on whether the identified issue is clear.
* The Panel oversees progression through the framework, approving proposals moving from stage to stage, agreeing the timeline for the Refinement Process and approving the Modification Report.
* The Change Board approves DCC Impact Assessment requests and makes the final decision or recommendation on whether a modification should be approved or rejected.

This split results in fragmented and less efficient governance, with no single group having full end-to-end oversight of the process as change is passed between them. For example, the Panel is currently required to validate the CSC’s recommendations on a Draft Proposal’s onward progression, adding time into the framework. Also, the Change Board will often only see a modification when it reaches final vote, giving it no real opportunity, outside of a send-back, of raising any issues for consideration.

Under this review, we will look at whether the overall management of the framework can be consolidated; we seek your thoughts on this.

| Question 2 | |
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| Do you believe the management of the Modification Process framework could be better consolidated?  *Please provide your rationale, including any thoughts on how the management could be consolidated.* | |
| **Response** | Click and select your response |
| **Rationale** | Click and insert the rationale for your response |

### How can business requirements be enhanced?

The Proposer ultimately owns the Proposed Solution, and therefore is expected to have the final say on the business requirements for this. However, there is benefit in seeking input from others in developing these, but it is not always clear who should feed in and when.

Parties have also highlighted that it is difficult to assess ‘optional’ or ‘nice-to-have’ requirements for any proposed solution. There can be parts of a solution that the Proposer or the industry would like included, but only if the additional cost it would incur is reasonable. The DCC has previously noted the difficulty it has with assessing such optional solutions with its Service Providers and providing a breakdown of costs.

We will be assessing how the business requirements are developed and reviewed ahead of DCC Assessment. We also want to clarify the roles and responsibilities of all groups in areas such as solution design and development. This includes making it clear who should review and input to the development of business requirements and when. We also consider such input could be obtained in a more digitised way rather than relying on industry meetings. We seek your thoughts on this.

| Question 3 | |
| --- | --- |
| How do you think the development of business requirements could be enhanced? | |
| **Response** | Click and insert your response and any supporting rationale |

### How can Sub-Committees better input to solution development?

The various Panel Sub-Committees contain a wealth of expertise in their respective areas of responsibility. We have been working to bring this knowledge to bear in developing the most effective solution to an issue and intend to investigate if this can be taken further. Obtaining this input early can avoid wasted effort later in the modification’s assessment.

The Technical Architecture and Business Architecture Sub-Committee (TABASC) is currently examining where and how it should input to modifications under the Terms of Reference Review project. We will draw upon its output and ensure any approach is effectively integrated into the wider framework. We will also examine how this should be extended to the other Sub-Committees. We seek your thoughts on this.

| Question 4 | |
| --- | --- |
| How do you believe Sub-Committees could better input to solution development? | |
| **Response** | Click and insert your response and any supporting rationale |

### What is the role of the Working Group?

In early 2019, we moved from having a dedicated Working Group for each modification to a monthly session covering multiple modifications, with ad-hoc sessions for specific modifications where required. We have been providing the Working Group with developed solutions to comment upon, with expert input from relevant Sub-Committees and the DCC already sought; this reduces the effort that industry members need to expend in engaging with change.

Over this time, this group has evolved into a solution review and discussion forum. This approach supports the Proposer, who owns the Proposed Solution, in developing their modification, providing them with a sounding board. We are seeking your feedback on how this approach is working. Following this, we will update the Working Group terms of reference document to fully and clearly reflect the Working Group’s role in the process.

Currently, the SEC allows Working Groups to raise Alternative Solutions, if members believe there is a better way to resolve the issue than the Proposer’s preferred approach. Depending on the changes to the Working Group’s role, this approach may no longer be able to work in the way envisioned by the SEC. We seek your views on whether it remains viable for the Working Group to be responsible for raising Alternative Solutions or if another approach should be used, e.g. by allowing individual Parties to raise and sponsor these.

| Question 5 | |
| --- | --- |
| What do you consider the role of the Working Group should be? | |
| **Response** | Click and insert your response and any supporting rationale |

| Question 6 | |
| --- | --- |
| How do you believe Alternative Solutions should be raised and owned? | |
| **Response** | Click and insert your response and any supporting rationale |

### Can the DCC Assessment process be streamlined?

The DCC’s assessment process currently requires a two-stage assessment (a Preliminary Assessment followed by an Impact Assessment). For simple modifications, this can be excessive and add unnecessary time into the process. In addition, the Preliminary Assessment only provides the costs and lead time up to the end of Pre-Integration Testing (PIT); subsequent costs are not assessed until the Impact Assessment. Parties have highlighted this discrepancy and noted this makes their assessment of the merits of a change difficult. One Party has asked if there should be a tolerance for any change in costs between Assessments, after which it must be specifically reviewed.

Furthermore, the SEC is the only Code that requires specific industry expenditure to complete the full impact assessment on a solution being developed. High costs to complete this can and do create a blocker to completing the assessment of a proposed solution.

The DCC is currently reviewing its approach to DCC Assessments, which will cover the above concerns. We will feed the DCC’s conclusions into this review and discuss any proposed changes with Parties before anything is taken forward. We welcome your thoughts to support these discussions.

| Question 7 | |
| --- | --- |
| Do you believe the DCC Assessment process could be streamlined?  *Please provide your rationale, including any thoughts on how this could be streamlined.* | |
| **Response** | Click and select your response |
| **Rationale** | Click and insert the rationale for your response |

### How can Parties effectively input across the framework?

Party input into the process is key, in order to understand whether and how the issue affects them, their views on any proposed solution(s), and the impacts, costs and lead times for them to implement any proposed changes.

We encourage Parties to provide comments to us at any time. However, a significant amount of industry input continues to come via either the Working Group sessions or the formal consultations, and often from the same subset of Parties. We want to understand how your feedback on modifications can be better sought throughout their development, and whether there is a more digitised approach we can adopt to support this.

The SEC currently requires a consultation be carried out during the Refinement Process, and a subsequent consultation be issued during the Report Phase. For most modifications, the second consultation, which simply asks whether the modification should be approved or rejected, provides very little new information, but adds an extra month to the process and requires additional effort from those Parties who do respond. We seek your views on whether the number of consultations needed can be reduced and how any streamlined approach to formal consultation would work in the wider framework.

| Question 8 | |
| --- | --- |
| How do you believe Parties can most effectively input to the development of a modification across the framework?  *Please provide your rationale, including any views on how and when we could engage with Parties outside of Working Groups and consultations and how we could better engage with you during the development of modifications.* | |
| **Rationale** | Click and insert your response and any supporting rationale |

| Question 9 | |
| --- | --- |
| Should the number of and/or timescales for consultations be reduced?  *Please provide your rationale, including any thoughts on how a revised approach could work.* | |
| **Response** | Click and select your response |
| **Rationale** | Click and insert the rationale for your response |

### How can the business case be better developed?

Authority decisions on recent modifications have highlighted the need to ensure a full and robust business case for change is presented in the Modification Reports. The costs and benefits of the proposed solution(s) need to be fully drawn out, weighed up, and compared against the ‘do nothing’ scenario. However, obtaining the information needed to assess the benefits of a change, particularly from SEC Parties, has proven difficult. This issue is further heightened by needing to justify the benefits against significant implementation costs.

Under this review we want to understand how we can better develop and document the business case for a modification. We seek your views on how you feel you can best feed into this and what more SECAS can provide in developing this.

| Question 10 | |
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| How do you believe the business case for changes could be better developed?  *Please provide your rationale, including any views on how and when we could better engage with you to understand the costs and benefits of a change on your organisation.* | |
| **Response** | Click and insert your response and any supporting rationale |

### How can DCC cost governance be improved?

The Panel and the Change Board have expressed frustration over the high DCC costs for impact assessing and for delivering SEC modifications, and how this can be a blocker to delivering change. This has been particularly highlighted with the DCC’s costs to deliver [SECMP0015 ‘GPF timestamp for reading instantaneous Gas values’](https://smartenergycodecompany.co.uk/modifications/gpf-timestamp-for-reading-instantaneous-gas-values/).

The DCC is currently undertaking work to review its costs and see what can be improved within the current contractual arrangements it has with its Service Providers. We and the DCC intend for the outputs of this work to be incorporated into this review. As part of this, and linked to the business case area, we will examine if expectations around the detail and justifications the DCC should provide on costs should be added to the SEC and what control over these the Panel may have in the future. We welcome your thoughts on this.

A Party has asked whether a threshold on costs should be set which, if exceeded, would automatically require the modification to be Authority Determined. We will investigate this question under this part of the review.

| Question 11 | |
| --- | --- |
| How do you believe DCC cost governance could be improved?  *Please provide your rationale.* | |
| **Response** | Click and insert your response and any supporting rationale |

### How should final decisions on modifications be made?

The Change Board’s primary role is to vote on whether modifications should be approved or rejected. However, as noted above, this group is rarely involved in a modification prior to the final vote. In 2017, [SECMP0041 ‘Amending the Change Board decision making rules for Modification Proposals’](https://smartenergycodecompany.co.uk/modifications/amending-the-change-board-decision-making-rules-for-modification-proposals/) looked at whether SEC Parties should be given the power to vote instead. The modification was ultimately rejected on the basis its Proposed Solution was less efficient than the current arrangements.

We believe there is benefit in revisiting this topic under this review and assessing if there is a more effective approach to voting on a modification. This would be considered holistically alongside any consolidation of management of the framework. Advances in technology may also allow for a more efficient, more digital voting mechanism to be introduced. We welcome your thoughts on whether any change to this part of the process should be examined.

| Question 12 | |
| --- | --- |
| How do you believe final decisions on modifications should be made?  *Please provide your rationale, including whether the decision process can be made more efficient and whether you would be open to a more digital voting mechanism.* | |
| **Response** | Click and insert your response and any supporting rationale |

### Should the legal text be amendable after the final decision?

For each modification, we develop the changes needed to the SEC to give rise to the solution. The expectation is that this legal text is finalised when the modification is approved. Any subsequent corrections or clarifications post-decision would then require a separate housekeeping modification. We consider this to be inefficient, and Parties have also raised this as an area that could be improved.

In addition, there can be changes needed to the detailed technical specifications that cannot be confirmed until the solution has been fully designed by the DCC. Obtaining this precision pre-decision has contributed to the high cost and duration of DCC Assessments, as the DCC needs to complete a lot of this detailed design ahead of time. Allowing some of the low-level detail to be developed and agreed post-decision could allow modifications to reach decision faster.

We will be reviewing whether parts of the legal text should be allowed to be developed or corrected post-decision. We will recommend what could be done post-decision and the process needed to obtain approval for any changes. To support this, we welcome your views.

| Question 13 | |
| --- | --- |
| Should the legal text for a modification be amendable after the final decision?  *Please provide your rationale, including your views on the rules that should be used to determine when and how legal text can be amended after the final decision.* | |
| **Response** | Click and select your response |
| **Rationale** | Click and insert the rationale for your response |

### How can SEC Release governance be improved?

In 2019, we reviewed and updated the SEC Release Management Policy to document the procedures around SEC Releases. This approach, which was largely based on theory, has now been tested out on recent SEC Releases. As part of this review, we will examine the lessons learnt and the approaches now developed by SECAS and the DCC and ask if the policy needs further amendments to reflect this. Any changes to this policy and to the overarching governance in Section D can then be developed holistically.

A key area we plan to investigate is the setting of implementation dates. The current expectation, consistent with other Codes, is that a specific implementation date is needed for a modification when the Modification Report is approved; approved change should not be given a vague or open-ended date (except for an ‘X Working Days after decision’ approach). This provides Parties with certainty on when change will be implemented. Should the date need to change post-decision, the Panel is required to write to the Authority to request approval for this.

A more flexible approach to setting SEC Release dates may be beneficial. This would better allow the Panel to allocate or reallocate modifications to releases to achieve maximum efficiency with implementing DCC System changes. The development of minor technical specification changes has also shown that while a change may be supported, the best time to implement it may not be known at the point of decision – these scenarios would benefit from a more flexible approach.

We intend to examine if a more flexible approach to setting implementation dates is supported, and what such an approach may be. We will also review how release scopes can be better monitored and managed to ensure there isn’t too much change in a single package, and that the right modifications are prioritised for inclusion.

| Question 14 | |
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| Should a more flexible approach to setting the implementation date for a modification be allowed?  *Please provide your rationale, including your views on the implementation date for a modification should be set and how any subsequent change should be agreed.* | |
| **Response** | Click and select your response |
| **Rationale** | Click and insert the rationale for your response |

| Question 15 | |
| --- | --- |
| How can SEC Release governance be improved?  *Please provide your rationale.* | |
| **Response** | Click and insert your response and any supporting rationale |

### Is Section D fully clear?

Following this review’s conclusion, we intend to do an end-to-end redraft of SEC Section D, in order to ensure it is fully clear and structured in the most effective manner. This update will also capture any approaches trialled over the last year. We intend for Section D to lay out the framework for progressing modifications and any key governance procedures. However, given the extremely varied nature of modifications, we are keen for it not to be overly prescriptive on processes, as this can have unintended consequences should an unforeseen scenario arise in the future that the detail did not cater for.

### Do you have any further comments?

We welcome any further thoughts and comments you have on other aspects of the existing modification framework. These will be considered as part of our review of the overall framework.

| Question 16 | |
| --- | --- |
| Please provide any further comments you may have. | |
| **Comments** | Click and insert any further comments |

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